Placement Document
Not for Circulation
Serial Number ____

APOLLO HOSPITALS ENTERPRISE LIMITED

*(Incorporated in the Republic of India with limited liability with corporate identification number of L85110TN1979PLC008035 under the Companies Act, 1956, as amended (the "**Companies Act**")).*

Apollo Hospitals Enterprise Limited (the "**Company**" or the "**Issuer**" or "**Apollo**") is issuing up to 6,666,666 equity shares of the Company of a face value of ₹ 5 each ("**Equity Shares**") at a price of ₹ 495 per Equity Share ("**Issue Price**"), including premium of ₹ 490 per Equity Share aggregating up to ₹ 3,300 million (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS")

THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE IN RELIANCE UPON CHAPTER VIII OF THE SEBI REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA.

YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION TITLED "RISK FACTORS" BEFORE MAKING AN INVESTMENT DECISION RELATING TO THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT.

The Equity Shares are listed on The National Stock Exchange of India Limited (the "**NSE**") and the Bombay Stock Exchange Limited (the "**BSE**", together with the NSE, the "**Stock Exchanges**"). In-principle approvals under Clause 24(a) of the Equity Listing Agreements (as defined hereinafter) for listing of the Equity Shares have been received from the NSE on July 13, 2011 and the BSE on July 13, 2011. Applications will be made for obtaining listing and trading approvals of the Equity Shares offered through this placement document (the "**Placement Document**") to the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of the Company or the Equity Shares.

A copy of this Placement Document has been delivered to the Stock Exchanges. A copy of this Placement Document will be delivered to the Securities and Exchange Board of India (the "**SEBI**") for record purposes. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges or any other regulatory or listing authority and is intended only for use by qualified institutional buyers as defined in the SEBI Regulations (the "**QIBs**"). This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies ("**RoC**") in India, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of the Equity Shares shall only be made pursuant to this Placement Document together with the respective Application Form (defined hereinafter) and Confirmation of Allocation Note (defined hereinafter). See section titled "**Issue Procedure**". The distribution of this Placement Document or the disclosure of its contents without the prior consent of the Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document.

The information on the website of the Company or any website directly or indirectly linked to the website of the Company does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such website.

All of the Company's outstanding Equity Shares are listed on each of the Stock Exchanges. The closing price of the outstanding Equity Shares on the NSE and the BSE on July 13, 2011, was ₹ 495.05 and ₹ 495.20 per Equity Share respectively.

This Placement Document has been prepared by the Company solely for providing information in connection with the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold under the Securities Act outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). In addition, the Equity Shares are being offered and sold in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in transactions exempt from the registration requirements of the Securities Act. Prospective purchasers are hereby notified that sellers of the Equity Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

This Placement Document is dated July 18, 2011.

JOINT BOOK RUNNING LEAD MANAGERS (In an alphabetical order)

Citigroup Global Markets India Private Limited
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NOTICE TO INVESTORS

The Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to its best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to the Company and the Equity Shares that is material in the context of the Issue. The statements contained in this Placement Document relating to the Company and the Equity Shares are, in every material respect, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to the Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Company and based on reasonable assumptions. There are no other facts in relation to the Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements. Citigroup Global Markets India Private Limited, Enam Securities Private Limited and Nomura Financial Advisory and Securities (India) Private Limited (the "**Joint Book Running Lead Managers**") have not separately verified the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither any of the Joint Book Running Lead Managers nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by any of the Joint Book Running Lead Managers as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either any of the Joint Book Running Lead Managers or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Company and the merits and risks involved in investing in the Equity Shares.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or by or on behalf of the Joint Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares issued pursuant to the Issue have not been approved, disapproved or recommended by the US Securities and Exchange Commission, any other federal or state authorities in the US or the securities authorities of any non-US jurisdiction or any other US or non-US regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the US and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Placement Document as "US QIBs", for the avoidance of doubt, the term US QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Placement Document as "**QIBs**") in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

This Placement Document has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State (as defined below) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU. Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which

are the subject of the placement contemplated in this Placement Document should only do so in circumstances in which no obligation arises for the Company or any of the Joint Book Running Lead Managers to produce a prospectus for such offer. None of the Company and the Joint Book Running Lead Managers have authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Joint Book Running Lead Managers which constitute the final placement of the Equity Shares contemplated in this Placement Document.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Company and the Joint Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of the Apollo Group and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither the Company nor the Joint Book Running Lead Managers are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Company under Indian law, including Chapter VIII of the SEBI Regulations and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the Equity Shares. Each purchaser of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from the Company and review information relating to the Apollo Group and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on the Company's website, www.apollohospitals.com, or on the websites of the Joint Book Running Lead Managers, does not constitute nor form part of this Placement Document.

References herein to "you" or "your" is to the prospective investors in the Issue.

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Company and the Joint Book Running Lead Managers, as follows:

- You are a "**QIB**" as defined in Regulation 2(1)(zd) of the SEBI Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you in accordance with Chapter VIII of the SEBI Regulations;

- If you are not a resident of India, you are a QIB (other than a multilateral or bilateral financial institution), you are an FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) or a FVCI, and have a valid and existing registration with SEBI under the applicable laws in India;

- if you are a resident in any jurisdiction other than India, you are permitted by all applicable laws to subscribe to the Equity Shares in such country;

- If you are Allotted (as defined hereinafter) Equity Shares, you shall not, for a period of one year from the date of Allotment (as defined hereinafter), sell the Equity Shares so acquired except on the floor of the Stock Exchanges (additional restrictions apply if you are within the United States, see the section titled "**Transfer Restrictions**");

- You have made, or been deemed to have made, as applicable, the representations and warranties as set forth under the sections titled "**Selling Restrictions**" and "**Transfer Restrictions**";

- You are aware that the Equity Shares have not been and will not be registered under the Companies Act, the SEBI Regulations or under any other law in force in India. This Placement Document has not been reviewed or affirmed by SEBI, RBI, the Stock Exchanges or any other regulatory or listing authority, and will not be filed with the RoC, and is intended only for use by QIBs. This Placement Document has been filed with the Stock Exchanges and will be displayed on the websites of the Company and the Stock Exchanges;

- You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Company or its agents ("**Company Presentations**") with regard to the Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Joint Book Running Lead Managers may not have knowledge of the statements that the Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Joint Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information relating to the Company and the Issue that was not publicly available;

- Neither the Company nor any of the Joint Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of any of the Joint Book Running Lead Managers. Neither any of the Joint Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- All statements other than statements of historical fact included in this Placement Document, including those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Placement

Document. The Company assumes no responsibility to update any forward-looking statements contained in this Placement Document;

- You are aware of and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment (as defined hereinafter) shall be on a discretionary basis at the discretion of the Company and the Joint Book Running Lead Managers;

- You are aware that if you are Allotted (as defined hereinafter) more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose your name and the number of the Equity Shares Allotted (as defined hereinafter) to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Placement Document, and you have read it in its entirety, including in particular, the section titled "**Risk Factors**";

- In making your investment decision, you have (i) relied on your own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of the Apollo Group, the Equity Shares and the terms of the Issue based solely on the information contained in this Placement Document and no other disclosure or representation by the Company or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither any of the Joint Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on any of the Joint Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against the Company or any of the Joint Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company and/or any of the Joint Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by the Company of any of its respective obligations or any breach of any representations and warranties by the Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resale or distribution;

- If you are acquiring the Equity Shares pursuant to the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

- You are not a Promoter (as defined under the SEBI Regulations) of the Company or any of its affiliates and are not a person related to the Promoter, either directly or indirectly and your Bid does not directly or indirectly represent the Promoter or Promoter Group (as defined under the SEBI Regulations) of the Company;

- You have no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the board of directors of the Company (the "**Board**"), other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares, which shall not be deemed to be a person related to the Promoter;

- You have no right to withdraw your Bid (as defined hereinafter) after the Bid/Issue Closing Date (as defined hereinafter);

- You are eligible to apply and hold the Equity Shares Allotted (as defined hereinafter) to you together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment (as defined hereinafter) of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- The Bid (as defined hereinafter) made by you would not result in triggering a tender offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (the "**Takeover Code**");

- To the best of your knowledge and belief, your aggregate holding, together with other QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment (as defined hereinafter) under the Issue shall not exceed 50% of the Issue. For the purposes of this representation:

  a. The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

  b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(c) of the Takeover Code;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges as applicable;

- You are aware that (i) applications for in-principle approval, in terms of clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment (as defined hereinafter) of the Equity Shares in the Issue. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. The Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Joint Book Running Lead Managers have entered into a placement agreement with the Company, whereby the Joint Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, agreed to manage the Issue and use reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Placement Document are exclusively the responsibility of the Company and that neither the Joint Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of the Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Joint Book Running Lead Managers or the Company or any of their respective affiliates or any other person and neither the Joint Book Running Lead Managers nor the Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that none of the Joint Book Running Lead Managers has any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue;

- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You understand that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the Securities Act;

- If you are within the United States, you are a "qualified institutional buyer" as defined in Rule 144A under the Securities Act, are acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a "qualified institutional buyer", for investment purposes only, and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

- You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act or directed selling efforts (as defined in Regulation S)) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the Securities Act provided by Section 4(2) under the Securities Act or Regulation S and the Equity Shares may not be eligible for resales under Rule 144A thereunder;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Chennai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment (as defined hereinafter), listing and trading of the Equity Shares in the Issue;

- You are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution;

- You agree to indemnify and hold the Company and the Joint Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and

undertakings made by you in this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- The Company, the Joint Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Joint Book Running Lead Managers on their own behalf and on behalf of the Company, and are irrevocable; and

- We acknowledge that the Company by way of its joint venture Apollo Munch Health Insurance Company Limited ("**AMHICL**") is involved in the insurance business. The Company is the Indian promoter of AMHICL, whereas Munich Health Holding AG is the foreign promoter of AMHICL. In order to ensure compliance with the foreign investment limits prescribed for the Indian insurance sector, we represent that our Bid does not, directly or indirectly, represent Munich Health Holding AG, any of its affiliates or its nominees or any persons related to Munich Health Holding AG, including whether such affiliates or persons are controlled by or are in control of, Munich Health Holding AG.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, ("**FII Regulations**") an FII, including affiliates of the Joint Book Running Lead Managers, may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities, listed or proposed to be listed on any stock exchange in India, such as the Equity Shares in the Issue (all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favor of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation or establishment subject to compliance of 'know your client' requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto. In terms of the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008, came in effect from May 22, 2008, no sub-account of an FII is permitted directly and indirectly to issue P-Notes.

Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to the Company. The Company and the Joint Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Joint Book Running Lead Managers and do not constitute any obligations of or claims on the Joint Book Running Lead Managers. Affiliates of the Joint Book Running Lead Managers that are registered as FIIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) Warrant, certify or endorse the correctness or completeness of the contents of this Placement Document;
(2) Warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or
(3) Take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company,

and it should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to 'Apollo Hospitals' or 'AHEL', the 'Company', 'Our Company', 'we', 'us', 'our' or the 'Issuer' are to Apollo Hospitals Enterprise Limited.

In this Placement Document, references to 'US$' and 'US dollars' are to the legal currency of the United States of America, and references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or the 'United States' are to the United States of America and its territories and possessions. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "Lakh" or "Lac" mean "100 thousand" and the word "million" means "10 lakh" and the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores". All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

The audited consolidated financial statements of the Company as of and for the years ended March 31, 2009, 2010 and 2011 included in this Placement Document (collectively, the "**Audited Financial Statements**"), have been prepared and audited in accordance with accounting principles generally accepted in India, or Indian GAAP (other than as noted therein), the Companies Act and the requirements under the Equity Listing Agreements entered with the Stock Exchanges. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**"), US GAAP and other accounting principles and auditing standards with which prospective investors may be familiar with in other countries. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. Each of US GAAP and IFRS differs in significant respects from Indian GAAP. However, a narrative summary of the principal differences between Indian GAAP, US GAAP and IFRS relevant to the Company's business is provided in this Placement Document. For a description of the principal differences between Indian GAAP, US GAAP and IFRS, see section titled "**Summary of Significant Differences among Indian GAAP, US GAAP and IFRS**". Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. See section titled "**Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition."**

In this Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The fiscal year of the Company and the Subsidiaries commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'fiscal year' or 'fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to the businesses of the Company contained in this Placement Document consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which the Company competes. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which the Company operates has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither the Company nor any of the Joint Book Running Lead Managers have independently verified this data and do not make any representation regarding accuracy or completeness of such data. The Company takes responsibility for accurately reproducing such information but accept no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so the Company has relied on internally developed estimates. Similarly, while the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither the Company nor any of the Joint Book Running Lead Managers can assure potential investors as to their accuracy.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding the Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by the Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of the Company to be materially different from any of the forward-looking statements include, among others:

- general economic and business conditions in India and other countries;
- performance of the healthcare sector;
- our ability to raise money in normal course of business as well as to fund our business plans;
- foreign exchange rates;
- adverse weather and natural disasters;
- any reduction in, or delays in the provision of the Indian central and state governments' incentives and initiatives and adverse changes in government policies and regulations;
- our prolonged cash conversion cycle;
- capacity constraints and our ability to complete our expansion programme as planned;
- our ability to achieve and manage growth and successfully integrate acquisitions;
- the failure to obtain, or unfavourable terms under which we are able to obtain, needed capital;
- competition in the markets in which we operate;
- ability to respond to technological changes;
- renewal of lease agreements for our hospital lands;
- regulatory compliance in India and globally; and
- success of our investment in an affiliated entity.

Additional factors that could cause actual results, performance or achievements of the Company to differ materially include, but are not limited to, those discussed under the sections titled "**Risk Factors**", "**Industry**", "**Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**".

The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of the Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public company incorporated with limited liability under the laws of India. The majority of the Directors and the Key Managerial Personnel named here are residents of India and all or a substantial portion of the assets of the Company and such persons are located in India. As a result, it may be difficult for investors outside India to effect service of process upon the Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government (as defined hereinafter) has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the US dollar (in ₹ Per US$1.00), for the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into US dollars at any particular rate, the rates stated below, or at all.

	Period End	Average[(1)]	High	Low
Fiscal year:	(₹ Per US$1.00)			
2011	44.65	45.58	47.57	44.03
2010	45.14	47.42	50.53	44.94
2009	50.95	45.91	52.06	39.89
Quarter Ended:				
June 30, 2011	44.72	44.74	45.38	44.04
March 31, 2011	44.65	45.26	45.95	44.65
December 31, 2010	44.81	44.86	46.04	44.03
September 30, 2010	44.92	46.50	47.33	44.92
June 30, 2010	46.60	45.67	47.57	44.33
Month Ended:				
June 30, 2011	44.72	44.85	45.10	44.61
May 31, 2011	45.03	44.90	45.38	44.30
April 30, 2011	44.38	44.37	44.68	44.04
March 31, 2011	44.65	44.99	45.27	44.65
February 28, 2011	45.18	45.44	45.81	45.11
January 31, 2011	45.95	45.39	45.95	44.67

(1) Average of the official rate for each working day of the relevant period.
(Source: *www.rbi.org.in*)

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein. References to any legislation, act or regulation shall be to such term as amended from time to time.

Company related terms

Term	Description
the "Company", "our Company", the "Issuer", "we", "us" or "our"	Apollo Hospitals Enterprise Limited unless otherwise specified
Apollo Group	The Company, its Subsidiaries, Joint Ventures and associates and British American Hospitals Enterprise Limited
Articles of Association or Articles	The articles of association of the Company, as amended from time to time
Associate Companies	Indrapastha Medical Corporation Limited, Family Health Plan Limited, Apollo Health Street Limited and Stemcyte India Therapeutics Private Limited
Audit Committee	The audit committee of the Board of Directors described in the section titled "**Board of Directors and Senior Management**"
Auditors	The statutory auditors of the Company, being M/s S. Viswanathan, Chartered Accountants
Board or Board of Directors	The board of directors of the Company or a committee constituted thereof.
Directors	The directors of the Company
Equity Shares	The equity shares of the Company of a face value of ₹ 5 each
Joint Ventures	Apollo Hospitals International Limited, Apollo Gleneagles Hospital 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 and Apollo Lavasa Health Corporation Limited
Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended from time to time
Promoters	Promoters of the Company as per the definition provided in Regulation 2(1)(za) of the SEBI Regulations
Promoter Group	Promoter group of the Company as per the definition provided in Regulation 2(1)(zb) of the SEBI Regulations
Registered Office	The registered office of the Company located at 19 Bishop Gardens, Raja Annamalaipuram, Chennai 600 028, Tamil Nadu
Subsidiaries	Unique Home Health Care Limited, AB Medical Centers Limited, Samudra HealthCare Enterprises Limited, Apollo Hospitals (UK) Limited, Apollo Health and Lifestyle Limited, Imperial Hospital & Research Centre Limited, Pinakini Hospitals Limited, Apollo Cosmetic Surgical Centre Private Limited and Alliance Medicorp (India) Limited

Issue related terms

Term	Description
Allocation /Allocated	The allocation of the Equity Shares following the determination of the Issue Price to QIBs on the basis of the Application Form submitted by them, by the Company in consultation with the Joint Book Running Lead Managers and in compliance with Chapter VIII of the SEBI Regulations
Allot/Allotment /Allotted	Unless the context otherwise requires, the issue and allotment of the Equity Shares pursuant to the Issue
Allottees	QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue

Term	Description
Application Form	The form (including any revisions thereof) pursuant to which a QIB shall submit a Bid for the Equity Shares in the Issue
Bid	An indication of QIBs' interest, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares in the Issue
Bid/Issue Closing Date	July 18, 2011, the last date up to which the Application Form shall be accepted
Bid/Issue Opening Date	July 14, 2011
Bid/Issue Period	The period between the Bid/Issue Opening Date and Bid/Issue Closing Date inclusive of both dates during which QIBs can submit their Bids
CAN/Confirmation of Allocation Note	The note or advice or intimation to not more than 49 QIBs confirming the Allocation of Equity Shares to such QIBs after determination of the Issue Price, requiring such QIBs to pay the entire applicable Issue Price for the Equity Shares Allocated to such QIBs
Closing Date	On or about July 20, 2011
Designated Date	The date of credit of the Equity Shares to the QIB's demat account, as applicable to the respective QIBs
Equity Listing Agreements	The equity listing agreements entered by the Company with each of the Stock Exchanges
Escrow Agents	Citibank N.A. and Deutsche Bank A.G.
Floor Price	The floor price of ₹ 491.29 for issue of the Equity Shares which has been calculated in accordance with Chapter VIII of the SEBI Regulations. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price
Issue	The offer, issue and Allotment of 6,666,666 Equity Shares pursuant to Chapter VIII of the SEBI Regulations
Issue Price	₹ 495 per Equity Share including the face value of ₹ 5 and a premium of ₹ 490
Issue Size	The issue of 6,666,666 Equity Shares aggregating up to ₹ 3,300 million
Joint Book Running Lead Managers	Citigroup Global Markets India Private Limited, Enam Securities Private Limited and Nomura Financial Advisory and Securities (India) Private Limited
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996 as amended
Mutual Fund Portion	10% of the Equity Shares issued to QIBs available for Allocation to Mutual Funds
Pay-In Date	The last date specified in the CAN for payment of application monies by the QIBs
Placement Agreement	Agreement dated July 14, 2011, among the Company and the Joint Book Running Lead Managers
Placement Document	This placement document issued in accordance with Chapter VIII of the SEBI Regulations
Preliminary Placement Document	The preliminary placement document dated July 14, 2011 issued in accordance with Chapter VIII of the SEBI Regulations
QIB or Qualified Institutional Buyer	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI Regulations
QIP	Qualified institutions placement under Chapter VIII of the SEBI Regulations
Relevant Date	July 14, 2011, which is the date of the meeting of the Board deciding to open the Issue
Stock Exchanges	The NSE and the BSE
US QIB	A qualified institutional buyer, as defined under Rule 144A under the Securities Act

Conventional and general terms

Term	Description
AS	Accounting Standards
Act or Companies Act	Companies Act, 1956, as amended
AGM	Annual general meeting
BSE	Bombay Stock Exchange Limited
CAGR	Compound annual growth rate
CDSL	Central Depository Services (India) Limited

Term	Description
CII	Confederation of Indian Industry
Calendar Year	Year ending on December 31
Crore	10 million
DER	Debt equity ratio
DP ID	Depository participant identity
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996, as amended
"Depository Participant" or "DP"	A depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, tax and depreciation and amortization
ECS	Electronic clearing service
EGM	Extraordinary general meeting
EPS	Earnings per share, i.e., profit after tax for a fiscal year divided by the weighted average number of equity shares during the fiscal year
FCCBs	Foreign Currency Convertible Bonds
FEMA	Foreign Exchange Management Act, 1999, as amended, together with rules and regulations thereunder
FDI	Foreign Direct Investment
FIIs	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI
Fiscal year	Period of 12 months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investors (as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GDRs	Global Depository Receipts
"GoI" or "Government"	Government of India
General Meeting	AGM or EGM
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
I.T. Act	Income Tax Act, 1961, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Ltd.	Limited
MAT	Minimum Alternate Tax
MoF	Ministry of Finance
MoU	Memorandum of Understanding
NEFT	National Electronic Fund Transfer
"Non-Resident" or "NR"	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NRE Account	Non-Resident External Account established in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
"OCB" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Issue
P.A.	Per annum

Term	Description
PAN	Permanent Account Number allotted under the I.T. Act
Pvt.	Private
RBI	Reserve Bank of India
Re.	One Indian Rupee
RoC/Registrar	Registrar of Companies, Tamil Nadu at Chennai
"Rs.", "INR", ₹, "Rupees"	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India established under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI Insider Trading Regulations	Securities and Exchange Board of India Act (Prohibition of Insider Trading) Regulations, 1992, as amended
SEBI Regulations	Securities and Exchange Board of India Act (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
STT	Securities Transaction Tax
Securities Act	The US Securities Act of 1933, as amended
Supreme Court	Supreme Court of India
US GAAP	Generally accepted accounting principles in the United States of America
VCF(s)	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India Act (Venture Capital Fund) Regulations, 1996, as amended

SUMMARY OF BUSINESS

*In this section, unless the context otherwise requires, "we", "us" and "our", includes our subsidiaries, joint ventures and associates, and British American Hospitals Enterprises Limited, which is treated as an investment of the Company for accounting purposes. See section titled "**Business—Corporate Structure**".*

Overview

We are one of the largest private healthcare services providers in India according to CRISIL, operating a wide network of hospitals predominantly based in Asia. Our primary line of business is the provision of healthcare services, through (i) hospitals, (ii) pharmacies, (iii) projects and consultancy services, and (iv) primary care clinics. In addition, we provide medical business process outsourcing ("**mBPO**") services through one of our associates and health insurance services through one of our joint venture companies. To enhance our service to our customers and complement our business, we also provide the following services: telemedicine services, education and training programs and research services.

The Company was founded by Dr. Prathap C. Reddy in 1979 and became a public listed company on the BSE in 1983 and was listed on the NSE in 1996. We are headquartered in Chennai and operate our business through the Company, and its nine subsidiaries, seven joint ventures and four associates.

We have continuously invested in bed capacity creation and have increased the bed capacity under our management from approximately 150 operational beds at the commencement of our hospital services business in 1983 to 8,717 operational beds in 54 hospitals located in India and overseas as of March 31, 2011. Of the 8,717 beds, 5,842 beds are in 37 hospitals owned by us and 2,875 beds are in 17 hospitals under our management through operations and management contracts.

We have a presence both in India and outside India, including the Republic of Mauritius, Bangladesh and Kuwait. We have also recently signed a preliminary joint venture agreement with the Board of Trustees of the National Social Security Fund, Tanzania and the Tanzanian Ministry of Health & Social Welfare, in connection with the establishment of an advanced healthcare facility in the city of Dar es Salaam. With the objective of making high quality healthcare services and advanced medical technology available in semi-urban and rural areas in India, we started the "Apollo REACH" initiative and we are currently in the process of establishing a network of smaller hospitals with around 100 to 200 beds in Tier II and Tier III cities (each as defined below) in India.

We had a total employee strength of 30,640 (including employees of our subsidiaries, joint ventures and associates only), including 1,761 doctors, 7,863 nurses, and 2,403 paramedical personnel, as of March 31, 2011. We also have 2,414 "fee for service" doctors working in our hospitals. During fiscal 2011, hospitals owned by us provided care to over 2.5 million patients.

We constantly seek to be in the forefront of the healthcare services industry by providing new services and introducing specialized healthcare models. Seven of our hospitals have received accreditations from the Joint Commission International, USA ("**JCI**") for meeting international healthcare quality standards for patient care and organization management, and three of our hospitals have received accreditations from the National Accreditation Board for Hospitals & Healthcare Providers ("**NABH**"). Our healthcare facilities provide treatment for acute and chronic diseases across primary, secondary, and tertiary care sectors. Our tertiary care hospitals provide advanced levels of care in over 50 specialties, including cardiac sciences, oncology, radiology and imaging, gastroenterology, neurosciences, orthopedics and critical care services. In addition, we have a focus on core specialties such as cardiology, oncology, neurology, orthopedics, radiology and imaging and transplants, and we specialize in minimally invasive surgery across various specialties.

We reported total revenues of ₹ 26,240 million, ₹ 20,587 million and ₹ 16,350 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively. We report our revenues under the following business segments:

(i) healthcare services, which consists of hospitals, hospital-based pharmacies and projects and consultancy services;

(ii) stand-alone pharmacy; and

(iii) others.

Our healthcare services segment contributed 73.5%, 75.3% and 78.8% of our total revenues in fiscal 2011, fiscal 2010 and fiscal 2009, respectively and our stand-alone pharmacy segment contributed 25.1%, 23.4% and 20.3% of our total revenues in fiscal 2011, fiscal 2010 and fiscal 2009, respectively.

Our Competitive Strengths

We believe that the following competitive strengths distinguish us from our competitors.

Leading private healthcare services provider in India

We are a leading private healthcare services provider in India offering comprehensive end-to-end healthcare services. Our primary line of business is the provision of healthcare services, through hospitals, pharmacies, projects and consultancy services, and primary clinics. In addition, we provide mBPO services and health insurance services. To complement our primary business, we also provide telemedicine services, education and training programs and research services.

We have an established pan-India presence with a large network of 54 hospitals and 1,199 stand-alone pharmacies spread across India as of March 31, 2011. Of the 54 hospitals, 37 hospitals are owned by us and 17 hospitals are under our management through operations and management contracts. We believe our pan-India presence has allowed us establish "Apollo" as a healthcare services provider brand that is recognized across India. Our facilities have received accreditations from various Indian and international accreditation agencies such as the JCI, the NABH and the National Accreditation Board for Testing and Calibration Laboratories ("**NABL**"). In addition, we have received numerous awards. For the last four consecutive years (2007 – 2010), *The Week* magazine in India has ranked our hospitals in Chennai and New Delhi as among the leading private sector hospitals in India. We were also named "Healthcare Retail Company of the Year" by Frost & Sullivan, a business research and consulting firm, in 2010.

We have developed a distributed access model to comprehensively serve the healthcare needs of patients in their local communities through our network of multi-specialty hospitals and primary clinics. These multi-specialty hospitals and primary clinics also support our super-specialty hospitals by referring patients who require more sophisticated and advanced procedures and specialized care. This model has helped us to expand our reach and also allow us to efficiently deploy our resources across our network and increase the quality of care.

Through our presence in various healthcare services and initiatives across the healthcare services delivery chain, we believe that we have a competitive advantage and are able to benefit from the following:

- Cost efficiencies through sharing of managerial and clinical resources;
- Economies of scale and competitive prices from our suppliers and service providers through centralized purchasing;
- Access to qualified and trained medical resources through our educational initiatives; and
- Access to a larger patient base through our pan-India presence in primary clinics, telemedicine and other healthcare programs.

Clinical excellence

Since our first hospital commenced operations in 1983, we have been focused on providing high quality healthcare services. We constantly strive for clinical excellence because we believe that it is a critical consideration for many people when choosing their healthcare services provider. We have created a quality and care assessment and management scorecard, the "Apollo Clinical Excellence" program which we refer to as "**ACE @ 25**", and have implemented it throughout our network of hospitals. Through ACE @ 25, we aim to continuously assess the quality of care and services received by our patients to ensure that we deliver consistently high quality service and achieve clinical excellence throughout our network of hospitals. ACE @ 25 assesses performance based on 25 clinical parameters, including average length of stay ("**ALOS**"), coronary artery bypass surgery mortality rates, ALOS post renal transplant and the survival rate of liver transplant patients one year after surgery. See section titled "**Business—Ethical and Compliance Program**".

Our hospitals follow well-defined quality and patient safety protocols and adhere to accepted clinical standards in patient handling and care. A number of our facilities have been accredited by various Indian and international accreditation agencies. Indraprastha Apollo Hospital was the first hospital in India to be accredited by the JCI and six of our other hospitals have also been accredited by the JCI for meeting international healthcare quality standards for patient care and organization management. In addition, three of our hospitals have been accredited by the NABH.

We believe that a number of our hospitals have successfully performed more procedures than the minimum number required internationally to be considered a reputed healthcare facility in that particular medical field. For instance, in the field of cardiac sciences, our hospitals performed 9,095 percutaneous transluminal coronary angioplasties and 7,603 cardiac surgeries in fiscal 2011. Certain third party studies indicate that hospitals that perform high volumes of certain procedures, such as cardiovascular surgery, major cancer resections and other high risk procedures, generally produce better clinical results. These studies also indicate that such hospitals possess not just skillful surgeons but also tend to make fewer technical errors with respect to procedures, and generally provide better care in all aspects, including pre- and post-operative care.

Tradition of technology innovation and leadership

We continuously invest in medical technology and equipment and modernize our hospital facilities so as to offer high quality healthcare services to our patients and expand our range of healthcare services. Over the last three years, we have invested ₹ 2,703 million towards the purchase of new medical equipment for our hospitals.

We believe that we have been the first healthcare services provider to introduce many cutting-edge medical technology and equipment in the Indian sub-continent, including the following:

- G4 CyberKnife® Robotic Radiosurgery System, an advanced cancer treatment system, was first launched in India at Apollo Specialty Hospital, Nandanam, Chennai, in March 2009.

- Toshiba Aquillion ONE 320 slice dynamic multi-detector 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, in September 2008.

- 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 each of our hospitals in Hyderabad, Kolkata and New Delhi, in November 2009, March 2010 and September 2010, respectively.

- Philips Gemini TF Time of Flight positron emission tomography computed tomography ("**PET-CT**") 64 slice scan system, was first installed in India at Apollo Specialty Cancer Hospital, Chennai, in January 2009.

The availability of sophisticated medical equipment ensures that we are among the few healthcare services providers in India who are able to offer advanced healthcare procedures, such as stereo-tactic radio surgery and bone marrow transplants. 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-physiological disorders of the human heart. In addition, Apollo Specialty Cancer Center, Chennai, was the first hospital in South India to install the digital mammography with tomosynthesis (3D) system, which allows for faster and more accurate stereo-static biopsies to be performed.

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 segment of the population in various parts of India and neighboring countries that do not have adequate access to healthcare services.

We believe that our investment in the latest and most advanced medical technology and equipment has enabled us to attract renowned doctors from India and abroad to practice in our hospitals and has also made our hospitals the preferred treatment destinations for patients from various countries around the world. We have dedicated teams in place to 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.

Our strong brand value

We believe that the "Apollo" brand is widely recognized in India by both healthcare professionals and patients. Our reputation has helped us to attract well-known doctors and other healthcare professionals to our facilities, who in turn draw more patients to our facilities. We believe that our strong track record in building long-term relationships with our doctors and other medical professionals together with our focus on achieving and maintaining world-class clinical outcomes have enabled us to build a strong brand name. We have received numerous awards which we believe are a testimony to our strong brand value built over 27 years in the healthcare services industry. The following are a few key awards that we have received over the past few years:

- For the last four consecutive years (2007 - 2010), *The Week* magazine in India has consistently ranked our hospitals in Chennai and New Delhi as among the leading private sector hospitals in India. A number of our other hospitals have been ranked as leading hospitals in their respective cities. Our hospital in Chennai (located at Greams Road) was ranked the "Best Private Sector Hospital in the Country" for 2007, 2009 and 2010 while our hospitals in New Delhi and Kolkata were ranked among the top two hospitals in their respective cities between 2007 to 2010.

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

- The "Billion Hearts Beating" campaign, a corporate social initiative undertaken by the Company in association with the Times of India Foundation to raise awareness of heart disease in the country, won the "Best Marketing Campaign of the Year" award at the World Brand Congress 2010.

- A special postage stamp in recognition of the Company's contribution towards the Indian healthcare sector was released on November 2, 2009.

- In 2009, our hospital in Hyderabad and Indraprastha Apollo Hospital won the Federation of Indian Chambers of Commerce and Industry ("**FICCI**") Healthcare awards for Excellence in Patient Care and Excellence in Healthcare Delivery. Our hospital in Hyderabad also bagged the FICCI Healthcare award for Excellence in HR Practices in the same year.

- The Company was featured in the world's top 50 Local Dynamos List compiled by global consultancy firm, Boston Consulting Group, in 2008.

- Named "Healthcare Retail Company of the Year" by Frost & Sullivan, a business research and consulting firm, in 2010.

- Awarded "India's Most Preferred Hospital – Viewer's Choice" award at the India Healthcare Awards 2010 by ICICI Lombard and CNBC-TV18.

Strong relationships with doctors and other medical professionals

We believe that we are among the leading private healthcare services employers in India. One of the pillars of our success is our huge talent pool (including our subsidiaries, joint ventures and associates only) of 4,175 doctors (comprising 1,761 doctors employed by us and 2,414 "fee for service" doctors) across more than 50 specialties, 7,863 nurses and 2,403 paramedical personnel, as of March 31, 2011. Many of our doctors have received qualifications or training or work experience in the United Kingdom, Australia or the United States. In addition, many of them are prominent members of the medical field having received accolades and awards, including the Dr. B.C. Roy National award, and the Padma Bhushan and the Padma Shree awards, with certain of our doctors heading national medical associations.

In addition to attracting doctors and other medical professionals to our facilities, we have a strong track record in building long-term relationships with our doctors and other medical professionals. We believe that our commitment to continuing education and training has helped us in attracting and retaining prominent and skilled doctors. We have different customized training programs for our doctors, nurses, paramedical and management personnel, including nursing colleges, technology schools, exchange programs with affiliated leading universities outside India, that provide training in general as well as specialist skills including in patient care, intensive care, neonatal care, surgery and communication.

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

We benefit from an experienced management team which has made significant contributions to our growth and which has a long and proven track record in the healthcare services industry. For instance, our Chairman, Dr. Prathap C. Reddy, was conferred the Padma Vibhushan Award in 2010, the second highest civilian award in India, in recognition of his contribution towards the Indian healthcare industry, by the Government of India. Our management team is composed of directors with extensive experience in the healthcare services industry, as well as doctors with both clinical and administrative experience. We believe that a professionally managed administration with a commitment to patient care and high ethical standards enables us to operate our facilities efficiently while at the same time providing quality care to our patients.

Our Business Strategy

Our mission is to continuously improve the quality of healthcare services provided to the communities we serve by striving to bring healthcare services 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. At the same time, we seek to generate strong financial performance and appropriate returns to our shareholders through the execution of a strong business strategy.

We aim to achieve our mission and to grow our business by pursuing the following strategic goals:

Strengthen our presence in key strategic markets

We believe we have a dominant share of the hospital beds available in Chennai, New Delhi, Kolkata, Hyderabad, Bangalore and Ahmedabad. We intend to continue to strengthen our presence and increase our market share in these key strategic markets by establishing new healthcare facilities, including primary care clinics, and increasing bed capacity at our existing hospitals. Currently, we have hospitals located in three (Chennai, New Delhi and Kolkata) out of India's four key metropolitan cities and are in the process of establishing new hospitals in Mumbai. We believe that these key metropolitan cities will continue to have a strong demand for high quality tertiary care services such as cardiac surgeries, oncology services and orthopedic surgeries. By strengthening our presence in these markets, we intend to increase our market share for such tertiary care services. In addition, we are expanding the capacity of our existing hospitals in Hyderabad, New Delhi, Chennai and Bangalore. These projects and other plans to establish new healthcare facilities in other parts of India are at various stages of implementation and are

expected to be completed over the next three years. We expect to increase bed capacity by around 2,400 additional beds upon the completion of these projects. See section titled "**Business—Key Hospital Expansion Plans**". We also intend to increase the number of primary care clinics from 62 clinics as of March 31, 2011 to around 100 clinics over the next few years. We are constantly evaluating new opportunities in our existing and new markets. Our evaluation criteria include location, the demographics and revenue potential, and the cost of expanding or setting up new facilities.

Focus on a portfolio of high value clinical specialties

We believe that a combination of factors, including changing demographics, increasing affluence of the Indian population, greater health awareness, an increase in lifestyle-related diseases such as heart disease and diabetes, increasing health insurance coverage and a growing medical tourism market, will lead to an increase in demand for quality healthcare services, particularly tertiary healthcare services. We have therefore identified cardiology, oncology, neurology, orthopedics, critical care and transplants as our key focus areas of our tertiary care hospitals. We internally designate these focus areas as "**Centers of Excellence**". Due to the complex nature of the treatments involved, the medical procedures performed in the Centers of Excellence typically command relatively high prices. These Centers of Excellence contributed approximately 60.0% of our in-patient revenues during each of fiscal 2011 and fiscal 2010. According to CRISIL, cardiac and cancer cases accounted for 22.3% and 13.1%, respectively, of in-patient revenues for hospitals in India in 2008, and will increase to 32.1% and 16.2%, respectively, by end-2018.

To maximize our market share of the tertiary care procedures performed in each Center of Excellence, we plan to undertake a number of initiatives to ensure that we provide high quality healthcare services and improve our clinical outcomes, including:

- Strengthening each Center of Excellence through the addition of experienced and skilled surgeons and physicians.
- Expanding each Center of Excellence practice area to provide comprehensive sub-specialties and treatment services.
- Continually investing in the latest medical technology and equipment so as to offer high quality healthcare services to our patients.
- Establishing well-defined clinical guidelines and protocols with a strong focus on clinical outcomes.
- Integration of our network of hospitals to enable knowledge sharing and the adoption of best practices for each Center of Excellence across the network through dedicated service line managers.

Focus on life enhancing procedures and elective surgeries

We believe that with increasing disposable incomes and health awareness, there is a growing demand for elective or planned surgeries. Apart from our focus on Centers of Excellence, we also plan to focus on elective procedures to capture this growing market and build a strong presence in the elective and life enhancing procedures market. Our hospitals are well-equipped to offer various elective procedures like knee replacements, hip replacements, cosmetic surgeries, dental services and other similar procedures. We intend to increase the volume of such procedures performed in our hospitals by creating specialized centers for such procedures, recruiting more surgeons specializing in such procedures and investing in the latest medical technology to improve our clinical outcomes in these areas.

Geographic expansion through setting up hospitals in Tier II and Tier III cities in India

We are in the process of establishing a network of hospitals under the "Apollo REACH" initiative with the objective of making high quality healthcare services and advanced medical technology available in semi-urban and rural areas. Hospitals established under this initiative will have a capacity of around 100 to 200 beds, and will be located in Tier II and Tier III cities in India. These hospitals will be a combination of new or acquired facilities as well as expansion of some existing facilities. We believe that this will give patients in such locations greater access to high quality healthcare services without having to travel to the Tier 1 cities. 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 Tier II cities, including Kakinada, Karaikudi, Karimnagar, Bhubaneswar and Karur, and have put in place plans to establish four additional Apollo REACH hospitals across the country. These projects are at various stages of implementation and are expected to be completed over the next three years. See section titled "**Business—Key Hospital Expansion Plans**". We have identified a number of Tier II and Tier III cities across the country which is currently under-served in terms of healthcare services but have a sizable population and spending potential. Based on our experience, capital costs per hospital bed in a Tier II or Tier III city are generally lower compared to a Tier I city. As income levels in these markets rise, purchasing power will accordingly increase; therefore, we expect our revenues generated from providing healthcare services in these markets to increase further.

We generally consider a city in India with a population (i) over five million as a Tier I city, (ii) over one million as a Tier II city, and (iii) between 500,000 to one million as a Tier III city, subject to other prevailing factors at the time of determination, including the level of economic activity in the relevant city.

Improve operating efficiencies and profitability

We believe that maximizing operating efficiencies and profitability across our network is a key component of our growth strategy. We intend to focus on the following key areas to improve our operating efficiencies and profitability:

- Improve average revenue per occupied bed per day

We seek to improve the average revenue per occupied bed per day through a combination of initiatives, including:

- *Increase focus on high growth tertiary care areas.* We continually focus on investing in the latest medical technology, attracting skilled physicians and surgeons and developing our expertise in high growth tertiary care areas to serve the increasing demand for sophisticated clinical care and procedures. By implementing our strategy to focus on high growth Centers of Excellence and other technology and specialist skill-driven clinical areas, we intend to improve our case mix and increase revenues per occupied bed per day.

- *Reduction in ALOS.* As a significant portion of in-patient revenues are derived from medical services provided in the initial two to three days of a patient's stay in the hospital, we plan to reduce the ALOS at our hospitals, thereby increasing patient turnover rate and the revenue per occupied bed per day, by capitalizing on improvements in medical technology and focusing on minimally invasive surgeries, which reduces surgical trauma to patients and patient recovery time.

- Maximize efficiencies through greater integration, better supply chain management and human resource development

  We plan to maximize efficiencies at our hospitals and pharmacies through greater integration across our network. Our hospitals and pharmacies are large consumers of drugs and medical consumables like stents, implants, sutures and other surgical materials. To minimize costs and leverage on economies of scale, we intend to focus on standardizing the type of medical and other consumables used across our network, optimizing procurement costs, consolidating our suppliers and optimizing the use of medical consumables by establishing guidelines for medical procedures across our network.

  To improve the productivity of our employees, we plan to place greater emphasis on training our employees in best practices and implement programs to provide incentives for performance. We have also introduced an initiative to encourage our doctors to be more involved in administrative matters such as scheduling surgeries and in the management of the hospitals as we believe that this will help to improve clinical outcomes and service standards.

- Improve occupancy rates and equipment utilization at our hospitals

  To improve occupancy rates and the utilization of key equipment and operating theatres at our hospitals in Bhubaneswar, Bangalore, Ahmedabad and other hospitals, we plan to focus on preventive healthcare and health screening programs, place greater emphasis on the delivery of tertiary care services, expand our referral network and attract more medical value travelers.

Focus on medical value travelers

According to CRISIL, India is fast emerging as a major medical tourist destination. We believe that India is highly competitive in terms of healthcare costs compared to other developed and developing countries, such as the United States, the United Kingdom and Singapore. A number of our facilities have been accredited by various Indian and international accreditation agencies such as the JCI, the NABH and the NABL, which we believe helps us to attract medical value travelers. We intend to focus on attracting more medical value travelers from select markets including those in the Middle East, Africa and Southeast Asia by increasing our marketing efforts in these regions. We believe that medical value travelers will help to contribute to higher revenues per bed day and increase our profitability.

Focus on continued growth in stand-alone pharmacies market

We have increased the number of stand-alone pharmacies in our network to 1,199 stand-alone pharmacies as of March 31, 2011 and the revenues from our stand-alone pharmacy segment contributed 25.1% of our total revenues in fiscal 2011. We intend to continue growing this business segment through a measured roll-out of new stand-alone pharmacies based on market demand, revenue potential and availability of high visibility locations. We also plan to increase revenues generated by our existing stand-alone pharmacies through:

- Improving the profitability of our existing stand-alone pharmacies by introducing generic and in-house brand (private label) products which have better profit margins and increasing sales through the bulk distribution of medical supplies and consumables to hospitals and other healthcare providers.

- Improving operating efficiencies by implementing a centralized database and inventory management system to track inventory and revenue collections across our stand-alone pharmacy network.

- Improving our supply chain management by standardizing prices across our network and consolidating our suppliers.

- Monitoring the performance of our stand-alone pharmacies on an on-going basis and closing loss-making and low-growth pharmacies.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections titled "**Risk Factors**", "**Use of Proceeds**", "**Placement and Lock-up**", "**Issue Procedure**" and "**Description of the Equity Shares**".

ISIN No.	INE 437A01024
Issuer	Apollo Hospitals Enterprise Limited
Face Value	₹ 5 per equity share
Issue Size	6,666,666 equity shares of face value of ₹ 5 each, aggregating up to ₹ 3,300 million A minimum of 10% of the Issue Size i.e. up to 666,667 Equity Shares shall be available for Allocation to Mutual Funds only, and up to 5,999,999 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs
Floor Price	₹ 491.29 per Equity Share. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price
Issue Price	₹ 495 per Equity Share
Eligible Investors	QIBs as defined in Regulation 2(1)(zd) of the SEBI Regulations. See section titled "**Issue Procedure— Qualified Institutional Buyers**"
Equity Shares issued and outstanding immediately prior to the Issue*	131,076,874 Equity Shares
Equity Shares issued and outstanding immediately after the Issue*	137,743,540 Equity Shares
Listing	The Company has obtained in-principle approvals for listing of the Equity Shares issued pursuant to the Issue from the Stock Exchanges. The Company would make applications to each of the Stock Exchanges to obtain final listing and trading approval for the Equity Shares
Lock-up	The Company will not, for a period of 90 days from the date of this Placement Document, without the prior written consent of the Joint Book Running Lead Managers, (A) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity

	Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in clause (A) or (B) hereof is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (C) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any transaction. The foregoing restrictions shall not apply to: (i) any issuance, sale, transfer or disposition of Equity Shares by the Company to the extent such issuance, sale, transfer or disposition is required by Indian law; (ii) the Issue; and (iii) all outstanding warrants, convertible instruments and depositary receipt representing underlying Equity Shares issued by the Company prior to the date of the Final Placement Document. For further details, see section titled "**Placement**".
Transferability Restrictions	The Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment except on the floor of the Stock Exchanges
Use of Proceeds	After deducting the Issue expenses of approximately ₹ 66 million, the net initial proceeds of the Issue will be approximately ₹ 3,234 million. See section titled "**Use of Proceeds**"
Risk Factors	See section titled "**Risk Factors**" for a discussion of factors you should consider before deciding whether to buy Equity Shares
Pay-In Date	Last date specified in the CAN sent to QIBs for payment of Issue Price
Closing	The Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about July 20, 2011 ("**Closing Date**")
Ranking	The Equity Shares being issued shall be subject to the provisions of the Company's Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders of the Company will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Closing Date, in compliance with the Companies Act. Shareholders may attend and vote in Shareholders' meetings on the basis of one vote for every Equity Share held. See section titled "**Description of the Equity Shares**"

Assuming full conversion of outstanding warrants issued to the Promoters and excluding conversion of FCCBs issued to International Finance Corporation. For further details on conversion of FCCBs, see section titled "Financial Statements**".*

SELECTED FINANCIAL INFORMATION

APOLLO HOSPITALS ENTERPRISE LIMITED

CONSOLIDATED BALANCE SHEET

The following selected financial data as of and for fiscal years 2009, 2010 and 2011 have been derived from our audited financial statements included elsewhere in this Placement Document. The financial data set forth below should be read in conjunction with, and are qualified by reference to the section titled "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and the financial statements and notes thereto included elsewhere in this Placement Document. Our financial statements are prepared and presented in accordance with Indian GAAP and audited by M/s S. Viswanathan, Chartered Accountants. Our historical results do not necessarily indicate results expected for any future period.

Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or other accounting principles. Indian GAAP differs in certain material respects from US GAAP and IFRS. For a discussion of certain significant differences among Indian GAAP, US GAAP and IFRS, see section titled "**Summary of Significant Differences among Indian GAAP, US GAAP and IFRS**".

₹ in million

Sl. No	Particulars	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹	As at 31.03.2009 ₹
I	**SOURCES OF FUNDS**				
	(1)Share holder's Funds:				
	(a) Share capital	**A**	623.55	617.85	602.36
	(b) Preferential issue of equity share warrants Refer Clause 14 of Schedule (J)		685.07	-	77.10
	(c) Reserves & Surplus	**B**	17,521.53	15,786.24	13,878.54
	(d) Capital Reserve on Consolidation		159.26	130.68	130.80
			18,989.41	**16,534.77**	**14,688.80**
	(2)Minority Interest		248.76	241.42	265.41
	(3)Loan Funds:				
	(a)Secured Loans	**C**	7,439.99	6,764.68	6,401.41
	(b) Unsecured Loans	**D**	2,144.76	2,367.29	304.49
			9,584.75	**9,131.97**	**6,705.90**
	(4)Deferred Tax Liability		1,100.74	776.26	651.85
	TOTAL		**29,923.66**	**26,684.42**	**22,311.95**
II	**APPLICATION OF FUNDS**				
	(1)Goodwill on Consolidation		676.50	499.80	293.78
	(2)Fixed Assets:	**F**			
	(a) Gross Block		19,767.05	16,950.40	13,657.34
	(b)Less depreciation		5,148.47	4,230.59	3,512.97
	(c)Net Block		14,618.58	12,719.81	10,144.37
	(d)Capital Work in progress		3,609.96	3,037.07	2,445.58
			18,228.54	**15,756.88**	**12,589.95**
	(2)Investments	**G**	5,020.06	4,165.78	5,914.32

Sl. No	Particulars	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹	As at 31.03.2009 ₹
	(3)Deferred Tax Asset		255.93	240.25	205.39
	(4)Current Assets,Loans and advances	**H**			
	(a) Inventories		1,584.44	1,412.24	1,161.64
	(b)Sundry Debtors		3,003.14	2,228.38	1,744.14
	(c)Cash and bank balances		1,780.51	3,116.72	876.04
	(d) Loans & Advances		5,729.90	5,237.66	3,663.10
			12,098.00	**11,995.00**	**7,444.92**
	Less :				
	Current Liabilities & Provisions	**E**			
	(a)Liabilities		3,635.25	3,357.76	2,148.19
	(b)Provisions		2,720.12	2,615.64	1,988.68
			6,355.37	**5,973.40**	**4,136.87**
	Net Current Assets		5,742.63	6,021.60	3,308.06
	(5) Miscellaneous Expenditure to the extent not written off or adjusted	**I**	-	0.12	0.46
	TOTAL		**29,923.66**	**26,684.42**	**22,311.95**

Schedules 'A' to 'I' and notes in schedule (J) form part of the Balance sheet

APOLLO HOSPITALS ENTERPRISE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

₹ in million

	SCHEDULE	31.03.2011	31.03.2010	31.03.2009
		₹	₹	₹
INCOME				
(a) Income from Operations		24,636.56	19,206.51	15,310.73
Add: Share of Joint Ventures		1,416.94	1,058.14	831.33
(b) Other Income	**I**	186.52	322.39	207.99
TOTAL		**26,240.02**	**20,587.04**	**16,350.04**
EXPENDITURE				
(a) Operative Expenses	**II**	13,886.42	10,725.99	8,728.01
(b) Payments and Provisions for Employees	**III**	4,151.16	3,307.93	2,594.34
(c) Administration and Other Expenses	**IV**	3,827.41	3,217.64	2,545.29
(d) Financial Expenses	**V**	814.35	602.06	458.79
(e) Preliminary Expenses		0.09	1.07	2.22
(f) Deferred Revenue Expenditure		5.72	6.41	5.31
TOTAL		**22,685.15**	**17,861.09**	**14,333.96**
PROFIT BEFORE DEPRECIATION & TAX		**3,554.88**	**2,725.95**	**2,016.08**
Less : Depreciation		941.70	749.51	632.17
PROFIT BEFORE EXTRAORDINARY ITEM & TAX		**2,613.18**	**1,976.44**	**1,383.91**
Extraordinary item		-	-	40.19
PROFIT BEFORE TAX		**2,613.18**	**1,976.44**	**1,343.72**
Less :Fringe Benefit Tax		-	-	28.62
Less :Provision for Taxation - Current		580.42	582.69	483.53
Less :Provision for Taxation - Previous		(13.58)	0.75	(0.04)
Less :Deferred Tax Liability		328.32	128.62	32.87
Add : Deferred Tax Asset		(22.21)	(35.91)	(55.04)
PROFIT AFTER TAX		**1,740.23**	**1,300.29**	**853.78**
Less :Minority Interest		(15.23)	(36.30)	(55.92)
PROFIT AFTER MINORITY INTEREST		**1,755.46**	**1,336.59**	**909.70**
Add :Share in Associates		83.77	39.09	115.24
PROFIT AFTER SHARE IN ASSOCIATES		**1,839.22**	**1,375.68**	**1,024.94**
Add :Surplus in Profit & Loss Account brought forward		520.69	399.34	594.26
AMOUNT AVAILABLE FOR APPROPRIATIONS		**2,359.92**	**1,775.02**	**1,619.19**
APPROPRIATIONS				
Dividend		467.67	432.49	401.60
Dividend tax payable		75.87	71.83	68.25
Transfer to general reserve		1,000.00	750.00	750.00
Transfer to Debenture Redemption reserve		100.00	-	-
Balance of profit in Profit & loss a/c		716.39	520.69	399.34
TOTAL		**2,359.92**	**1,775.02**	**1,619.19**
Earnings Per Share (Refer Clause 30 in Schedule J)				

	SCHEDULE	31.03.2011	31.03.2010	31.03.2009
		₹	₹	₹
Before Extraordinary Item				
Basic earnings per share of face value ₹ 5/- (2009-10 : ₹ 5) each		14.84	11.15	8.82
Diluted earnings per share of face value ₹ 5/- (2009-10 : ₹ 5) each		14.37	11.10	8.51
After Extraordinary Item				
Basic earnings per share of face value ₹ 5/- (2009-10 : ₹ 5) each		14.84	11.15	8.60
Diluted earnings per share of face value ₹ 5/- (2009-10 : ₹ 5) each		14.37	11.10	8.30

Schedules 'I' to 'V' and notes in Schedule (J) Form part of the Profit and Loss Account

APOLLO HOSPITALS ENTERPRISE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

₹ in million

		31.03.2011	31.03.2010	31.03.2009
		₹	₹	₹
A	**Cash Flow from operating activities**			
	Net profit before tax and extraordinary items	2,613.18	1,976.44	1,383.91
	Adjustment for:			
	Depreciation	941.70	749.51	632.17
	Profit on sale of assets	(0.13)	(0.60)	4.12
	Profit on sale of investments	(5.74)	(81.72)	(10.09)
	Loss on sale of Investments	4.05	0.43	-
	Loss on sale of assets	34.74	40.63	17.32
	Interest paid	778.44	587.01	427.70
	Foreign Exchange Loss	(6.26)	(7.91)	31.09
	Misc. Exp. written off	5.81	7.48	6.71
	Provision for bad debts	17.30	12.11	17.22
	Dividend received	(20.69)	(103.94)	(176.21)
	Interest received	(106.03)	(104.77)	(34.98)
	Income from Treasury operations	(11.77)	(31.35)	-
	Bad debts written off	63.95	102.75	35.90
	Liability & sundry balances Written back	(6.05)	(2.61)	(5.28)
		1,689.32	1,167.02	945.68
	Operating profit before working capital changes	4,302.51	3,143.45	2,329.59
	Adjustment for:			
	Trade or other receivables	(919.51)	(666.26)	(502.22)
	Inventories	(165.83)	(250.50)	(297.94)
	Trade payables	380.82	1,341.16	371.15
	Others	(338.31)	(718.55)	(360.39)
		(1,042.83)	(294.16)	(789.39)
	Cash generated from operations	3,259.68	2,849.29	1,540.19
	Foreign Exchange (Loss)/Gain	6.26	7.91	(30.94)
	Taxes paid (including Fringe Benefit Tax)	(675.11)	(864.71)	(594.53)
	Adjustments for Misc. Exp. written off	(3.15)	(6.23)	(3.19)
	Net cash from operating activities	**2,587.67**	**1,986.26**	**911.53**
B	**Cash flow from Investing activities**			
	Purchase of fixed assets (Including Capital Work in Progress) #	(3,334.98)	(3,938.43)	(3,723.94)
	Pre-operative expenses	(53.99)	(20.92)	(5.89)
	Purchase of investments	(3,922.68)	(3,052.14)	(6,920.39)
	Sale of investments	2,615.96	4,716.61	7,683.33

		31.03.2011	31.03.2010	31.03.2009
		₹	₹	₹
	Sale of fixed assets	178.07	46.70	85.71
	Interest received	52.00	99.31	46.01
	Dividend received	50.97	131.99	167.28
	Cash flow before extraordinary item	**(4,414.65)**	**(2,016.89)**	**(2,667.88)**
	Extraordinary Item	-	-	(40.19)
	Net cash used in Investing activities	**(4,414.65)**	**(2,016.89)**	**(2,708.07)**
C	**Cash flow from financing activities**			
	Membership fees	-	-	-
	Proceeds from issue of share premium	35.03	818.39	783.35
	Proceeds from issue of share capital	71.52	50.58	27.66
	Proceeds from advance against share capital	685.31	14.52	-
	Proceeds from long term borrowings	1,949.50	2,716.86	1,410.34
	Proceeds from short term borrowings	181.70	383.29	36.69
	Repayment of finance/lease liabilities	(1,254.54)	(732.12)	(113.06)
	Interest paid	(780.36)	(613.33)	(398.77)
	Income from Treasury operations	11.77	31.35	-
	Dividend paid	(432.49)	(401.60)	(352.11)
	Net cash from financing activities	**467.44**	**2,267.94**	**1,394.09**
	Net increase in cash and cash equivalents	**(1,359.54)**	**2,237.31**	**(402.44)**
	(A+B+C)			
	Cash and cash equivalents	3,140.06	879.42	1,278.49
	(opening balance)			
	Cash and cash equivalents	1,780.52	3,116.73	876.05
	(Closing balance)			
	Component of Cash and cash equivalents			
	Cash Balances	55.37	38.94	37.16
	Bank Balances*			
	i) Available with the company for day to day operations	1,706.87	3,058.27	816.85
	ii) Amount available in unpaid dividend and unpaid deposit payment accounts	18.28	19.52	22.04

Notes :

1. Figures in the bracket represents outflow

#Purchase of Fixed Asset includes and interest paid excludes ₹ 154.42 million (31.03.2010 ₹ 198.68 million and 31.03.2009 ₹ 254.64 million) of interest capitalized.

RISK FACTORS

This Placement Document contains certain forward-looking statements that involve risks and uncertainties.

Prospective investors should carefully consider the following risk factors as well as other information included in this Placement Document prior to making any decision as to whether or not to invest in the Equity Shares.

*You should read this section in conjunction with the sections titled "**Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**", as well as the other financial and statistical information contained in this Placement Document.*

The risks described below and any additional risks and uncertainties not presently known to the Company or that currently are deemed immaterial could adversely affect the Company's business, financial condition, liquidity, results of operations and capital resources. As a result, the trading price of the Equity Shares could decline and investors may lose part or all of their investment.

Prospective investors should pay particular attention to the fact that we are an Indian company and are subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

*In this section, unless the context otherwise requires, "we", "us" and "our", includes our subsidiaries, joint ventures and associates, and British American Hospitals Enterprises Limited, which is treated as an investment of the Company for accounting purposes. See section titled "**Business—Corporate Structure**".*

Risks Relating to the Business of the Company

We are highly dependent on our doctors, nurses and other healthcare professionals and our business and financial results could be harmed if we are not able to attract and retain such doctors, nurses and other healthcare professionals.

Our operations depend on the efforts, ability and experience of our employees and the doctors and medical staff at our hospitals. Our performance and the execution of our business strategy depend substantially on our ability to attract and retain leading doctors and other healthcare professionals in a particular specialty or in a region relevant to our growth plans. We compete with other healthcare services providers, including providers located in Europe and North America, in recruiting and retaining these doctors and other healthcare professionals.

The factors that doctors consider important before deciding where they will work include the level of compensation, the reputation of the hospital and its owner, the quality of the facilities, research opportunities and community relations. We may not compare favorably with other healthcare services providers on these factors. Many of these healthcare professionals are well-known personalities in their fields and regions with large patient bases and referral networks, and it may be difficult to negotiate favorable terms and arrangements with them. In some of our markets, doctor recruitment and retention is also affected by a shortage of doctors in certain specialties such as nephrology, physiatry, optometry and ophthalmology.

Our performance also depends on our ability to identify, attract and retain other healthcare professionals, including nurses. We have experienced and expect to continue to experience significant wage and benefit pressures created by the current global nursing shortage, with many of our nurses pursuing opportunities overseas upon the expiry of their two-year bond with us. We expect the global nursing shortage to continue, and we may be required to enhance wages and benefits to recruit and retain nurses or increase our use of more expensive temporary personnel in the face of increasing opportunities for our nurses to work overseas. In fiscal 2011, we entered into a three-year wage settlement in Chennai involving around 3,400 employees.

If we are unable to attract or retain doctors, nurses or other medical personnel as required, we may not be able to maintain the quality of our services and we could be forced to admit fewer patients to our hospitals, thereby having a material adverse effect on our business, financial position and results of operations. We have also incurred increased costs to retain and recruit medical personnel and we expect such costs to continue to increase in the future.

If we are unable to increase our hospital occupancy rates, we may not be able to generate adequate returns on our capital expenditures, which could materially adversely affect our operating efficiencies and our profitability.

We have invested and continue to invest a significant amount of capital expenditures in creating bed capacity and opening new hospitals. We have also introduced new technologies, modernized our facilities and expanded our range of services.

We intend to focus on improving occupancy rates throughout our hospital network. Improving occupancy rates at our hospitals is highly dependent on brand recognition, wider acceptance in the communities in which we operate, our ability to attract and retain well-known and respected doctors, our ability to develop super-specialty practices and our ability to compete effectively with other hospitals and clinics. In addition, occupancy rates at our super-specialty hospitals are partly dependent on referrals from our multi-specialty hospitals and clinics.

If we fail to improve our occupancy rates, which stood at 76%, 73% and 73% for fiscal 2009, 2010 and 2011, respectively, our significant capital expenditures of ₹ 3,644 million, ₹ 3,864 million and ₹ 3,127 million for fiscal 2009, 2010 and 2011, respectively, as well as any capital expenditure incurred in the future, could materially adversely affect our operating efficiencies and our profitability.

Rapid technological obsolescence, technological failures, inability to identify and understand evolving technological advancements and other challenges related to our medical equipment could adversely affect our business.

We use sophisticated and expensive medical equipment in our hospitals to provide our services, such as the Philips Gemini TF Time of Flight PET-CT 64 slice scan system, the Toshiba Aquillion ONE 320 slice dynamic multi-detector CT scanner, the G4 CyberKnife® Robotic Radiosurgery System and the Novalis Tx™ Radiotherapy and Radiosurgery system. The healthcare services industry is characterized by frequent product improvements and evolving technology, which could, at times, lead to earlier than planned redundancy of our medical equipment and result in asset impairment charges. The purchase and replacement of some of these equipment may involve significant costs, and may expose us to currency fluctuation risk, as such equipment are imported from other countries. In addition, because of the high costs of such medical equipment, we may not maintain back-up equipment, and, therefore, even though we generally obtain warranties for our equipment, if such equipment is damaged or breaks down, our ability to provide services to our patients may be impaired, which could adversely affect our business. Our success in the future will depend significantly on our ability to take advantage of and adapt to technological developments to compete with other healthcare services providers. Our failure to understand, anticipate or respond adequately to evolving medical technologies, market demands or client healthcare requirements may cause adverse effects on our business and reduce our competitiveness and market share.

We face competition from other hospitals, stand-alone pharmacies and healthcare services providers. Any adverse effects on our competitive position could result in a decline in our revenues, profitability and market share.

The healthcare services business, including the hospital and stand-alone pharmacy businesses, is competitive and competition for patients and customers among hospitals, stand-alone pharmacies and other healthcare services providers has intensified in recent years. In some cases, competing hospitals are more established than our hospitals. Some of the hospitals that we compete with are owned or operated by tax-supported governmental bodies or by private not-for-profit entities supported by endowments and charitable contributions which can finance capital expenditures on a tax-exempt basis. In some of these markets, we also face competition from other healthcare services providers such as stand-alone laboratories, orthopedic, oncology, radiology and imaging centers. We may also face competition from the foreign healthcare chain industry which may begin providing services in India in the future. New or existing competitors may price their services at a significant discount to our prices or offer better services or amenities than us. Smaller hospitals, stand-alone clinics and other hospitals may exert pricing pressure on some or all of our services and also compete with us for doctors and other medical professionals. Some of our competitors may also have plans to expand their hospital networks, which may exert further pricing and recruiting pressure on us. If we are forced to reduce the price of our services or are unable to attract patients, doctors or other healthcare professionals, our business, revenues, profitability and market share may be adversely affected.

Although some of our hospitals operate in geographic areas where they are currently the sole provider of general acute care hospital services in their communities, these hospitals also face competition from other hospitals. Despite the fact that these competing hospitals may be as far as 30 to 50 miles away, patients in these markets may increasingly migrate to these competing facilities as a result of local doctor referrals or personal choice.

Our projects and consultancy business faces competition from government-owned hospitals, specialized healthcare firms, hospitals owned or operated by non-profit and charitable organizations and numerous independent practitioners. Furthermore, some hospitals choose to obtain management services from large, tertiary care facilities that create referral networks with smaller surrounding hospitals. As a result, hospitals have various alternatives to the consulting services currently offered by us. In our stand-alone pharmacies business, we compete with other hospital-based pharmacies and stand-alone pharmacies for customers.

The competition we face from other healthcare services providers, stand-alone pharmacies and other firms may result in a decline in our revenues, profitability and market share.

Our arrangements with some of our doctors may give rise to conflicts of interest and time-allocation constraints, adversely affecting our operations.

Our contracts and other arrangements with some of our visiting doctors permit them to maintain their own private practices, as well as positions, at other hospitals. Some of these doctors may also have admitting privileges at other hospitals in addition to our hospitals. Certain of our senior doctors may also maintain positions at local clinics or affiliations with teaching hospitals. These arrangements may give rise to conflicts of interest, including with regard to how these doctors allocate their time and other resources between our hospitals and other clinics or hospitals at which they work and where doctors refer patients. Such conflicts may prevent us from providing a high quality of service at our hospitals and adversely affect the level of our patient intake.

The terms of our indebtedness could have a significant effect on our operations.

As of March 31, 2011, we had consolidated debt of ₹ 9,584.75 million. Of our consolidated debt, approximately 20% matures within the next 12 months. Our existing operations and execution of our business strategy require substantial capital resources and we intend to incur additional debt in the future, including as part of our expansion plans. However, we may be unable to obtain sufficient financing on terms satisfactory to us, or at all. If interest rates increase it will be more difficult to obtain credit. As a result, our development activities may have to be curtailed or eliminated and our financial results may be adversely affected.

Our level of indebtedness and debt service obligations could have important consequences, including the following:

- The terms of our existing debt obligations contain numerous financial and other restrictive covenants which, among other things, require us to maintain certain financial ratios and comply with certain reporting requirements and restrict any changes in controlling interest or restrict our ability to make capital expenditures and investments, raise additional capital by way of equity or debt offerings, declare dividends, merge with other entities, incur further indebtedness and incur, or dispose of, liens on our assets, sell assets, undertake new projects, change our management and Board of Directors, allow any Director who has been identified as a willful defaulter, materially amend or terminate any material contract or document and modify our capital structure. If we do not comply with these obligations, it may cause an event of default, which, if not cured or waived, could require us to repay the indebtedness immediately.

- A default under one financing document may also trigger cross-defaults under our other financing documents. An event of default, if not cured or waived, could result in the acceleration of all or part of our financial indebtedness or other obligations.

- We may be more vulnerable in the event of downturns in our businesses and to general adverse economic and industry conditions.

- If we have difficulty obtaining additional financing at favorable interest rates we may face difficulties in meeting our requirements for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes.

- Any borrowings we may make at variable interest rates leave us vulnerable to increases in interest rates generally. As of March 31, 2011, ₹ 8,552 million or approximately 89.3% of our consolidated debt of ₹ 9,584.75 million is subject to variable rates of interest. Interest rate fluctuations can be highly unpredictable, and can be further affected by a number of factors, including global economic trends and adverse events in the global financial markets. Our failure to effectively manage our interest rate risk sensitivity could result in increased debt service costs and adversely affect our results of operations.

- We may be required to dedicate a significant portion of our operating cash flow to making periodic principal and interest payments on our debt, thereby limiting our ability to take advantage of significant business opportunities and placing us at a competitive disadvantage compared to healthcare services providers who have relatively less debt.

We depend heavily on our senior management team, and loss of the services of one or more of our key executives or a significant portion of our local management personnel could weaken our management team and adversely affect our financial condition and prospects.

We are heavily dependent on members of our senior management team, including certain employees who have been with us since our inception, to manage our current operations. Our success and ability to meet future business challenges largely depends on the skills, experience and efforts of members of our senior management team and on the efforts, ability and experience of key members of our local management staff.

The loss of services of one or more members of our senior management team or of a significant portion of any of our local management staff could weaken significantly our management expertise and our ability to deliver healthcare services efficiently or continue managing or expanding our business. Since fiscal 2009 to the date of this Placement Document, seven of our key managerial personnel have left our employment. Almost all of our Directors and executive officers are not covered by key man life insurance policies.

Our operations are affected by the geographic concentration of our hospital beds.

As of March 31, 2011, the largest concentrations of our hospital beds were in Chennai and Hyderabad, where 20% and 17%, respectively, of our owned hospital beds were located. Our Chennai and Hyderabad clusters contributed 41% and 15%, respectively, to our overall healthcare services revenue for fiscal 2011. Such concentrations increase the risk that, should adverse economic, regulatory or other developments occur within Chennai and Hyderabad, our business, financial position, results of operations or cash flows could be adversely affected.

We are subject to risks associated with expansion into new geographic regions.

We are in the process of establishing a network of hospitals under the "Apollo REACH" initiative with the objective of making high quality healthcare services and advanced medical technology available in semi-urban and rural areas. Hospitals established under this initiative will be smaller hospitals with around 100-200 beds, and will be located in Tier II and Tier III cities in India. We have already established Apollo REACH hospitals in Tier II cities including Kakinada, Karaikudi, Karimnagar, Bhubaneswar and Karur, and have put in place plans to establish four additional Apollo REACH hospitals across the country. All these projects are at various stages of implementation and are expected to be completed over the next three years. See the section titled "**Business—Key Hospital Expansion Plans**". As part of our expansion strategy, we have also extended our presence offshore, where we have licensing or service arrangements in place with projects located in the Republic of Mauritius, Bangladesh and Kuwait. Such arrangements are typically governed by the local law of the country in which the relevant project is located. We have also recently signed a preliminary joint venture agreement with the Board of Trustees of the National Social Security Fund, Tanzania and the Tanzanian Ministry of Health & Social Welfare, in connection with the establishment of an advanced healthcare facility in the city of Dar es Salaam.

Expansion into new geographic regions, including different parts of India, subjects us to various challenges, including those relating to our lack of familiarity with the culture and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets. By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- exposure to expropriation or other government actions; and
- political, economic and social instability.

If we fail to effectively manage the businesses of our subsidiaries, joint ventures and associates, our business, financial position and prospects could be adversely affected.

Our primary line of business is the provision of healthcare services, through hospitals, pharmacies, projects and consultancy services, and primary clinics. Our operations are presently conducted through nine subsidiaries, seven joint ventures and four associates. See the section titled "**Business - Corporate Structure**". As of March 31, 2011, the number of hospital beds owned by our subsidiaries, joint ventures and associates comprised 4.8%, 9.8% and 10.9%, respectively, of the 8,717 hospital beds owned and managed by us. In addition, we provide medical business process outsourcing services through our associate, Apollo Health Street Limited and health insurance services through our joint venture company, Apollo Munich Health Insurance Company Limited, in which we currently hold a 11.01% equity interest (reduced from 20% equity interest at the time of investment) and have no intention to further increase our shareholding interest. Our revenues and profits depend upon our ability to successfully manage the businesses of these subsidiaries, joint ventures and associates. If we fail to do this successfully, our business, financial position and prospects could be adversely affected.

If we are unable to identify expansion opportunities or experience delays or other problems in implementing expansion projects, our growth, financial condition, cash flows and results of operations may be adversely affected.

Our growth depends on our ability to develop, acquire and manage additional hospitals and also expand and improve our existing hospital facilities. We have certain projects under development and are continuously evaluating other projects, including acquisition opportunities. See the section titled "**Business - Key Hospital Expansion Plans**". We may not be able to identify suitable greenfield sites for new hospitals, acquisition or hospital management opportunities or opportunities for expanding capacity at our existing hospital facilities. The number of attractive expansion opportunities may be limited and may command high valuations. We may be unable to secure the necessary financing or negotiate attractive terms to implement expansion projects.

Any new project we undertake could be subject to a number of risks. We may face challenges while building new hospitals or renovating, rebuilding or repositioning existing hospitals. We may also be unable to effectively integrate new facilities with our current operations. Undertaking new hospital projects requires significant managerial and financial resources and we may face difficulties in recruiting and retaining an adequate pool of doctors, nurses and other medical personnel for our new projects. The costs and time required to integrate the new hospitals with our existing business could cause an interruption or a loss of momentum in our business activities. All of these factors may adversely affect our business and growth prospects.

Our ability to build and operate new hospital projects is subject to various factors that may involve delays or problems, including the failure to receive or renew regulatory approvals, constraints on human and capital resources, the unavailability of equipment or supplies or other reasons, events or circumstances. Our projects may incur significant cost overruns and may not be completed on time or at all. The acquisition of a listed company in India involves various legal and regulatory requirements, including with respect to tender offers, as a result of which we may experience further delays in our expansion and incur additional costs.

New hospital projects are characterized by long gestation periods and substantial capital expenditures. We may not achieve the operating levels that we expect from future projects and it may not be able to achieve our targeted return on investment on, or intended benefits or operating synergies from, these projects. Potential title uncertainties regarding the lands on which potential acquisition targets and management contracts opportunities are or may be located, including related litigation, may also cause delays in, and may otherwise curtail, our expansion plans. We may experience delays in obtaining regulatory approvals regarding the use of our land for hospital purposes that may adversely affect our schedule for implementation of these projects. The projects that we have under development are at various stages of implementation and are expected to be completed over the next three years. Some or all of these projects may not be undertaken or, if undertaken, may be altered or take longer than anticipated to complete or may exceed our cost expectations.

In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our proposed project expenditure and an increase or decrease in our proposed expenditure for a particular project. Any unanticipated increase in expansion costs could adversely affect our cost estimates and our ability to implement our expansion plans as proposed.

Our stand-alone pharmacy business had historically been loss making and has turned profitable only in the second quarter of fiscal 2011. We may not be able to successfully grow our stand-alone pharmacy network which may have an adverse effect on the Company's results of operations and financial condition.

We have increased the number of stand-alone pharmacies in our network to 1,199 stand-alone pharmacies as at March 31, 2011 and the revenues from our stand-alone pharmacy segment contributed 25.1% of our total revenues in fiscal 2011. Our stand-alone pharmacy business had historically been loss making and has turned profitable only in the second quarter of fiscal 2011. We intend to continue growing this business segment through a measured roll-out of new stand-alone pharmacies based on market demand, revenue potential and availability of high visibility locations. There is no assurance that this intended growth of our stand-alone pharmacy network can be achieved or will be profitable. If the expansion of our stand-alone pharmacy network is not successfully managed, our operating costs may increase and our results of operations and financial condition may be adversely affected. In addition, in the event of an economic downturn, which may adversely affect the profitability of stand-alone pharmacies, this could result in a longer lead-time for our new stand-alone pharmacies to reach their optimal operating levels.

We may have difficulty in effectively integrating future acquisitions and joint ventures into our ongoing operations.

The competition to acquire hospitals and form joint ventures in the markets that we target is significant, and we may not be able to consummate such transactions on terms favorable to us if other healthcare services companies, including those with greater financial resources than ours, are competing for the same target businesses. In order to consummate such acquisitions, joint ventures or consolidations, we may be required to incur or assume additional indebtedness. We may not be able to obtain financing, if necessary, for any acquisitions or joint ventures that we may make or we may be required to borrow at higher rates and on less favorable terms. Additionally, we may not be able to effectively integrate the facilities that we acquire or we may experience difficulties arising from coordinating and consolidating corporate and administrative functions, including integration of internal controls and procedures with our ongoing operations. A failure to successfully integrate an acquired business or inability to realize the anticipated benefits of such joint venture or acquisition could adversely affect our results of operations and financial condition.

Acquired businesses may have unknown or contingent liabilities, including liabilities for failure to comply with healthcare laws and regulations, and we may become liable for the past activities of such businesses. Although we have policies in place to ensure that the practices of newly acquired facilities conform to our standards, and generally will seek indemnification from prospective sellers covering these matters, we may become liable for past activities of any acquired business.

Certain cities in India require prior approval for the purchase, construction and expansion of healthcare facilities. The failure to obtain any required approval or the failure to maintain a required license could impair our ability to operate or expand operations in any city.

Certain lands on which our hospital buildings and our stand-alone pharmacies are operating are not owned by us, which could affect our operations. If the owner of premises does not renew the lease agreement, our business operations may suffer disruptions.

We currently own 37 hospitals, of which 30 are located on land that has been leased. See the section titled "**Business - Properties**" for lease information relating to key hospitals owned by us. Further, all of the 1,199 stand-alone pharmacies operated by us as of March 31, 2011 are maintained on a lease basis. We are using such premises pursuant to the respective lease agreements. The lease agreements are renewable on mutual consent upon payment of such rates as stated in these lease agreements. Moreover, the lessors of these properties may terminate the lease agreements early in the event of any breach of the terms of allotment, including delay in payment of rent, usage of the property other than for the purpose for which it was allotted, or transfer or assignment of the land without prior consent of the lessor. If these lease agreements are not renewed or are not renewed on terms and conditions that are favorable to us, we may suffer a disruption in our operations which could have an adverse effect on our business.

We will need to find suitable locations to open and operate our hospitals and stand-alone pharmacies and a failure to do so could have a material adverse impact on the Company's results of operations and financial condition.

As part of our growth strategy, we continuously evaluate other projects and identify suitable greenfield sites for our new hospitals and stand-alone pharmacy business. The success of our expansion strategy lies largely in identifying suitable locations, whether for lease or acquisition, at a competitive cost. We have to compete with other healthcare services providers and pharmacy retailers to find suitable greenfield sites for our hospitals and stand-alone pharmacies on an ongoing basis. We cannot give any assurance that we will be able to expand and grow at the rate at which we may desire to, as we may not be able to find locations that we believe will be necessary for implementing our expansion strategy or at a competitive cost. If we are unable to find locations at the time and place that we desire or at competitive rates, it may have a material adverse impact on our results of operations and financial condition.

We and our subsidiaries, joint ventures and associates are exposed to legal claims and regulatory actions arising from the provision of healthcare services that, if adversely determined against us or our subsidiaries, joint ventures or associates, could have a material adverse effect on our liquidity, financial position or results of operations.

From time to time, we may be subject to litigation alleging, among other things, medical negligence by our doctors and other healthcare professionals and product negligence and product liability for medical devices we use or pharmaceuticals we dispense. Further, we could also be the subject of complaints from patients who are dissatisfied with the quality and cost of healthcare services.

The results of these claims and lawsuits cannot be predicted, and it is possible that the ultimate resolution of these legal claims and regulatory actions, individually or in the aggregate, may have a material adverse effect on our business both in the near and long term, financial position, results of operations or cash flows. Although we defend ourselves vigorously against claims and lawsuits, these matters could:

- require us to pay substantial damages or amounts in judgments or settlements, which individually or in the aggregate could exceed amounts, if any, that may be recovered under our insurance policies where coverage applies and is available;
- harm our reputation and the goodwill associated with our brand;
- cause us to incur substantial expenses and/or substantial increases in our insurance premiums;
- require significant time and attention from our management; and

- require us to incur debt to finance any damages or amounts in judgment or settlement.

If any of our future cases are not resolved in our favor, and if our insurance coverage or any applicable indemnity is insufficient to cover the damages awarded, we may be required to make substantial payments or modify or restrict our operations, which could have an adverse impact on our reputation and competitive position, as well as our business and financial results. As of June 30, 2011, we are subject to a number of legal claims and regulatory actions, including various claims in relation to alleged medical negligence. See the section titled "**Legal Proceedings**". Also see section titled "**Risk Factors - If we are exposed to claims exceeding the scope of our insurance coverage or that are not covered by our insurance policies or if our insurance costs increase, and if our doctors are unable to obtain appropriate insurance coverage, our liquidity, financial condition and results of operations may be adversely affected.**" below.

We may be subject to liabilities arising from the risks of hospital management, including liabilities from claims of medical negligence against our doctors and other healthcare professionals, which may adversely affect our business, financial position, results of operations or cash flow.

We may incur liabilities in the ordinary course of managing our hospitals, including liabilities that arise from claims of medical negligence against our doctors and other healthcare professionals. Our hospital management contracts generally require the hospitals we manage to indemnify us against certain claims and maintain specified amounts of insurance. However, our managed hospitals or other third parties may not indemnify us against losses we incur arising out of the activities or omissions of the employees of the hospitals we manage. If we are held liable for amounts exceeding the limits of insurance coverage or for claims outside the scope of that coverage or any indemnity, or if any indemnity agreement is determined to be unenforceable, then any such liability could adversely affect our business, financial position, results of operations or cash flow. Also see section titled "**Risk Factors - If we are exposed to claims exceeding the scope of our insurance coverage or that are not covered by our insurance policies or if our insurance costs increase, and if our doctors are unable to obtain appropriate insurance coverage, our liquidity, financial condition and results of operations may be adversely affected.**" below.

If we are exposed to claims exceeding the scope of our insurance coverage or that are not covered by our insurance policies or if our insurance costs increase, and if our doctors are unable to obtain appropriate insurance coverage, our liquidity, financial condition and results of operations may be adversely affected.

We maintain professional liability and general liability insurance coverage to cover certain claims arising out of the operations of our hospitals. See the section titled "**Business—Professional and General Liability Insurance**". Some of the claims, however, could exceed the scope of the coverage in effect or coverage of particular claims could be denied. We also provide services to projects located outside of India. Claims under the laws in such foreign countries may expose us to far greater liability than would be the case in India, and we may not have adequate insurance to cover such liability. We believe our professional and other liability insurance has been adequate in the past but there can be no assurance that our insurance coverage will be sufficient to cover all future claims. If our arrangements for insurance or indemnification are not adequate to cover claims, we may be required to make substantial payments and our financial condition and results of operations may be adversely affected.

In addition, some doctors, including those who practice at some of our hospitals, face increases in malpractice insurance premiums and limitations on availability of insurance coverage. The inability of our doctors to obtain appropriate insurance coverage could cause those doctors to limit their practice. That, in turn, could result in lower admissions to our hospitals.

All reinsurance and any excess insurance purchased by us are subject to policy aggregate limitations. Should such policy aggregates be partially or fully exhausted in the future, or if actual payments of claims materially exceed projected estimates of claims, we may be required to make substantial payments and our financial position, results of operations or cash flows could be materially adversely affected.

In the past, the RBI has compounded a contravention by us of the provisions of the FEMA. If there are any similar contravention within three years from the date of such compounding, the Company will not be able to approach the RBI or the Enforcement Directorate to compound such contravention which may have an adverse effect on our business and results of operations.

The RBI has, by way of a letter dated August 24, 2010, noted the contravention of certain provisions of FEMA relating to the utilization of the proceeds from the global depository receipts issued by us in 2005 and have advised us to strictly adhere to the provisions of the FEMA and rules, regulations, notifications, circulars made thereunder in future. In accordance with the FEMA and the regulations made thereunder, we may not be able to seek compounding with respect to any similar contravention by us within the period of three years from the date of aforesaid compounding, which may have an adverse effect on our business.

Compliance with applicable safety, health, environmental and other governmental regulations and any violations of existing regulations may be costly and adversely affect our business and results of operations.

The healthcare services industry is subject to laws, rules and regulations in certain states in which we currently conduct our business or in which we intend to expand our operations.

We are subject to extensive international and local regulations relating, among other things, to:

- conduct of operations;
- addition of facilities and services;
- adequacy of medical care, including required ratios of nurses to hospital beds;
- quality of medical equipment and services;
- discharge of pollutants into the air and water and handling and disposal of bio-medical, radioactive and other hazardous waste;
- qualifications of medical and support personnel;
- confidentiality, maintenance and security issues associated with health-related information and medical records; and
- the screening, stabilization and transfer of patients who have emergency medical conditions.

Safety, health and environmental laws and regulations in India are stringent and it is possible that the evolving regulatory environment in India may lead to significantly more stringent healthcare laws and regulations in the future. To comply with these requirements, we may have to incur substantial operating costs and/or capital expenditure in the future.

Further, if a determination is made that we were in violation of such laws, rules or regulations, including conditions in the permits required for our operations, we may have to pay fines, modify or discontinue our operations, incur additional operating costs or make capital expenditures and our business, financial position, results of operations or cash flows could be adversely affected. Any public interest or class action legal proceedings related to such safety, health or environmental matters could also result in the imposition of financial or other obligations on us. Any such costs could adversely affect our competitive position and results of operations. In addition, regulation is constantly changing and we are unable to predict the future course of international and local regulation. Further changes in the regulatory framework affecting healthcare services providers could have a material adverse effect on our business, financial position, results of operations or cash flows.

We are subject to restrictive covenants under the shareholders agreement entered into with Apax Mauritius FDI One Limited ("Apax") that could limit our flexibility in managing our business.

We have entered into a shareholders' agreement with Apax, whereby Apax has been given certain rights in the Company pursuant to its subscription of Equity Shares of the Company. Certain of these rights have been included in our Articles of Association which may restrict our operations and may affect the rights of our shareholders, including the following:

- in case of preferential issue, we are required to offer additional Equity Shares to Apax and Apax shall have the right to buy all or a part of the Equity Shares offered either directly or through its affiliates;
- Apax shall have the right to acquire Equity Shares in proportion to its existing shareholding in the case of any fresh issue of the Company's Equity Shares;
- in the event that any financial investor is granted special rights, such rights would have to be offered to Apax as well;
- Apax shall have the right of first offer and the right to tag along its Equity Shares in the case of a transfer of Equity Shares by our Promoter and certain members of our Promoter Group to a third party aggregating in excess of 5% of the share capital on a basis cumulated with all past transfers by such promoter group to a third party in the last three years;
- so long as Apax maintains a shareholding of 5.65% of our share capital, it shall have the right to nominate a director to the Board; and
- so long as Apax maintains a shareholding of 5.65% of our share capital, Apax shall have affirmative voting rights relating to, among other things, (a) restructurings, including but not limited to mergers, demergers, spin-offs and amalgamations, (b) investments made by us outside India for acquisition of a target entity having a value of ₹ 4,000 million, and (c) any amendments to the Memorandum of Association or Articles of Association that may affect the rights of Apax.

Such rights may enable Apax to influence our decisions to the detriment of other stakeholders and restrict our ability to manage our business effectively.

We have yet to obtain certain clearances, licenses, registrations and other approvals and renewals thereof required in the ordinary course of our business, and the failure to obtain these approvals in a timely manner or at all may materially adversely affect our operations.

We have applied for but have not yet received certain clearances, licenses, registrations and other approvals and renewals required in the ordinary course of our business as a result of the expiration of existing approvals.

We have yet to receive certain approvals from the relevant authorities, including environmental clearances (under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974), fire and rescue services license from the Director of Fire & Rescue Services, Chennai, license under the Tamil Nadu Narcotic Drug Rules, 1985, license to stock, sell or exhibit drugs under the Drugs and Cosmetics Act, 1940, registration under the Nursing Homes Act from the Chennai Municipal Corporation and consent under the Bio-Medical Waste (Management and Handling) Rules, 1988.

If we do not receive such approvals, we may be unable to offer certain of our services or may be required to discontinue operations at one or more hospitals, and this may have a material adverse effect on our financial results.

We may suffer reputational harm from the activities or omissions of hospitals managed by our joint venture partners.

Our reputation and the goodwill associated with our brand may be adversely affected due to the activities or omissions of the hospitals managed by our joint venture partners, who are authorized to use the "Apollo" brand. If we suffer reputational harm from such activities or omissions, our business, competitive and financial positions and results of operations could be adversely affected.

Our operations could be impaired by a failure of our information technology systems.

Our information technology systems are essential to a number of critical areas of our business operations, including:

- accounting and financial reporting;
- coding and compliance;
- clinical systems;
- medical records and document storage;
- inventory management;
- negotiating, pricing and administering healthcare delivery contracts;
- training programs; and
- research services.

Any technical failure that causes an interruption in service or availability of our systems could adversely affect operations or delay the collection of revenue or cause interruptions in our ability to provide services to our patients. Corruption of certain information could also lead to delayed or inaccurate diagnoses in the treatment of patients and could result in damage to the health of our patients. In addition, we may be subject to liability as a result of any theft or misuse of personal information stored on our systems. Although we have implemented network security measures, our servers are vulnerable to computer viruses, hacking, break-ins and similar disruptions from unauthorized tampering. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data, or cessations in the availability of systems, all of which could have a material adverse effect on the financial position, results of operations and harm our business reputation.

Challenges that affect the healthcare industry and other external factors also have an effect on our operations.

We are impacted by the challenges currently facing the healthcare industry as a whole. We believe that the key ongoing industry-wide challenges are providing quality patient care in a competitive environment and managing costs.

In addition, our business and results of operations are also affected by other factors that affect the entire industry, including:

- technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for, healthcare;
- general economic and business conditions, both nationally and regionally;
- demographic changes; and
- changes in the distribution process or other factors that increase the cost of supplies.

In particular, the patient volumes and net operating revenues at our general hospitals and related healthcare facilities are subject to economic and seasonal variations caused by a number of factors, including, but not limited to:

- unemployment levels;
- the business environment of local communities;
- the number of uninsured and underinsured patients in local communities;
- seasonal cycles of illness;
- climate and weather conditions;
- vacation patterns and religious observance of both patients and doctors;
- healthcare services competitors;
- physician recruitment, retention attrition; and
- other factors relating to the timing of elective procedures.

Any failure by us to effectively face these challenges could have a material adverse effect on our results of operations.

We have limited protection of our intellectual property.

We have registered the "Apollo" name and logo and "Apollo Hospitals", "The Apollo Clinic", "Apollo Pharmacy" and "Apollo Health City" names as trademarks and the "Apollo" name as a service mark, under the Trade Marks Act, 1999, as amended. We have licensed the "Apollo" name, logo and trademarks for use by the franchisees of Apollo Health and Lifestyle Limited's primary care clinics and by our managed hospitals. Unauthorized use of our brand name or logo by our franchisees, our managed hospitals or other third parties could adversely affect our reputation, which could in turn adversely affect our business, financial condition and results of operations. Intellectual property rights and our ability to enforce them may be unavailable or limited in some circumstances. In addition, trade mark registration applications may not be allowed or competitors may challenge the validity of our trade mark registrations. If we fail to successfully obtain or enforce intellectual property rights, our competitive position and operating results could be adversely affected.

Actions of our Promoters and the Promoter Group, as substantial shareholders and Directors, could conflict with the interests of other shareholders.

As of March 31, 2011, the Promoters and the Promoter Group, through their direct and indirect holdings, held approximately 33.2% of our issued Equity Shares. Following the completion of the Issue, and assuming the full conversion of warrants held by the Promoters and the Promoter Group into Equity Shares during their respective warrant exercise period at the warrant exercise price, it is expected that the Promoters and the Promoter Group will hold 34.7% of our issued Equity Shares. For as long as the Promoters and the Promoter Group continue to hold a substantial percentage of our Equity Shares and continue to have significant influence on our Board of Directors, they may influence our material policies in a manner which could conflict with the interests of other shareholders.

Certain of our subsidiaries, joint ventures and associates have been or are currently incurring losses. If the business and operations of these subsidiaries, joint ventures and associates deteriorate, our investments may be required to be written down or written off.

Certain of our subsidiaries, joint ventures and associates have been or are currently incurring losses. See the section titled "**Business—Subsidiaries**", "**Business—Joint Ventures**" and "**Business—Associates**". We have made and

may continue to make significant capital investments and/or advances and other commitments to support certain of our subsidiaries, joint ventures and associates. These investments and commitments have included capital contributions to enhance the financial condition or liquidity position of such subsidiaries, joint ventures and associates. We may make capital contributions in the future, which may be financed through additional debt, including through debt of subsidiaries, joint ventures or associates. If the business and operations of these subsidiaries, joint ventures and associates deteriorate, our investments may be required to be written down or written off. Additionally, certain loans and advances may not be repaid or may need to be restructured or we may be required to outlay further capital under our commitments to support such subsidiaries, joint ventures and associates. This could have a material adverse effect on our business, financial condition and results of operations.

A portion of our Equity Shares held by the Promoters and the Promoter Group has been pledged in favor of lenders, who may exercise their rights under the respective pledge agreements in events of default.

As of March 31, 2011, the Promoters and the Promoter Group had pledged approximately 24.44 million Equity Shares constituting approximately 58.96% of their total equity shareholding in the Company in favor of lenders.

Under the pledge arrangements with the lenders, in the event of a failure to pay the loan amounts, the lenders have a right to sell, assign or otherwise dispose off all or a part of the pledged Equity Shares. In addition, under certain pledge arrangements, the pledged Equity Shares must cover a certain proportion of the credit limit and such margins are required to be maintained during the tenor of the loan. If the lenders in their discretion conclude that the margins have become inadequate, including as a result of a decline in the market value of the Equity Shares, the pledgor is under an obligation to pledge such additional Equity Shares as may be acceptable to the lenders. In the event of a failure to pledge additional Equity Shares, the lenders have a right to enforce the pledge. The pledge arrangements also provide that any accretions to the pledged Equity Shares, including through issue of bonus Equity Shares or rights entitlements or any other benefits, shall also be automatically pledged in favor of the lenders and such accretions shall form part of the pledged Equity Shares.

If the Promoters and the Promoter Group default on their obligations under the relevant financing documents, the lenders may exercise their rights under the share pledges, have the pledged Equity Shares transferred to their names and take significant control over us, which may adversely affect our overall business strategy and the market price of the Equity Shares.

Our income may decrease if our operations and management contracts are not renewed or are renewed on terms that are not favorable to us.

Of our 54 hospitals, 37 hospitals are owned by us and 17 hospitals are under our management through operations and management contracts. We operate these 17 managed hospitals for a fee, which is typically a fixed amount or an identified percentage of gross income or profits of the hospital, which in some cases is subject to certain targets being reached or profits being achieved. Most of the contracts may be terminated with adequate notice, at the discretion of either party or, in some cases, by one party if the other materially breaches its obligations under the contract. Accordingly, these relationships may not continue for the full term of the contract or may not be renewed, and the owner of a hospital may terminate its relationship with us, including after we have made improvements at a hospital. The loss of more of these contracts or the renewal of any such contract on unfavorable terms could have a material adverse impact on our results of operations.

Further, if a dispute occurs between us and the owner of a hospital or such owner encounters financial difficulties, we may not receive fees owed to us or costs borne by us in relation to the operation and management of such hospital.

Your holdings may be diluted by additional issuances of Equity Shares and conversions of outstanding instruments into Equity Shares. Furthermore, sales of Equity Shares by the Promoters may adversely affect the market price of the Equity Shares.

Any future issuance of Equity Shares or warrants, including pursuant to the exercise of outstanding stock options under any future employee stock option scheme or any other similar scheme in the future, may dilute the positions of investors in our Equity Shares, which could adversely affect the market price of the Equity Shares. We may issue

Equity Shares in the future in order to help fund acquisitions and other expansion plans, as well as improvements to our existing hospitals and other business activities. Conversions of our outstanding instruments, such as warrants and foreign currency convertible bonds, may also dilute the positions of investors in our Equity Shares. Any such future issuance of Equity Shares or conversion of outstanding instruments into Equity Shares could negatively impact the market price of the Equity Shares.

As of March 31, 2011, the Promoters and the Promoter Group, through their direct and indirect holdings, held approximately 33.2% of our issued Equity Shares. The sale of a large number of Equity Shares by the Promoters and the Promoter Group, or the perception that such sale could occur, may also adversely affect the market price of the Equity Shares.

We have entered into various related party transactions.

We have entered into various transactions with related parties, including our Subsidiaries, associates, Directors, employees and their relatives, the Promoters and the Promoter Group entities. For further details relating to such related party transactions, see the section titled "**Financial Statements**".

We believe that all such transactions have been conducted on an arm's length basis, however in the event that obligations owed to us arising from such transactions are not fulfilled, either individually or in aggregate, our business and financial condition and/or results of operations may be adversely affected. We will continue to enter into related party transactions in the future, in the normal course of business. Such transactions, either individually or in the aggregate, may have an adverse effect on our business, revenues, results of operations and financial condition.

If we lose or fail to renew our accreditation from the JCI it could adversely affect our reputation and business operations.

Seven of our hospitals have received accreditation from the JCI, a non-profit corporation which is the largest accreditor of healthcare organizations in the United States. The accreditation is for a period of three years, and the accreditation of five of our hospitals, located in Bangalore, Kolkata, Chennai, New Delhi and Hyderabad, will be up for renewal between 2011 and 2012. If we lose our accreditation or do not receive re-accreditation of our hospitals by JCI, or are refused accreditation of our hospitals, our reputation and business operations could be adversely affected.

We have not entered into definitive agreements to utilize any of the net proceeds of the Issue.

We intend to use the net proceeds of the Issue substantially for expansion activities with the remaining proceeds to be applied towards working capital and general corporate purposes. See the section titled "**Use of Proceeds**".

Our expansion plans are based on management estimates. Accordingly, our Directors and senior management team will have significant flexibility in applying the proceeds received by us from the Issue. In addition, our expansion plans are subject to a number of variables, including possible cost overruns and changes in our management's views of the desirability of our current plans. Any unanticipated increase in the cost of our intended expansion plans could adversely affect our estimates of the cost of such expansion.

We may be classified as a passive foreign investment company for US federal income tax purposes, which could result in adverse US federal income tax consequences to US Holders of Equity Shares.

Based on the current and anticipated valuation of our assets, including goodwill, and composition of our income and assets, we do not expect to be a passive foreign investment company ("**PFIC**"), for US federal income tax purposes for our current taxable year or in the foreseeable future. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that we will not be a PFIC for any taxable year. A non-US corporation will be a PFIC for any taxable year if either (i) at least 75% of its gross income for such year is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. We must make a separate determination after the close of each taxable year as to whether we were a PFIC for that year.

Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our Equity Shares, fluctuations in the market price of the Equity Shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC. If we are a PFIC for any taxable year during which a US Holder (as defined in "**Taxation – US Federal Income Taxation**") holds an Equity Share, certain adverse US federal income tax consequences could apply to such US Holder. See the section titled "**Taxation – US Federal Income Taxation – Passive Foreign Investment Company Considerations".**

Our independent auditors' audit report is subject to certain qualifications in relation to impairment losses suffered by our associate which may harm our business reputation and adversely affect the trading price of our Equity Shares.

Our independent auditors in its audit report included in the section titled "**Financial Statements**", has included a qualification in relation to the effect of the impairment loss, if any, which has been reported by the auditors of one of our associates, Apollo Health Street Limited ("**Apollo Health Street**"). As stated in the audit report, the effect of the impairment loss, if any, has not been considered for the purpose of consolidation and no adjustment has been made to the group's share of total assets as the auditors of Apollo Health Street have not quantified the quantum of such impairment loss. In addition, in relation to Apollo Health Street, the Audited 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. We believe, on the basis of our estimates and projections of future cash flows, that the entire carrying value of goodwill of ₹ 6917.08 million as of March 31, 2011 is recoverable in the ordinary course of business. However, based on our independent auditors' review of the projections and understanding of the underlying assumptions, they were unable to comment on appropriateness of the assumptions and consequently on the achievability of the projected cash flows. There is no assurance that any part of the entire carrying value of goodwill of ₹ 6917.08 million as of March 31, 2011 is recoverable. If at any time in the future, any impairment losses suffered by Apollo Health Street is quantified by its auditors, such impairment losses may harm our business reputation and adversely affect the trading price of our Equity Shares.

Risks Relating to Investments in Indian Companies

A slowdown in economic growth in India could cause our businesses to suffer.

We currently operate primarily in the domestic Indian market, and our performance is intertwined with the overall economy, the gross domestic product growth rate and the economic cycle in India. A substantial portion of our assets and employees are located in India, and we intend to continue to develop and expand our facilities in India. Our performance and the growth of our business is dependant on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our patients to afford our services, which in turn would adversely impact our business and financial performance and the price of the Equity Shares.

Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

Our business and activities may be affected by the recent amendments to the competition law in India.

The Parliament has enacted the Competition Act, 2002, as amended, (the "**Competition Act**") for the purpose of preventing practices having an adverse effect on competition in the relevant market in India under the auspices of the Competition Commission of India (the "**CCI**"). Under the Competition Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on

competition is void and attracts substantial penalties. Any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be deemed guilty of the contravention and liable to be punished.

On March 4, 2011 the Government of India notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. The combination regulation provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations which cross the prescribed asset and turnover based thresholds shall be mandatorily notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 which sets out the mechanism for implementation of the combination regulation provisions under the Competition Act. It is unclear as to how the Competition Act and the CCI will affect the business environment in India.

If we are adversely impacted, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, generally or specifically in relation to any merger, amalgamation or acquisition proposed by us, or any enforcement proceedings initiated by the CCI, either *suo moto* or pursuant to any complaint, for alleged violation of any provisions of the Competition Act it may have a material adverse effect on our business, financial condition and results of operations.

Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business and the trading price of the Equity Shares could decrease.

Terrorist attacks, civil unrests like Telengana movement and other acts of violence or war in India and around the region may adversely affect worldwide financial markets and result in a loss of consumer confidence and ultimately adversely affect our business, results of operations, financial condition and cash flows. Political tensions could create a perception that an investment in Indian companies involves higher degrees of risk and on the business and price of the Equity Shares.

Natural disasters could have a negative impact on the Indian economy and harm our business.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. The erratic progress of a monsoon would also adversely affect sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities in the future could have a negative impact on the Indian economy, adversely affecting our business and the price of the Equity Shares.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial performance, cash flows, results of operations and future financial performance and our ability to obtain financing to fund our growth on favorable terms or at all, as well as the trading price of the Equity Shares.

If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increasing inflation in India could cause a rise in the price of transportation, wages, raw material, equipment and other expenses, and we may be unable to reduce our costs or pass increased costs on to our consumers by increasing the price we charge for our products, and our results of operations, cash flows and financial condition may therefore be

adversely affected.

Our profitability will decrease if the Indian Government reduces or withdraws tax benefits and other incentives that it currently provides.

The statutory corporate income tax rate in India for Indian Companies is currently 30%. This tax rate is presently subject to a 5% surcharge and an education cess of 3%, resulting in an effective tax rate of 32.4%. We cannot provide assurance that the corporate income tax rate or the surcharge will not be increased further in the future. With effect from fiscal 2011, we will benefit from the tax deduction given in respect of capital expenditure incurred on setting up new hospital projects consisting of at least 100 beds which can be set off against the profits earned by our other business operations. As a result, our operations have been subject to relatively lower cash outflows on account of reduced tax liabilities in the initial year in which new hospital projects have been commissioned. However, these benefits are expected to reverse over a period of time because depreciation charges relating to such hospital projects will be disallowed for corporate tax purposes and tax liabilities will therefore increase in the future.

Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.

Our financial statements, including the financial statements provided in this Placement Document are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. Each of US GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. See the section titled "**Summary of Significant Differences among Indian GAAP, US GAAP and IFRS**".

The transition to IFRS in India is still unclear and we may be negatively impacted by such transition.

On February 25, 2011, the Ministry of Corporate Affairs, Government of India ("**MCA**"), notified that the IND AS will be implemented in a phased manner. It was also mentioned that the date of implementation of IND AS will be notified by the MCA at a later date. As of the date of this Placement Document, the MCA has not yet notified the date of implementation of IND AS. There is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application. Additionally, IND AS has fundamental differences with IFRS and hence financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that the financial condition, results of operations, cash flow or changes in shareholder's equity of our Company will not appear materially worse under IND AS than under Indian GAAP. As our Company adopts IND AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available once Indian companies begin to prepare IND AS financial statements. There can be no assurance that the adoption of IND AS by our Company will not adversely affect its reported results of operations or financial condition and any failure to successfully adopt IND AS in accordance with the prescribed timelines could have a material adverse effect on our financial position and results of operations.

Risks Relating to the Equity Shares

Fluctuations in operating results and other factors may cause the market prices of the Equity Shares to decline.

The stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading prices of the Equity Shares. There may be significant volatility in the market prices of the Equity Shares. If we are unable to operate our hospitals or stand-alone pharmacies as profitably as we have in the past, investors could sell the Equity Shares when it becomes apparent that the expectations of the market may not be realized, resulting in a decline in the market prices of the Equity Shares.

In addition to our operating results, the operating results of other hospital companies, changes in financial estimates or recommendations by analysts, changes in government healthcare programs, governmental investigations and litigation, speculation in the press or investment community, the possible effects of war, terrorist and other hostilities, adverse weather conditions, the level of seasonal illnesses, changes in general conditions in the economy or the financial markets, or other developments affecting the healthcare industry, could cause the market prices of the Equity Shares to fluctuate substantially or decline.

You may be restricted in your ability to transfer the Equity Shares.

The Equity Shares are subject to restrictions on transfers. Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of the Equity Shares, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of the Equity Shares.

We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares.

Whether we will pay dividends in the future and the amount of any such dividends, if declared, will depend on a number of factors, including our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors considered relevant by our Board of Directors and shareholders. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Our ability to pay dividends may also be restricted under certain financing arrangements that we have and may enter into. There can be no assurance that we will, or have the ability to, declare and pay any dividends on the Equity Shares at any point in the future.

Investors may not be able to enforce a judgment of a foreign court against us.

We are a public company incorporated with limited liability under the laws of India. It may not be possible for investors in the Equity Shares to effect service of process outside of India on us or our Directors and executive officers and experts named in this Placement Document who are residents of India, or to enforce judgments obtained against us or these persons in foreign courts predicated upon the liability provisions of foreign countries. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian practice. See the section titled "**Enforcement of Civil Liabilities**".

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. The shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. You may have more difficulty in asserting your rights as a shareholder of an Indian company than as a shareholder of a corporation in another jurisdiction.

We cannot guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closure at the BSE or the NSE may adverse affect the trading price of the Equity Shares.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued in this Issue will not be granted until after the Equity Shares have been issued and Allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of the Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares issued in this Issue on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the United States. A closure of, or trading stoppage on, the BSE or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a holder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

We are subject to a daily circuit breaker imposed by all stock exchanges in India, which will not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity Shares before the circuit breaker is triggered is determined by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The Stock Exchanges do not inform us of the triggering point of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

MARKET PRICE INFORMATION

As on the date of this Placement Document, 124,710,710 Equity Shares have been issued and are fully paid up. All the Equity Shares are listed on the Stock Exchanges.

The tables set forth below indicate the high, low and average market prices and trading volume of the Equity Shares on the Stock Exchanges for the years 2010, 2009 and 2008. The shareholders of the Company at the Annual General Meeting held on July 26, 2010 approved the split of face value of the Equity Shares from ₹ 10 per equity share to ₹ 5 per equity share (the "**Stock Split**"). The Equity Shares traded ex-split on and from September 2, 2010.

Accordingly, the stock market price information of the Equity Shares provided in this section for the period prior to September 2, 2010 is for equity shares of face value of ₹ 10 each. The stock market price from September 2, 2010 onwards is for equity shares of face value ₹ 5 each. The shares of the Company were voluntarily delisted from the Madras Stock Exchange on November 29, 2006.

The following tables set forth for the years 2010, 2009 and 2008, the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for the years 2010, 2009 and 2008:

NSE

Calendar Year	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Volume of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)*	Total volume of Equity Shares traded in the Fiscal years	
										In number	(₹ in million)
2010***	599.70	October 13,2010	1,083,230	6,126.62	408.00	September 21, 2010	29,655	123.13	479.42	9,092,197	4,607.68
2010**	849.95	August 17, 2010	111,622	903.36	627.10	January 28, 2010	137,888	894.54	739.39	8,739,884	6,502.51
2009	696.00	December 29, 2009	694,371	4,584.11	347.10	March 17, 2009	5,6173	199.27	492.36	12,224,199	6,416.41
2008	627.00	January 1, 2008	481,468	2,833.02	345.00	October 27, 2008	34,431	125.66	471.35	16,702,202	7,778.62

* *Average of the daily closing prices.*
*** For Equity Shares of face value ₹10 each.*
****For Equity Shares of face value ₹5 each.*

BSE

Calendar Year	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Volume of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)*	Total volume of Equity Shares traded in the Fiscal years	
										In number	(₹ in million)
2010***	599.00	October 13, 2010	367,260	208.70	406.00	September 6, 2010	4,819	1.99	479.80	2,173,648	1,109.60
2010**	858.80	August 17, 2010	34,499	27.97	627.00	January 28, 2010	25,645	16.62	740.03	3,176,158	2,366.65
2009	694.00	December 29, 2009	351,115	232.69	350.00	March 17, 2009	4,072	1.46	492.67	5,120,944	2,678.40
2008	630.30	January 1, 2008	256,003	152.19	350.00	October 27, 2008	18,673	6.93	470.89	5,711,314	2,836.71

** Average of the daily closing prices.*
*** For Equity Shares of face value ₹10 each.*
****For Equity Shares of face value ₹5 each.*
(*Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively*)

The following tables set forth for each of the last six months, the reported high, low and average market prices and the trading volumes of the Equity Shares of the Company on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for each of the last six months:

NSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Volume of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)*	Total volume of Equity Shares traded in the month	
										In number	(₹ in million)
June, 2011	511.50	1-Jun-11	79,275	39.79	462.25	23-Jun-11	24,196	11.28	481.49	918,726	445.41
May, 2011	517.00	May 31, 2011	343,028	171.16	447.80	May 30, 2011	27,232	13.18	478.11	1,347,534	652.55
April, 2011	514.80	April 18, 2011	158,019	78.40	468.20	April 28, 2011	28,010	13.21	482.90	1,096,111	535.49
March, 2011	506.00	March 22, 2011	205,672	101.28	454.05	March 1, 2011	59,990	27.58	473.31	1,598,519	763.97
February, 2011	521.20	February 11, 2011	108,119	49.63	450.30	February 14, 2011	50,745	23.05	465.69	1,518,518	708.25
January, 2011	541.90	January 24, 2011	369,775	190.30	449.00	January 7, 2011	50,411	23.18	475.07	1,369,262	671.42

** Average of the daily closing prices.*

BSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Volume of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)*	Total volume of Equity Shares traded in the month	
										In number	(₹ in million)
June, 2011	511.20	1-Jun-11	32,901	16.53	432.30	24-Jun-11	4,958	2.31	481.90	388,929	187.82
May, 2011	516.80	May 31, 2011	129,647	65.03	454.20	May 4, 2011	6,393	2.93	478.25	370,018	180.93
April, 2011	514.85	April 18, 2011	15,679	7.81	467.00	April 29, 2011	3,219	1.52	483.31	169,307	82.45
March, 2011	502.00	March 22, 2011	57,112	28.10	453.00	March 15, 2011	18,576	8.75	472.71	408,254	195.36
February, 2011	501.80	February 1, 2011	10,020	4.92	450.10	February 10, 2011	3,308	1.50	466.01	571,4821	2603.14
January, 2011	542.00	January 24, 2011	172,158	89.43	450.00	January 4, 2011	8,570	3.96	474.85	448,796	223.40

** Average of the daily closing prices.*

(*Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively*)

Market price on December 10, 2010, the first working day following the Board meeting held on December 9, 2010 approving the Issue:

NSE				
Open (₹)	High (₹)	Low (₹)	Close (₹)	Volume
464.80	475.00	455.15	469.85	49440

BSE				
Open (₹)	High (₹)	Low (₹)	Close (₹)	Volume
466.00	475.50	455.25	469.80	7195

(*Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively*)

USE OF PROCEEDS

The total initial proceeds of the Issue will be ₹ 3,300 million. After deducting the Issue expenses of approximately ₹ 66 million, the net initial proceeds of the Issue will be approximately ₹ 3,234 million ("**Net Proceeds**").

Subject to compliance with applicable laws and regulations, the Company intends to use the Net Proceeds substantially for the expansion activities, with any remaining proceeds to be applied for working capital and general corporate purposes.

In accordance with the decision of the Board and as permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by the Company from the Issue. Pending utilisation of the Net Proceeds for the purposes described above, the Company intends to temporarily invest the funds in liquid fund/mutual fund related instruments.

CAPITALISATION STATEMENT

The following table sets forth the Company's capitalisation and total debt as at March 31, 2011 on a consolidated basis and as adjusted for the Issue. This table should be read in conjunction with the section titled "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and other financial information contained in the section titled "**Financial Statements**".

(In ₹million)

	As at March 31, 2011	As adjusted for the outstanding warrants prior to the Issue*	As adjusted for the Issue
	Shareholders' funds		
Equity share capital	623.55	655.38	688.71
Preferential issue of share warrants	685.07	-	-
Reserves and surplus	17,521.53	20,229.99	23,496.66
Total shareholders' funds (A)	**18,830.15**	**20,885.37**	**24,185.37**
	Loan funds		
Secured Loans	7,439.99	7,439.99	7,439.99
Unsecured loans	2,144.76	2,144.76	2,144.76
Total Loan funds (B)	9,584.75	9,584.75	9,584.75
Total Capitalisation (A+B)	**28,414.90**	**30,470.12**	**33,770.12**

* *Assuming conversion of 6.36 million outstanding warrants prior to the Issue.*

DIVIDENDS

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders at their discretion and will depend on a number of factors, including but not limited to, our profits, capital requirements and overall financial condition. The Board may also, from time to time, pay interim dividends. All dividend payments are made in cash to the shareholders of the Bank.

The following are the dividend pay outs in relation to the Equity Shares of face value ₹ 10* each in the last three fiscal years by the Company:

Fiscal year	Dividend per Equity Share of face value of ₹ 10* each (Amount in ₹)	Amount (In ₹ million)[(1)]
2009	6.50	469.85
2010	7.00	504.32
2011**	3.75	543.54

(1) Inclusive of dividend distribution tax where applicable.

**The shareholders of the Company at the annual general meeting held on July 26, 2010 approved the split of face value of the Company's equity shares from ₹10 per equity share to ₹5 per equity share from September 3, 2010, the record date for the split. The face value of equity shares is currently ₹5 each.*

*** The Board, on May 24, 2011, has recommended the payment of dividend of ₹3.75 per Equity Share subject to approval by the shareholders of the Company at the annual general meeting proposed to be held on July 22, 2011.*

The Company does not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with the Board's assessment of the Company's earnings, cash flow, financial conditions and other factors prevailing at the time.

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of the Company or for an investment in the Equity Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition is based on our consolidated financial statements as of and for fiscal 2011, fiscal 2010 and fiscal 2009 referred to in this section as the "**Consolidated Financial Statements**".*

*This discussion should be read in conjunction with the section titled "**Selected Financial Information**", and the Consolidated Financial Statements included elsewhere in this Placement Document.*

*We prepare our Consolidated Financial Statements in accordance with Indian GAAP, which differs in some respects from US GAAP and IFRS. See the section titled "**Summary of Significant Differences among Indian GAAP, US GAAP and IFRS**".*

*This discussion contains forward-looking statements, that involve risks and uncertainties and reflects our current views with respect to future events and financial performance. We caution investors that our business and financial performance is subject to substantive risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under the sections titled "**Forward-Looking Statements**" and "**Risk Factors**" and elsewhere in this Placement Document.*

*In this section, unless the context otherwise requires, "we", "us" and "our", includes our subsidiaries, joint ventures and associates, and British American Hospitals Enterprises Limited, which is treated as an investment of the Company for accounting purposes. See section titled "**Business—Corporate Structure**".*

Overview

We are one of the largest private healthcare services providers in India according to CRISIL, operating a wide network of hospitals predominantly based in Asia. Our primary line of business is the provision of healthcare services, through (i) hospitals, (ii) pharmacies, (iii) projects and consultancy services, and (iv) primary care clinics. In addition, we provide mBPO services through one of our associates and health insurance services through one of our joint venture companies. To enhance our service to our customers and complement our business, we also provide the following services: telemedicine services, education and training programs and research services.

We operate our business through the Company, and its nine subsidiaries, seven joint ventures and four associates.

We have continuously invested in bed capacity creation and have increased the bed capacity under our management from approximately 150 operational beds at the commencement of our hospital services business in 1983 to 8,717 operational beds in 54 hospitals located in India and overseas as of March 31, 2011. Of the 8,717 beds, 5,842 beds are in 37 hospitals owned by us and 2,875 beds are in 17 hospitals under our management through operations and management contracts.

We have a presence both in India and outside India, including the Republic of Mauritius, Bangladesh and Kuwait. We have also recently signed a preliminary joint venture agreement with the Board of Trustees of the National Social Security Fund, Tanzania and the Tanzanian Ministry of Health & Social Welfare, in connection with the establishment of an advanced healthcare facility in the city of Dar es Salaam. With the objective of making high quality healthcare services and advanced medical technology available in semi-urban and rural areas in India, we started the "Apollo REACH" initiative and we are currently in the process of establishing a network of smaller hospitals with around 100 to 200 beds in Tier II and Tier III cities (each as defined in "**Business— Our Business Strategy—Geographic expansion through setting up hospitals in Tier II and Tier III cities in India**") in India.

We reported total revenues of ₹ 26,240 million, ₹ 20,587 million and ₹ 16,350 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively. We report our revenues under the following business segments:

(i) healthcare services, which consists of hospitals, hospital-based pharmacies and projects and consultancy services;

(ii) stand-alone pharmacy; and

(iii) others.

Our healthcare services segment contributed 73.5%, 75.3% and 78.8% of our total revenues in fiscal 2011, fiscal 2010 and fiscal 2009, respectively and our stand-alone pharmacy segment contributed 25.1%, 23.4% and 20.3% of our total revenues in fiscal 2011, fiscal 2010 and fiscal 2009, respectively.

Revenues

The following table sets forth our total revenues for each of our business segments for the fiscal years indicated:

	2011		2010		2009	
	(₹ in millions)	(%)	(₹ in millions)	(%)	(₹ in millions)	(%)
Healthcare services[1]	19,295	73.5	15,511	75.3	12,884	78.8
Stand-alone Pharmacy[2]	6,583	25.1	4,821	23.4	3,322	20.3
Others[3]	362	1.4	255	1.3	144	0.9
Total	₹ 26,240	100.0%	₹ 20,587	100.0%	₹ 16,350	100.0%

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Notes:

(1) Consists of revenues from hospitals, hospital-based pharmacies and projects and consultancy services and includes revenues from our subsidiaries Samudra HealthCare Enterprises Limited, Imperial Hospital & Research Centre Limited, Apollo Cosmetic Surgical Centre Private Limited and Alliance Medicorp (India) Limited (and its one subsidiary) and our proportionate share of revenues from our joint ventures, Apollo Hospitals International Limited, Apollo Gleneagles Hospital Limited, Apollo Gleneagles PET-CT Private Limited, Western Hospitals Corporation Private Limited, Quintiles Phase One Clinical Trials India Private Limited and Apollo Lavasa Health Corporation Limited

(2) Consists of revenue from stand-alone pharmacies.

(3) Consists primarily of revenues from Unique Home Health Care Limited, Apollo Health and Lifestyle Limited (and its two subsidiaries) and AB Medical Centers Limited and our proportionate share of revenues from our joint venture, Apollo Munich Health Insurance Company Limited

Our revenues are mainly derived from the provision of healthcare services, consisting of hospitals, hospital-based pharmacies and projects and consultancy services. In our hospital services business, we generate revenues primarily from the provision of in-patient and out-patient hospital services. Hospital revenues are recorded during the period the healthcare services are provided, net of fees to doctors under "fee for service" arrangements, if applicable, and adjusted, if applicable, for discounts on our regular rates and charges.

In our projects and consultancy services, revenues are recognized under the percentage of completion method of accounting according to contractually agreed milestones in a project. Our post-commissioning consultancy services fees are based on a percentage of gross operational revenues, profit before tax, agreed EBITDA formulations or a combination of these three measures and are payable on a periodic basis, primarily annually. We recognize revenues from the provision of these post-commissioning consultancy services at the end of each such period.

In our stand-alone pharmacy business, we generate revenues from pharmacy sales, which we recognize at the point of sale, less any discounts, and we adjust for sales returns during the period in which sales returns occur.

We generate revenues from the provision of clinical and diagnostics services through our wholly-owned subsidiary Apollo Health and Lifestyle Limited ("**Apollo Health and Lifestyle**"). In fiscal 2009 and fiscal 2010, Apollo Health and Lifestyle provided such services through franchised clinics and charged two types of fees: (i) a one-time fixed license fee for operational clinics, which we recognize at the time of signing the franchise agreement and (ii) a

periodic royalty fee, which we recognize on a quarterly basis. In fiscal 2011, Apollo Health and Lifestyle changed its business model and predominately set up clinics through its own investment. Revenues from clinics owned by Apollo Health and Lifestyle are recorded during the period for the clinical and diagnostics services provided, net of fees to doctors under "fee for service" arrangements.

We also receive income from mBPO services provided by our associate, Apollo Health Street Limited ("**Apollo Health Street**") and health insurance services provided by our joint venture, Apollo Munich Health Insurance Company Limited ("**AMHICL**"). Our associate, Apollo Health Street, generates revenues from its provision of mBPO services, consisting primarily of revenue cycle management of clients' hospitals and professional services including medical coding, billing and records maintenance services and patient claims management services. Revenues from revenue cycle management services are recognized based on percentage of net collections on clients' accounts receivable, when the right to receive such revenue is established. Revenues from professional services are recognized upon rendering of the services, based on the terms agreed with the clients. Our joint venture AMHICL generates revenues by way of premiums for the provision of health insurance services. AMHICL recognizes these revenues over the contract period or period of risk whichever is appropriate.

Expenses

Our expenditure consists primarily of operating expenses, payments to and provisions for employees, administrative and other expenses, interest expense and depreciation.

Operating expenses consists primarily of materials consumed (including customs duty and freight charges), utility charges and housekeeping expenses. Payments to and provisions for employees consist primarily of salaries and wages, staff welfare expenses, contributions to the statutory provident fund, gratuities, bonus payments, provision for retirement obligation, employee state insurance and staff education and training. Administrative and other expenses consist primarily of repairs and maintenance expenses, advertising, publicity and marketing, rent, travelling charges, and legal and professional fees.

Factors Affecting Results of Operations

Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control. Below are the principal factors that we believe have, or could have, an impact on our financial results.

Utilization rate of our facilities

The utilization rate of our facilities depends on our bed occupancy and utilization of our major medical equipment. Both of these rates are critical to optimizing profitability at our facilities and form an integral part of our management information system. We monitor utilization rates closely: under-utilization serves as an input for our marketing strategy and over-utilization serves as an indicator of a need to increase existing capacity.

We focus in particular on intensive critical care unit ("**ICCU**") utilization and operating theatre utilization to optimize profitability. We believe that we have one of the largest ICCU bed capacities in the private healthcare sector in India and the utilization rate at our ICCU facilities is usually higher than our general occupancy rate. Operating theatre utilization rate is a combination of space occupancy and equipment utilization.

The occupancy of a hospital is a function of conversions of out-patients to in-patients and of direct admissions. Average occupancy rates in hospitals owned by us were 73% in fiscal 2011, 73% in fiscal 2010 and 76% in fiscal 2009. As a significant portion of in-patient revenues are derived from medical services provided in the initial two to three days of a patient's stay in hospital, we aim to reduce the average length of stay ("**ALOS**"), which would lead to an increase in patient turnover and result in higher operating efficiency. Through the adoption of improved medical technology and advancements in medical treatments, we have managed to reduce the ALOS of patients in hospitals owned by us to an ALOS per patient of 4.83 days in fiscal 2011 as compared to an ALOS per patient of 4.84 days in fiscal 2010 and an ALOS per patient of 5.15 days in fiscal 2009.

To reduce ALOS, we also plan to focus on minimally invasive surgery. Minimally invasive surgery reduces surgical

trauma to patients and patient recovery time, thereby reducing ALOS, increasing patient turnover rate which we believe will help to improve revenue per occupied bed per day in such units and asset utilization levels.

We believe that the important factors influencing the overall utilization of a hospital include the quality and market position of the hospital and the number, quality and specialties of the facility's doctors. We believe that the ability of a hospital to meet the healthcare needs of its community is determined by its breadth of services, level of technology, emphasis on quality of care and convenience for patients and doctors. Other factors which impact utilization include the growth in local population and local economic conditions. Improved treatment protocols as a result of advancement in medical technology and pharmacology also had an effect on utilization rates across the healthcare services industry.

As of March 31, 2011, we had a capacity of 8,717 beds in 54 hospitals located in India and overseas. Of these 54 hospitals, 37 are hospitals owned by us and 17 are managed hospitals. The following table sets forth certain statistics for the hospitals owned by us for each of the past three fiscal years.

	Year ended March 31,		
	2011	**2010**	**2009**
Number of owned hospitals at end of period	37	33	27
Number of owned beds at end of period	5,842	5,376	4,236
Number of operating beds at end of period	4,786	4,257	3,930
In-patient admissions[(a)]	264,902	235,160	210,596
Adjusted admissions[(b)]	348,498	305,340	278,170
Average length of stay (days)[(c)]	4.83	4.84	5.15
Average daily census[(d)]	3,506	3,121	2,974
Bed occupancy rate[(e)] (%)	73	73	76
Average revenue per occupied bed per day [(f)] (₹)	18,706	16,620	15,184

Notes:

(a) Represents the total number of patients admitted (in the facility for a period in excess of 23 hours) to our hospitals and is used by management and certain investors as a general measure of in-patient volume.

(b) Adjusted admissions are used by management and certain investors as a general measure of combined in-patient and out-patient volume. Adjusted admissions are computed by multiplying admissions (in-patient volume) by the sum of gross in-patient revenue and gross out-patient revenue and then dividing the resulting amount by gross in-patient revenue. The adjusted admissions computation "adjusts" out-patient revenue to the volume measure (admissions) used to measure in-patient volume resulting in a general measure of combined in-patient and out-patient volume.

(c) Represents the average number of days admitted patients stay in our hospitals.

(d) Represents the average number of beds occupied by patients in our hospitals each day.

(e) Represents the percentage of available hospital beds occupied by patients. This is calculated by dividing the average daily census by total number of operating beds.

(f) This is calculated by dividing total hospital revenues by patient days. Patient days are calculated by multiplying average daily census by the number of days. Average revenue per occupied bed per day is calculated net of doctor fees.

Patient volumes

Patient volumes are driven by, among other things, the hospital image and brand reputation, the type of services offered, the economic and social conditions of local communities, seasonal illness cycles, climate and weather conditions, the clinical reputation of our doctors, doctor retention and attrition, the patient-to-doctor ratio, healthcare services competitors, negotiations or terminations of corporate contracts in respect of employee healthcare needs, spending ability and unfavorable publicity, which impacts relationships with doctors and patients. The number of in-patients admitted to our hospitals was 264,902 for fiscal 2011, 235,160 for fiscal 2010 and 210,596 for fiscal 2009, and the number of out-patients at our hospitals was 2.31 million for fiscal 2011, 1.95 million for fiscal 2010 and 1.68 million for fiscal 2009.

Service mix

Charges for in-patient and out-patient services vary significantly depending on the type of service, such as preventive care, medical, surgical, intensive or preventive care and the corporate payer. In fiscal 2011, we have seen an increasing contribution of revenue from the following departments: (i) cardiology and cardiothoracic procedures of ₹ 3,550 million, (ii) neurology of ₹ 1,314 million, (iii) gastroenterology of ₹ 860 million, (iv) oncology of ₹ 986 million and (v) orthopedics of ₹ 1,496 million. We expect the trend to continue in the near future as a result of changing demographics and the increasing affluence of the Indian population leading to an increase in lifestyle-related diseases such as heart diseases, cancer and diabetes, and as the shortage of supply of tertiary care services continues.

Expansion

We have continuously invested in bed capacity creation and have increased the bed capacity under our management from approximately 150 operational beds at the commencement of our hospital services business in 1983 to 8,717 operational beds as of March 31, 2011. Of the 8,717 beds, 5,842 beds are in 37 hospitals owned by us and 2,875 beds are in 17 hospitals under our management through operations and management contracts.

We grow by undertaking new hospital projects and expanding or upgrading existing facilities. When evaluating the viability of a new opportunity, we examine the demographics and revenue potential of the local population, the competitive landscape, location, pricing structure and cost, and for existing facilities, the skills, specialty and reputation of doctors and other medical and non-medical staff, the work culture of the institution and the quality of the infrastructure.

We are currently implementing projects across various locations in India including Mumbai, Chennai, New Delhi, Hyderabad and Bangalore. We are also expanding into Tier II and Tier III cities in India by establishing a network of hospitals under the "Apollo REACH" initiative. We have already established Apollo REACH hospitals in Tier II cities including Kakinada, Karaikudi, Karimnagar, Bhubaneswar and Karur, and have put in place plans to establish four additional Apollo REACH hospitals across the country. In addition, we are expanding the capacity of our existing hospitals in Hyderabad, New Delhi, Chennai and Bangalore. All these projects are at various stages of implementation and are expected to be completed over the next three years. We expect to increase bed capacity by around 2,400 additional beds upon the completion of these projects. See the section titled "**Business—Key Hospital Expansion Plans**". We also intend to increase the number of primary care clinics from 62 clinics as of March 31, 2011 to around 100 clinics over the next few years.

The projects we undertake require substantial funding, including costs of constructing the hospital buildings (in the case of new hospital projects), acquiring and upgrading equipment and financing hospital operations.

In addition to the costs relating to the development or acquisition of the facility, we typically take a number of steps, such as increasing our marketing efforts at the initial stages, when we add a hospital to our network. These efforts often result in additional costs relating to the offered services, facilities and medical staff. Our new hospitals, due to the long gestation period before a hospital matures (particularly with respect to occupancy rates), may operate at a loss for a period of 12 to 36 months before achieving profitability. Consequently, the financial performance of a newly added hospital may adversely affect our overall operating margins.

Geographic concentration

As of March 31, 2011, the largest concentrations of our hospital beds were in Chennai and Hyderabad, where 20% and 17%, respectively, of our owned hospital beds were located. Our Chennai and Hyderabad clusters contributed 41% and 15%, respectively, to our overall healthcare services revenue for fiscal 2011. Such concentrations increase the risk that, should adverse economic, regulatory or other developments occur within Chennai and Hyderabad, our business, financial position, results of operations or cash flows could be adversely affected.

Equipment

The complex nature of the procedures we perform at our hospitals requires us to invest in technologically sophisticated and expensive equipment, such as the Philips Gemini TF Time of Flight PET-CT 64 slice scan system, the Toshiba Aquillion ONE 320 slice dynamic multi-detector CT scanner, the G4 CyberKnife® Robotic Radiosurgery System, the Novalis Tx™ Radiotherapy and Radiosurgery system, MRI machines, neuro-navigation systems and scopes used in minimally invasive surgeries. We generally purchase these kind of equipment for our hospitals on a collective basis. These equipment are generally very expensive and form a major component of our annual capital expenditures budget. The healthcare services industry is characterized by frequent product improvements and evolving technology, which could, at times, lead to earlier than planned redundancy of our medical equipment and result in asset impairment charges. The purchase and replacement of some of these equipment may involve significant costs, and may expose us to currency fluctuation risk, as such equipment are imported from other countries. Most of these equipment are imported from internationally reputable equipment manufacturers, such as Fresenius, GE, Toshiba, Philips and Siemens. We generally obtain warranties for our equipment, and pay for the equipment within 90 days after the relevant invoices have been issued by the suppliers.

Employee Costs

Our employee costs are influenced by increasing employee compensation in India. Our employees are remunerated at market rates which we have historically increased in line with inflation.

Critical Accounting Policies

This discussion and analysis of our financial condition and results of operations is based upon the Consolidated Financial Statements, which have been prepared in accordance with Indian GAAP. The notes to the Consolidated Financial Statements contain a summary of our significant accounting policies. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions. We have described below certain of our critical accounting policies under Indian GAAP. The following is not intended to be a comprehensive list or description of all our significant accounting policies. Our significant accounting policies are more fully described in the notes to our Consolidated Financial Statements.

Depreciation

We have invested significantly in medical equipment and we regularly upgrade our property, plant and equipment. We depreciate our property, plant and equipment based on statutorily prescribed rates. Business requirements, underlying technology and patient requirements may change in the future which could cause the actual useful lives to differ from the statutorily prescribed rates or useful lives estimates. Any deviation of actual useful lives from the statutorily prescribed rates or useful lives estimates could have a significant effect on our future operating results.

Impairment of assets

We review property, plant and equipment for impairment at each balance sheet date to determine if the carrying amounts may not be recoverable. Management's judgment is critical in assessing the following criteria for asset impairment:

- a significant decrease in the asset's market prices;
- a significant adverse change in the extent or manner in which assets are being used or in their physical condition, including the age of the asset;
- technological obsolescence leading to earlier-than-planned redundancy of equipment;
- a significant adverse change in the operating performance of the asset;
- an accumulation of costs significantly in excess of the amount originally expected for an asset's acquisition or construction;
- a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associate with an asset's use; and
- a current expectation that it is more likely than not that the asset will be sold or otherwise disposed of significantly before the end of the statutorily prescribed rate of useful life (or, in the case of Apollo Gleneagles, its previously estimated useful life).

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the discounted cash flows expected to be generated from the asset. The applicable rate for evaluating discounted cash flows is based on management's judgment. If the carrying amount of the asset exceeds the future discounted cash flows, such assets are considered to be impaired and an impairment charge is recognized for the amount that the carrying value of the asset exceeds the expected discounted cash flows or its fair value, as applicable. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. In determining the fair value of machinery and equipment, we consider offers to purchase such equipment and expected future discounted cash flows. We may not be able to anticipate declines in the utility of our machinery and equipment. Consequently, additional impairment charges may be necessary in the future, which could have a significant negative impact on our future operating results.

Impairment of investments

Investments are broadly classified into current investments and long-term investments. Current investments are readily realizable and intended to be held for not more than one year. All investments other than current investments are long-term investments.

Current investments are valued at lower of cost and market value and long-term investments are valued at cost. Provisions for diminution in investments are made to recognize a decline, other than those of a temporary nature, in the value of long-term investments. We review investments for permanent diminution in value on an annual basis. If the carrying value of the investment exceeds its fair value, a provision for the difference between the carrying value and the fair value of the investment is made.

Deferred tax asset

As part of the process of preparing our Consolidated Financial Statements, we are required to estimate our income taxes and this process involves us estimating our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. We record a deferred tax asset when we believe that there is virtual certainty that sufficient taxable income will be available in the future against which the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The amount of the deferred tax asset considered realizable could be reduced in the near term if estimates of future taxable income during the carry forward period differ materially from current estimates. In the event we are not able to realize the deferred tax assets, an adjustment to the deferred tax asset would be charged to income in the period such determination was made which would result

in a reduction of our net income.

Provision for contingencies

We are subject to claims and legal proceedings arising in the ordinary course of business, some or all of which may not covered by our insurance policies or which may exceed our insurance coverage. We are required to assess the likelihood of any adverse judgments or outcomes to these matters and record reserves for claims when they are probable and reasonably estimable. We estimate reserves for losses and related expenses for these contingencies based on a careful analysis of each individual issue. There is no assurance that the ultimate liability will not exceed our estimates. Adjustments to the estimated reserves are recorded in our profit and loss accounts in the period when such amounts are determined. Any such adjustment could have a material adverse effect on our results of operations or financial position.

Results of Operations

The following table sets forth certain profit and loss data in rupees and as a percentage of total income and certain operating data for fiscal 2011, 2010 and 2009:

	Year ended March 31,					
	2011		**2010**		**2009**	
	(₹ in millions)	**(%)**	**(₹ in millions)**	**(%)**	**(₹ in millions)**	**(%)**
Income	**26,054**	**99.3**	**20,265**	**98.4**	**16,142**	**98.7**
Other Income	186	0.7	322	1.6	208	1.3
Total	**26,240**	100	**20,587**	100	**16,350**	100
Expenditure						
Operating expenses	13,886	52.9	10,726	52.1	8,728	53.4
Payments to and provisions for						
employees	4,151	15.8	3,308	16.1	2,594	15.9
Administration and other expenses	3,828	14.6	3,218	15.6	2,545	15.6
Preliminary expenses	0.0	-	1.0	0.0	2.0	0.0
Deferred revenue expenses	6.0	0.0	6.0	0.0	6.0	0.0
Total Expenditure	**21,871**	**83.3**	**17,259**	**83.8**	**13,875**	**84.9**
Profit before interest, depreciation and tax	4,369	16.7	3,328	16.2	2,475	15.1
Less: Depreciation	942	3.6	750	3.6	632	3.9
Profit before interest and tax	**3,427**	**13.1**	**2,578**	**12.5**	**1,843**	**11.3**
Less: Extraordinary items	-	-	-	-	40	0.2
Financial expenses	814	3.1	602	2.9	459	2.8
Profit before tax	**2,613**	**10**	**1,976**	**9.6**	**1,344**	**8.2**
Less: Fringe benefit tax	-	-	-	-	29	0.2
Less: Provision for taxation	567	2.2	583	2.8	484	3
Less: Deferred tax liability net of deferred tax asset	306	1.2	93	0.5	(22)	(0.1)
Profit after tax	**1,740**	**6.6**	**1,300**	**6.3**	**854**	**5.2**

	Year ended March 31,					
	2011		2010		2009	
	(₹ in millions)	(%)	(₹ in millions)	(%)	(₹ in millions)	(%)
Less: Minority interest	(15)	(0.1)	(36)	(0.2)	(56)	(0.3)
Profit after minority interest	**1,755**	**6.7**	**1,337**	**6.5**	**910**	**5.6**
Add: Share in associates	84	0.3	39	0.2	115	0.7
Profit after share in associates	**1,839**	7.0	**1,376**	6.7	**1,025**	6.3

Selected Operating Data:

	As of March 31,		
	2011	2010	2009
Number of Hospitals:			
Owned by the Company	26	24	19
Owned by the Company's subsidiaries	3	1	2
Owned by the Company's joint ventures	5	5	4
Owned by the Company's associates[1]	3	3	2
Managed Hospitals	17	14	16
Total	**54**	**47**	**43**
Number of Beds:			
Owned by the Company	3,618	3,179	2,361
Owned by the Company's subsidiaries	421	400	400
Owned by the Company's joint ventures	855	865	743
Owned by the Company's associates[1] .	948	932	732
Managed Hospitals	2,875	2,608	2,642
Total	**8,717**	**7,984**	**6,878**
Average Bed Utilization[2]:			
Owned by the Company	2,256	2,036	1,891
Owned by the Company's subsidiaries	251	241	219
Owned by the Company's joint ventures	496	422	388
Owned by the Company's associates[1]	503	422	476
Total	**3,506**	**3,121**	**2,974**

	As of March 31,		
	2011	2010	2009
Number of Pharmacies:			
Stand-alone	1,199	1,049	883

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Notes:

(1) This data takes into account the hospital or beds owned by British American Hospitals Enterprises Limited (Mauritius) ("**BAHEL**"), which was formed in 2006 in association with BAI Medical Centres Limited. BAHEL was treated as an associate of the Company in fiscal 2009 and fiscal 2010. As of March 31, 2010, the Company had a 19.72% equity interest in BAHEL. In fiscal 2011, the Company's effective equity interest in BAHEL was reduced to 10.51% and BAHEL ceased to be treated as an associate of the Company. As of March 31, 2011, it is treated as an investment of the Company for accounting purposes.

(2) Represents the average number of patients in our hospital beds each day.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

Income. Total revenues increased 27.5% to ₹ 26,240 million in fiscal 2011 from ₹ 20,587 million in fiscal 2010. During fiscal 2011, revenues from healthcare services grew by ₹ 3,784 million, or 24.4%, stand-alone pharmacies grew by ₹ 1,762 million, or 36.5%, and other revenues grew by ₹ 107 million, or 42.0%, as compared to fiscal 2010. Our proportionate share of our joint ventures accounted for 5.4% and 5.2% of revenues in fiscal 2011 and fiscal 2010, respectively.

Revenues from healthcare services increased 24.4% to ₹ 19,295 million in fiscal 2011 from ₹ 15,511 million in fiscal 2010. This increase was primarily due to increased utilization of existing facilities and the addition of new hospital units at Secunderabad, Karaikudi and Bhubaneshwar. Revenues from stand-alone pharmacies increased 36.5% to ₹ 6,583 million in fiscal 2011 from ₹ 4,821 million in fiscal 2010. This increase was due to growth in sales volumes by existing stand-alone pharmacies and an increase in the number of stand-alone pharmacies by 150 new stand-alone pharmacies to 1,199 stand-alone pharmacies as of March 31, 2011 from 1,049 stand-alone pharmacies as of March 31, 2010. Other revenues increased 42.0% to ₹ 362 million in fiscal 2011 from ₹ 255 million in fiscal 2010 primarily due to revenues from Apollo Health and Lifestyle, whose revenues increased by ₹ 65 million to ₹ 154 million in fiscal 2011 due to referrals from corporate tie-ups with its primary care clinics and revenues from three clinics which were acquired during the year, and due to revenues from AMHICL, whose revenues increased by ₹ 48 million to ₹ 181 million in fiscal 2011 due to a combination of factors, including improved distribution channels, broader geographical spread of offices and an increase in the number of insurance products marketed.

Expenditure (excluding depreciation, financial expenses and tax). Total expenditure increased by 26.7% to ₹ 21,871 million in fiscal 2011 from ₹ 17,259 million in fiscal 2010. The primary reasons for the increase were (i) a ₹ 3,160 million increase in operating expenses due to an overall growth in our business; (ii) a ₹ 843 million increase in payments to employees to support our growing business, salary increases and three-year wage settlement in Chennai involving around 3,400 employees; and (iii) a ₹ 610 million increase in administrative and other expenses caused by (a) an increase in advertisement and publicity expenses of ₹ 167 million; (b) an increase in rental expenditure of ₹ 122 million due to an increase in the number of properties taken on rent; (c) an increase in repairs and maintenance expenses of ₹ 103 million incurred towards maintenance and upkeep of hospital buildings, equipment, vehicles and other assets; (d) an increase in outsourcing expenses of ₹ 89 million; (e) an increase in legal and professional charges of ₹ 72 million attributable primarily to TCS Consultancy Services Limited for the development of in-house software, to Deloitte Touche Tohmatsu India Private Limited for services rendered in relation to share valuation and IFRS-related assignments and to CRISIL Limited for the rating of our outstanding debt instruments; and (f) an increase in travelling and conveyance cost of ₹ 52 million. These increases were partially offset by a ₹ 1 million decrease in preliminary expenses. Expenditure as a percentage of income decreased marginally to 83.3% in fiscal 2011 from 83.8% in fiscal 2010.

Total expenditure from healthcare services increased 19.8% to ₹ 15,493 million in fiscal 2011 from ₹ 12,436 million in fiscal 2010 in line with the increase in revenues from healthcare services of 24.4%. Total expenditure from stand-alone pharmacies increased 33.1% to ₹ 6,626 million in fiscal 2011 from ₹ 4,979 million in fiscal 2010. This increase is in line with the increase in revenues from stand-alone pharmacies of 36.5%.

Profit before interest, depreciation and tax. Profit before interest, depreciation and tax increased 31.3% to ₹ 4,369 million in fiscal 2011 from ₹ 3,328 million in fiscal 2010. Profit before interest, depreciation and tax as a percentage of total revenues increased to 16.7% in fiscal 2011 from 16.2% in fiscal 2010 primarily due to the growth in total revenues.

Depreciation. Depreciation increased by 25.6% to ₹ 942 million in fiscal 2011 from ₹ 750 million in fiscal 2010 primarily due to the acquisition of new capital assets including new hospital facilities at Secunderabad, Karaikudi and Bhubaneshwar.

Profit before interest and tax. Profit before interest and tax increased 32.9% to ₹ 3,427 million in fiscal 2011 from ₹ 2,578 million in fiscal 2010. Profit before interest and tax as a percentage of total revenues increased to 13.1% in fiscal 2011 from 12.5% in fiscal 2010 primarily due to a decrease in losses from stand-alone pharmacies. Profit before interest and tax from healthcare services increased 23.6% to ₹ 3,802 million in fiscal 2011 from ₹ 3,075 million in fiscal 2010. This increase was primarily due to an increase in revenues and profits of our joint venture hospitals. Loss before interest and tax from stand-alone pharmacies reduced by 72.8% to ₹ 43 million in fiscal 2011 from ₹ 158 million in fiscal 2010. This decrease in losses was primarily due to the improved profitability of our existing stand-alone pharmacies as a result of (i) introducing generic and in-house brand (private labels) products and (ii) increasing sales through bulk distribution of medical supplies and consumables to hospitals and other healthcare providers, and closure of loss-making pharmacies.

Financial expenses. Financial expenses increased by 35.2% to ₹ 814 million in fiscal 2011 from ₹ 602 million in fiscal 2010 as a result of an increase in financial expenses incurred on loans primarily used to fund the project costs of new hospital facilities being commissioned.

Profit before tax. Profit before tax increased 32.2% to ₹ 2,613 million in fiscal 2011 from ₹ 1,976 million in fiscal 2010. Profit before tax as a percentage of total revenues increased to 10.0% in fiscal 2011 from 9.6% in fiscal 2010 primarily due to an increase in the profit margins of stand-alone pharmacies and growth in revenues from healthcare services.

Provision for taxation. Provision for taxation totaled ₹ 567 million, or a 21.7% effective tax rate, in fiscal 2011 compared to ₹ 583 million, or a 29.5% effective tax rate, in fiscal 2010.

Deferred tax liability net of deferred tax asset. Deferred tax liability net of deferred tax asset increased to ₹ 306 million in fiscal 2011 from ₹ 93 million in fiscal 2010, primarily due to the application of section 35AD of the Income Tax Act of India, which provides for full tax deduction of the project costs of new hospital projects which are commissioned during the year against taxable income and the consequent reduction in the provision for taxation with a corresponding increase in deferred tax.

Fringe benefit tax. Fringe benefit tax was abolished with effect from fiscal 2010.

Profit after tax. As a result of the foregoing, profit after tax increased by 33.8% to ₹ 1,740 million in fiscal 2011 from ₹ 1,300 million in fiscal 2010.

Minority interest. Minority interest in losses was ₹ 15 million in fiscal 2011 as compared to minority interest in losses of ₹ 36 million in fiscal 2010, primarily reflecting losses attributable to IHRCL, PHL and ACSPL.

Profit after minority interest. As a result of the foregoing, profit after minority interest increased by 31.3% to ₹ 1,755 million in fiscal 2011 from ₹ 1,337 million in fiscal 2010.

Share in associates. Share in associates was ₹ 84 million in fiscal 2011 as compared with ₹ 39 million in fiscal 2010. The profit in fiscal 2011 was attributable primarily to profits made by Indraprastha Medical Corporation Limited and Apollo Health Street.

Profit after share in associates. As a result of the foregoing, profit after share in associates increased by 33.6% to ₹ 1,839 million in fiscal 2011 from ₹ 1,376 million in fiscal 2010.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

Income. Total revenues increased 25.9% to ₹ 20,587 million in fiscal 2010 from ₹ 16,350 million in fiscal 2009. During fiscal 2010, revenues from healthcare services grew by ₹ 2,627 million, or 20.4%, stand-alone pharmacies grew by ₹ 1,499 million, or 45.1% and other revenues grew by ₹ 111 million, or 77.1%, as compared to fiscal 2009. Our proportionate share of our joint ventures accounted for 5.2% of revenues in both fiscal 2010 and fiscal 2009.

Revenues from healthcare services increased 20.4% to ₹ 15,511 million in fiscal 2010 from ₹ 12,884 million in fiscal 2009. This increase was primarily due to (i) increased utilization of existing facilities; (ii) the addition of a new pediatric hospital in Chennai; (iii) the expansion of our oncology facility in our hospital in Chennai, leading to increased patient volumes; and (iv) the opening of two new hospitals in Karur and Karimnagar. Revenues from stand-alone pharmacies increased 45.1% to ₹ 4,821 million in fiscal 2010 from ₹ 3,322 million in fiscal 2009. This increase was due to the growth in sales volumes by existing stand-alone pharmacies and an increase in the number of stand-alone pharmacies by 166 new stand-alone pharmacies to 1,049 stand-alone pharmacies as of March 31, 2010 from 883 stand-alone pharmacies as of March 31, 2009. Other revenues increased 77.1% to ₹ 255 million in fiscal 2010 from ₹ 144 million in fiscal 2009 primarily due to revenues from Apollo Health and Lifestyle, whose revenues increased by ₹ 20 million to ₹ 89 million in fiscal 2010 and due to revenues from AMHICL, whose revenues increased by ₹ 75 million to ₹ 133 million in fiscal 2010 due to improved productivity and an increase in the number of insurance agents marketing their insurance products.

Expenditure (excluding depreciation, financial expenses and tax). Expenditure increased by 24.4% to ₹ 17,259 million in fiscal 2010 from ₹ 13,875 million in fiscal 2009. The primary reasons for the increase were (i) a ₹ 1,998 million increase in operating expenses due to an overall growth in our business; (ii) a ₹ 714 million increase in payments to and provisions for employees caused by staff recruitment to support our growing business and salary increments in the ordinary course; and (iii) a ₹ 673 million increase in administrative and other expenses caused by (a) an increase in repairs and maintenance expenses of ₹ 95 million; (b) an increase in rental expenses of ₹ 132 million caused by an increase in the number of properties taken on rent; (c) an increase in legal and professional charges of ₹ 46 million attributable primarily to the engagement of McKinsey & Company; (d) an increase in outsourcing expenses of ₹ 132 million; and (e) an increase in bad debts of ₹ 61 million due to a one-time write off of bad debts in our projects and consultancy services business. These increases were partially offset by a ₹ 1.0 million decrease in preliminary expenses. Expenditure as a percentage of income decreased marginally to 83.8% in fiscal 2010 from 84.9% in fiscal 2009.

Total expenditure from healthcare services increased 18.6% to ₹ 12,436 million in fiscal 2010 from ₹ 10,486 million in fiscal 2009. This increase is in line with the increase in revenues from healthcare services of 20.4%. Total expenditure from stand-alone pharmacies increased 40.5% to ₹ 4,979 million in fiscal 2010 from ₹ 3,545 million in fiscal 2009. This increase is in line with the increase in revenues from stand-alone pharmacies of 45.1%.

Profit before interest, depreciation and tax. Profit before interest, depreciation and tax increased 34.5% to ₹ 3,328 million in fiscal 2010 from ₹ 2,475 million in fiscal 2009. Profit before interest, depreciation and tax as a percentage of total revenues increased to 16.2% in fiscal 2010 from 15.1% in fiscal 2009 primarily due to the improved profitability of healthcare services.

Depreciation. Depreciation increased by 18.7% to ₹ 750 million in fiscal 2010 from ₹ 632 million in fiscal 2009 primarily due to the acquisition of new capital assets including the addition of a new pediatric hospital in Chennai and the commissioning of two new hospitals in Karur and Karimnagar.

Extraordinary items. Extraordinary item of ₹ 40 million in fiscal 2009 due to a one-time payment made in

connection with the arbitration proceedings in respect of a dispute relating to a managed hospital owned by Universal Quality Services LLC, Dubai.

Profit before interest and tax. Profit before interest and tax increased 39.9% to ₹ 2,578 million in fiscal 2010 from ₹ 1,843 million in fiscal 2009. Profit before interest and tax as a percentage of total revenues increased to 12.5% in fiscal 2010 from 11.3% in fiscal 2009 primarily due to the growth in total revenues. Profit before interest and tax from healthcare services increased 28.2% to ₹ 3,075 million in fiscal 2010 from ₹ 2,398 million in fiscal 2009. This increase was primarily due to an increase in revenues and profits of our joint venture hospitals. Loss before interest and tax from stand-alone pharmacies decreased by 29.1% to ₹ 158 million in fiscal 2010 from ₹ 223 million in fiscal 2009. This decrease in losses was primarily due to the improved profitability of our existing stand-alone pharmacies as a result of (i) introducing generic and in-house brand (private labels) products and (ii) increasing sales through bulk distribution of medical supplies and consumables to hospitals and other healthcare providers, and closure of loss-making pharmacies.

Financial expenses. Financial expenses increased by 31.2% to ₹ 602 million in fiscal 2010 from ₹ 459 million in fiscal 2009 as a result of an increase in financial expenses incurred on loans primarily used to fund the project costs of new hospital facilities being commissioned.

Profit before tax. Profit before tax increased 47.0% to ₹ 1,976 million in fiscal 2010 from ₹ 1,344 million in fiscal 2009. Profit before tax as a percentage of total revenues increased to 9.6% in fiscal 2010 from 8.2% in fiscal 2009 primarily due to the increase in total revenues.

Fringe benefit tax. Fringe benefit tax totaled ₹ 29 million in fiscal 2009 and was abolished in fiscal 2010.

Provision for taxation. Provision for taxation totaled ₹ 583 million, or a 29.5% effective tax rate, in fiscal 2010 compared to ₹ 484 million, or a 36.0% effective tax rate, in fiscal 2009.

Deferred tax liability net of deferred tax asset. Deferred tax liability net of deferred tax asset increased to ₹ 93 million in fiscal 2010 from a credit of ₹ 22 million in fiscal 2009, primarily due adjustments that are required to be made to align profits with the figures in the books of account to the profit computed under the the Income Tax Act of India as required under the Indian Accounting Standards.

Profit after tax. As a result of the foregoing, profit after tax increased by 52.2% to ₹ 1,300 million in fiscal 2010 from ₹ 854 million in fiscal 2009.

Minority interest. Minority interest in losses was ₹ 36 million in fiscal 2010 as compared to minority interest in losses of ₹ 56 million in fiscal 2009, primarily reflecting losses attributable to IHRCL, PHL and Apollo Health and Lifestyle.

Profit after minority interest. As a result of the foregoing, profit after minority interest increased by 46.9% to ₹ 1,337 million in fiscal 2010 from ₹ 910 million in fiscal 2009.

Share in associates. Share in associates was ₹ 39 million in fiscal 2010 as compared to ₹ 115 million in fiscal 2009. The profit in fiscal 2010 was primarily attributable to profits made by Indraprastha Medical Corporation Limited and Apollo Health Street.

Profit after share in associates. As a result of the foregoing, profit after share in associates increased by 34.2% to ₹ 1,376 million in fiscal 2010 from ₹ 1,025 million in fiscal 2009.

Liquidity and Capital Resources

Cash Flow

Our primary liquidity needs have historically been to finance our operations and working capital needs and investments in our subsidiaries, joint ventures and associates. Working capital is required principally to finance accounts receivable, salaries and inventory. Capital expenditures consist primarily of investments in medical

equipment and surgical instruments, buildings and electrical installations and generators. Capital expenditure will vary from year to year depending upon a number of factors, including the need to replace medical equipment and the timing of certain projects, such as investment in new technologies and acquisition opportunities.

The table below summarizes our cash flow from operating, investing and financing activities, for fiscal 2011, 2010 and 2009.

	As of March 31,		
	2011	2010	2009
	(₹ in millions)		
Cash Flow from Operating Activities	2,588	1,986	912
Cash Flow from Investing Activities	(4,415)	(2,017)	(2,708)
Cash Flow from Financing Activities	467	2,268	1,394

Cash Flow from Operating Activities

Net cash from operating activities was ₹ 2,588 million in fiscal 2011, ₹ 1,986 million in fiscal 2010 and ₹ 912 million in fiscal 2009.

In fiscal 2011, non-cash adjustments to reconcile the net profit before tax and extraordinary items of ₹ 2,613 million to net cash from operating activities consisted primarily of depreciation expense of ₹ 942 million, interest paid of ₹ 778 million and deferred revenue expenses and preliminary expenses of ₹ 6 million. Trade and other receivables increased by ₹ 920 million, inventories increased by ₹ 166 million, trade payables increased by ₹ 381 million and other net current assets increased by ₹ 338 million.

In fiscal 2010, non-cash adjustments to reconcile the net profit before tax and extraordinary items of ₹ 1,976 million to net cash from operating activities consisted primarily of depreciation expense of ₹ 750 million, interest paid of ₹ 587 million and deferred revenue expenses and preliminary expenses of ₹ 8 million. Trade and other receivables increased by ₹ 666 million, inventories increased by ₹ 251 million, trade payables increased by ₹ 1,341 million and other net current assets increased by ₹ 719 million.

In fiscal 2009, non-cash adjustments to reconcile the net profit before tax and extraordinary items of ₹ 1,384 million to net cash from operating activities consisted primarily of depreciation expense of ₹ 632 million, interest paid of ₹ 428 million and deferred revenue expenses and preliminary expenses of ₹ 7 million. Trade and other receivables increased by ₹ 502 million, inventories increased by ₹ 298 million, trade payables increased by ₹ 371 million and other net current assets increased by ₹ 360 million.

Cash Flow from Investing Activities

In fiscal 2011, net cash used in investing activities was ₹ 4,415 million and consisted of fixed assets of ₹ 3,335 million and purchase of investments of ₹ 3,923 million. The net cash used in investing activities was reduced by (i) receipts of (a) ₹ 178 million from the sale of assets and (b) ₹ 2,616 million from the sale of investments, and (ii) ₹ 103 million of interest and dividends received.

In fiscal 2010, net cash used in investing activities was ₹ 2,017 million and consisted of fixed assets of ₹ 3,938 million and purchase of investments of ₹ 3,052 million. The net cash used in investing activities was reduced by (i) receipts of (a) ₹ 47 million from the sale of assets and (b) ₹ 4,717 million from the sale of investments, and (ii) ₹ 231 million of interest and dividends received.

In fiscal 2009, net cash used in investing activities was ₹ 2,708 million and consisted of fixed assets of ₹ 3,724 million and purchase of investments of ₹ 6,920 million. The net cash used in investing activities was reduced by (i) receipts of (a) ₹ 86 million from the sale of assets and (b) ₹ 7,683 million from the sale of investments, and (ii) ₹ 213 million of interest and dividends received.

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, 2010 and 2009. In fiscal 2010 and 2009 we liquidated a significant portion of our short-term investments in mutual funds.

Cash Flow from Financing Activities

Cash provided by financing activities totaled ₹ 467 million in fiscal 2011 as compared to ₹ 2,268 million in fiscal 2010 and ₹ 1,394 million in fiscal 2009. Cash provided by financing activities in fiscal 2011 resulted primarily from (a) the issuance of (i) warrants to Dr. Prathap C. Reddy and (ii) non-convertible debentures issued to Life Insurance Corporation of India ("**LIC**"), and (b) the US dollar denominated external commercial borrowings ("**ECBs**") from the International Finance Corporation ("**IFC**"). In fiscal 2011, 2010 and 2009, we received proceeds of ₹ 792 million, ₹ 883 million and ₹ 811 million, respectively, from the issuance of equity interests to Dr. Prathap C. Reddy and issuance of shares by AMHICL to Apollo Energy Limited and Munich Health Holding AG. We also received proceeds of long-term and short-term borrowings of ₹ 2,131 million in fiscal 2011, ₹ 3,100 million in fiscal 2010 and ₹ 1,447 million in fiscal 2009. We used part of the proceeds from financing activities to repay loans of ₹ 1,255 million in fiscal 2011, ₹ 732 million in fiscal 2010 and ₹ 113 million in fiscal 2009. We paid interest and dividends of ₹ 1,213 million in fiscal 2011 as compared to ₹ 1,015 million for fiscal 2010 and ₹ 751 million for fiscal 2009. The refinancing of certain indebtedness with borrowings at lower interest rates has helped to improve our profitability.

Capital Expenditures

We have made investments to increase bed capacity and build new hospitals. We have also made investments at our hospitals to add new technologies, modernize facilities and expand our services. We believe that these investments will help us to attract and retain doctors and to make our hospitals the first choice for patients.

The following table reflects our capital expenditures for the fiscal years indicated:

	(₹ in millions)		
	2011	**2010**	**2009**
Capital work in progress	573	592	1,734
Capital expenditure including technical upgrading	2,554	3,271	1,910
Total	3,127	3,863	3,644

Our Board has approved a capital expenditure of approximately ₹ 10 billion, which is expected to be incurred over the next three years. We expect to finance this primarily from debt and equity offerings, including the proceeds of this Issue and operating cash flows. Our capital expenditure will primarily relate to our expansion activities. The amount and purpose of these expenditures may change in accordance with our business requirements.

Financing Arrangements

During fiscal 2011, we issued ₹ 1,000 million in non-convertible debentures bearing interest at a fixed rate of 10.3% to LIC (the "**10.3% Debentures**"). These debentures will be redeemed in three installments, 30% in December 2018, 30% in December 2019 and 40% in December 2020, provided that the call option is not exercised in December 2017.

Total secured debt was ₹ 7,440 million at March 31, 2011, compared to ₹ 6,765 million at March 31, 2010 and ₹ 6,401 million at March 31, 2009.

At March 31, 2011, our outstanding long-term indebtedness included the following:

Name of the Institution	Rate of Interest for fiscal 2011[13]	Floating / Fixed Rate of Interest	Amount Outstanding as of March 31,			Year of Maturity[1][6]
			2011	2010	2009	
	(%)		(₹ in millions)			
Apollo Hospitals Enterprise Limited						
LIC	10.30	Fixed	1,000	-	-	2021
Canara Bank[2]	11.25	Floating	1,504	2,160	2,160	2016
Indian Bank[3]	10.25	Floating	762	905	1,000	2016
Bank of India[4]	11.30	Floating	610	952	1,000	2017
IFC[5]	10.30	Floating[14]	1,609[15]	697[15]	-	2020
Apollo Gleneagles Hospital Limited[1]						
IFCI Limited	-	Fixed	11	11	11	2012
HDFC Limited[6]	12.45	Floating	373	434	288	2020
Indian Bank[7]	12.00	Floating	222	213	135	2017
Apollo Gleneagles PET-CT Private Limited[1]						
Indian Bank	12.00	Floating	11	24	40	2012
Apollo Hospitals International Limited[1]						
IDBI Limited	11.00	Fixed	1	6	11	2012
Dena Bank Limited[8]	12.50	Floating	182	281	275	2020
HDFC Limited	11.00	Fixed	1	1	-	2014
Punjab National Bank	12.50	Floating	90	-	-	2016
Philips Electronics Limited	10.50	Fixed	17	-	-	2016
IDFC Limited[9]	10.25	Floating	21	33	45	2017
Imperial Hospital & Research Centre Limited						
Jammu & Kashmir Bank[10]	11.25	Floating	270	270	270	2018
Canara Bank[11]	11.45	Floating	388	388	388	2018
Indian Overseas Bank[12]	11.50	Floating	227	227	227	2017

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Notes:

(1) Loan obligations of our joint venture companies have been calculated on a proportionate basis based on our shareholdings which is 50% in both cases.

(2) The Company had prepaid ₹ 300 million of this loan in fiscal 2011. The applicable rate of interest is calculated based on the base rate plus 175 basis points and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 9.25% and 10.50%, respectively.

(3) The Company had prepaid ₹ 200 million of this loan in fiscal 2011. The applicable rate of interest is calculated based on the bank's prime lending rate ("**BPLR**") plus 350 basis points and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 9.50% and 9.75%, respectively.

(4) The applicable rate of interest is calculated based on BPLR plus 245 basis points and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 12% and 9.55%, respectively.

(5) The Company draws down on the ECBs in installments. The Company has drawn down US$20 million in fiscal 2011.

(6) The applicable rate of interest is calculated based on BPLR and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 16.25% and 11.15%, respectively.

(7) The applicable rate of interest is calculated based on BPLR and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 10.25% and 10.21%, respectively.

(8) The applicable rate of interest is calculated based on BPLR plus 300 basis points and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 11.75% and 10.75%, respectively.

(9) The applicable rate of interest is calculated based on BPLR and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 13.89% and 11.72%, respectively.

(10) The applicable rate of interest is calculated based on BPLR minus 275 basis points and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 9.25% and 10.75%, respectively.

(11) The applicable rate of interest is calculated based on BPLR plus 230 basis points and the applicable rate of interest was 10.50% for both fiscal 2009 and fiscal 2010.

(12) The applicable rate of interest is calculated based on BPLR minus 275 basis points and the applicable rates of interest for fiscal 2009 and fiscal 2010 were 9.75% and 10.50%, respectively.

(13) The floating rates of interest indicated are applicable for the entire fiscal year and are reset annually.

(14) The Company has entered into an interest rate and currency swap with HDFC Bank Limited in respect of the ECBs, for a sum of US$35 million, at an effective interest rate of 10.3%.

(15) Calculated based on an exchange rate of US$1.00 = ₹ 45.96.

(16) Represents the year during which the final installment of the outstanding indebtedness is due to be repaid.

The terms of certain of our borrowings contain certain restrictive covenants, such as requiring lender consents for, among other things, issuance of new shares, incurring further indebtedness, creating encumbrances on our assets, disposing of our assets or incurring capital expenditures beyond certain limits. Some of these borrowings also contain covenants which limit our ability to make any change or alteration in our capital structure, make investments, effect any scheme of amalgamation or restructuring, enlarge or diversify our scope of business. In addition, certain of these borrowings contain financial covenants, which require us to maintain, among other matters, debt service cover ratio and maintenance of security coverage. Certain of our long-term debt is secured by a charge over our fixed assets, land and buildings, and all of our short-term debt (excluding the current portion of long-term debt) is secured by a charge on our current assets, including, but not limited to, our inventory and receivables. As of the date of this Placement Document, we believe that we are in full compliance with all the covenants and undertakings as described above.

We finance our short-term working capital requirement through cash flow from operations and short-term loans and

overdraft facilities from banks and financial institutions.

Management believes that cash flows from operations and financing activities and our anticipated access to debt and equity markets will be sufficient to meet expected liquidity needs during the next 12 to 24 months.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Contractual Obligations

The following table shows our total future contractual debt obligations as of March 31, 2011:

	Payments due by period (₹ in millions)				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**More than 5 Years**
Long-term debt obligations[(1)]	7,297	940	2,252	1,748	2,358

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Note:

(1) Obligations of our joint venture companies have been calculated on a proportionate basis (50%).

Contingent Liabilities

See the notes to the Consolidated Financial Statements in the section titled "**Financial Statements**" for full details on our contingent liabilities.

Recent Accounting Pronouncements

The Institute of Chartered Accountants of India has issued Accounting Standards AS 30, AS 31 and AS 32 covering the recognition and measurement, presentation and disclosures of Financial Instruments. However, these standards have not yet been notified under the Companies (Accounting Standard) Rules, 2006.

The Institute of Chartered Accountants of India has also finalized and sent to National Advisory Committee on Accounting Standards ("**NACASA**") for their recommendations, IFRS converged Indian Accounting Standards ("**IND AS**") to conform Indian GAAP to IFRS standards which are applicable to certain Indian companies such as the Company. On February 25, 2011, the Ministry of Corporate Affairs, Government of India ("**MCA**"), notified that the IND AS will be implemented in a phased manner. It was also mentioned that the date of implementation of IND AS will be notified by the MCA at a later date. As of the date of this Placement Document, the MCA has not yet notified the date of implementation of IND AS. See the section titled "**Risk Factors— The transition to IFRS in India is still unclear and we may be negatively impacted by such transition**".

Effects of Inflation and Changing Prices

Our revenues are mainly derived from the provision of healthcare services, which are substantially free of statutory pricing controls. We do not expect any adverse changes in pricing flexibility.

Historically, we have been able to maintain the prices of our services at or above applicable rates of inflation. Our revenues have also remained substantially independent of the payor's pricing policies.

The Indian healthcare services industry is relatively labor intensive and during prolonged periods of inflation, wages and related expenses show an upward trend. Suppliers have also tended to pass on the effects of higher costs by increasing the supply prices payable by us.

In the past, we have been able to offset the effects of increasing operating costs by measures such as increasing our own charges, expanding our range of services and implementing cost control policies. However, we cannot assure you that we will continue to be able to do so.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk primarily related to changes in interest rates and changes in foreign exchange rates.

As of March 31, 2011, ₹ 8,552 million or approximately 89.3% of our consolidated debt of ₹ 9,584.75 million is subject to variable rates of interest. Our management closely monitors movements in interest rates.

To mitigate the impact of fluctuations in the London Interbank Offered Rate, or LIBOR, and the US dollar to Indian rupee exchange rate, the Company has entered into an interest rate and currency swap pursuant to the ISDA Master Agreement dated January 17, 2003 with HDFC Bank Limited, in respect of the ECBs from IFC, for a sum of US$35 million, at an effective interest rate of 10.3%.

Foreign exchange risk is managed in consultation with our bankers and advisors. Our general approach is to minimize the impact of purchasing in foreign exchange by negotiating fixed rates of exchange with our suppliers.

Our investments in associates include companies which are listed on the Indian capital markets. The market value of these investments may fluctuate due to, among other things, general economic conditions, the state and outlook of capital markets and the performance and valuation of other publicly traded companies.

Significant developments after March 31, 2011

In compliance with AS 4, to our knowledge no circumstances, except as disclosed in this Placement Document, have arisen since the date of the last audited financial statements contained in this Placement Document, which materially and adversely affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

INDUSTRY OVERVIEW

*Unless otherwise stated, all information, estimates and expectations set forth herein are based on the CRISIL Research Hospitals Annual Reviews published in August 2009 and November 2010 by CRISIL Limited ("**CRISIL research**"). Other sources cited herein include the WHO World Health Statistics 2011 published by the World Health Organization ("**WHO**"). CRISIL research and WHO have consented to the inclusion of such data in this Placement Document.*

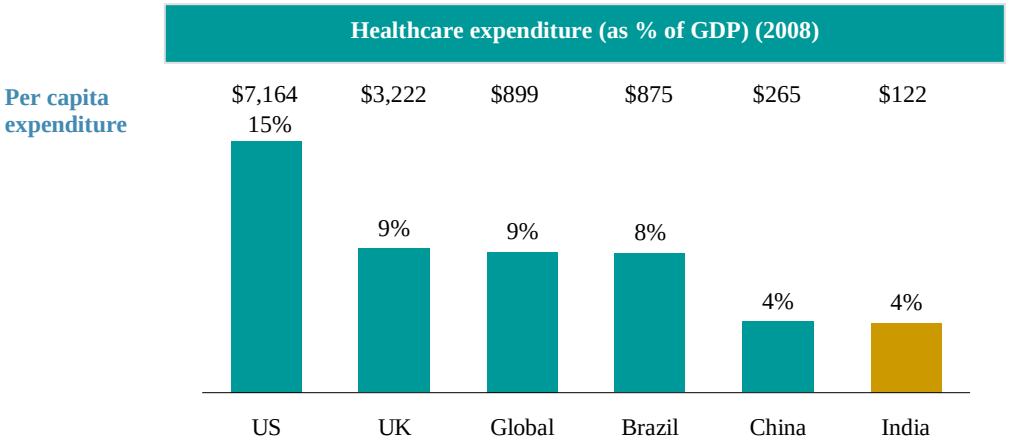
Neither the Company, the Joint Book Running Lead Managers nor any other persons connected with this Issue has independently verified this information or makes any representation to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

*The data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "**Risk Factors**" of this Placement Document.*

*This section contains forward-looking statements with respect to future events and the development of the healthcare industry in India. Actual results and events may differ materially from those anticipated in this section. See section titled "**Forward-looking Statements**".*

General Overview of the Healthcare Services Industry in India

According to the WHO, India's healthcare expenditure constituted approximately 4.2% of its gross domestic product ("**GDP**") in 2008 and its per capita health expenditure stood at approximately US$122. This compares poorly with other countries such as the United States, the United Kingdom, Brazil and China where healthcare expenditure constituted approximately 15%, 9%, 8% and 4%, respectively, of their GDP and per capita health expenditure was approximately US$7,164, US$3,222, US$875 and US$265, respectively. The average per capita health expenditure globally was US$899.



Source: WHO World Health Statistics 2011.

The Indian healthcare services market is comprised of both public and private sectors. According to CRISIL research, the World Bank's assessment of the Indian public healthcare sector is that it 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 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.

The healthcare services industry can be broadly divided into four segments: hospitals, pharmaceuticals, diagnostic centers and ancillary services such as health insurance and medical equipment.

Classification of Hospitals

According to CRISIL research, hospitals can be classified based on the following:

- Types of services rendered
- Complexity of ailment
- Type of ownership

Classification of hospitals based on types of services rendered:

- *Primary care/dispensaries/clinics*

  Primary care facilities offer basic, point-of-contact medical services and healthcare prevention services in an out-patient setting. These are clinics with one or more general practitioners on site. These units do not have any intensive care units ("**ICUs**") or operation theatres.

- *Secondary care hospitals*

  - General secondary care hospitals.

    The essential medical specialties in general secondary care hospitals include internal medicine (dealing with prevention and diagnosis of diseases), general surgery, obstetrics and gynecology, pediatrics, ear-nose-throat ("**ENT**") specialists, orthopedics and ophthalmology. Such a hospital usually has one central laboratory, a radiology and imaging center, and an emergency care department. Generally, secondary care hospitals have a number of beds which are reserved for the ICUs. The remaining beds are distributed between the general ward and private rooms.

  - Specialty secondary care hospitals

    Apart from offering essential medical specialties, these hospitals also offer specialties including gastroenterology, cardiology, neurology, dermatology, urology, dentistry and oncology. Besides this, the hospital may offer additional surgical specialties. Diagnostic facilities in a specialty secondary care hospital may include a radiology department, a biochemistry laboratory, a hematology laboratory, a microbiology laboratory and a blood bank. Depending on the specialty of focus, these hospitals could have a higher percentage of beds reserved for critical care.

- *Tertiary care hospitals*

  - Single specialty tertiary care hospitals

    A single specialty tertiary care hospital caters largely to the tertiary care needs of one particular ailment or medical specialty (for instance a cardiac tertiary care hospital or an oncology tertiary care centre).

  - Multi-specialty tertiary care hospitals

    Multi-specialty tertiary care hospitals have all the medical specialties under one roof and treat complex cases such as multi-organ failure, high risk and trauma cases. The medical specialties may include cardio-thoracic surgery, neuro-surgery, nephrology, surgical oncology, neonatology, endocrinology, plastic and cosmetic surgery and nuclear medicine. In addition, these hospitals may have high-end diagnostic facilities such as a histopathology laboratory and an immunology laboratory as a part of their diagnostic facilities.

- *Quaternary care*

  Quaternary care facilities offer similar services to tertiary care facilities with focus on 'super-specialty' surgical procedures, including advanced cardiac, neurological and joint-replacement surgeries.

  - *Nursing homes*

    Generally, nursing homes are run by a single doctor or a small group of doctors and have approximately 20-30 beds. There are instances of nursing homes which specialize in the treatment of specific groups of ailments and conditions like orthopedic, ophthalmic, general surgery, pediatric and maternity homes. Nursing homes also include clinics such as ENT and dental clinics.

Classification of hospitals based on complexity of ailment:

Healthcare services may also be classified on the basis of the complexity of ailment being treated. For example, a hospital addressing heart diseases (cardiac ailments) may be classified as a primary facility if treating conditions such as high cholesterol, a secondary facility if treating the patient for a stroke and a tertiary facility if dealing with cases such as cardiac arrest or heart transplants.

Classification based on ownership:

Hospitals are categorized based on their ownership into the following:

- Government owned and managed (for example, Brihanmumbai Municipal Corporation (BMC) Hospitals, KEM Hospital, Cooper Hospital in Mumbai);
- Private owned and managed (for example, Asian Heart, Apollo, Wockhardt);
- Trust owned and managed (for example, Lilavati, Hinduja);
- Trust owned and managed by private party (for example, Apollo in Ahmedabad is owned by a trust and managed by the Apollo group); and
- Owned by a private player and managed by another private player (for example, Kamineni Hospitals, Hyderabad managed by Wockhardt Hospitals).

Current and Projected Healthcare Services Landscape in India

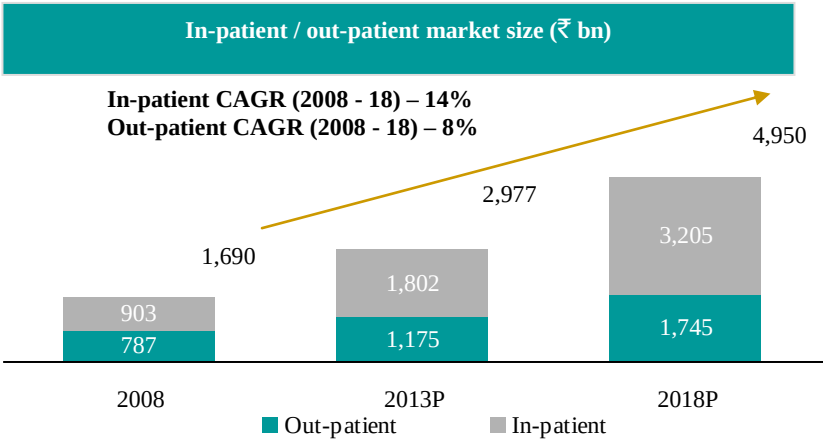
According to CRISIL research, the private sector accounted for approximately 75% of total healthcare expenditure in India during 2007, which is among the highest proportions of private healthcare spending in the world. The private sector in India comprises of assorted providers such as not-for-profit and voluntary organizations, commercially driven providers including corporate houses, stand-alone 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.

CRISIL research estimated that the healthcare services market was at 2.6 billion treatments in 2008, which translates into approximately ₹ 1,690 billion in value terms. The in-patient and out-patient segments of the healthcare services market accounted for approximately 1.7% and 98.3%, respectively, in volume terms and approximately 53% and 47%, respectively, in value terms. CRISIL research defines "out-patient" as where a patient doesn't have to stay overnight in the hospital. It includes consultancy, day surgeries and diagnostics and excludes pharmaceuticals purchased from stand-alone pharmacies.

CRISIL research expects the healthcare services market to grow at a compounded rate of approximately 11% and reach Rs 4,950 billion by 2018. According to CRISIL research, the growth will be driven by a number of factors including a shift in demographics, increasing health awareness and improving health insurance coverage.

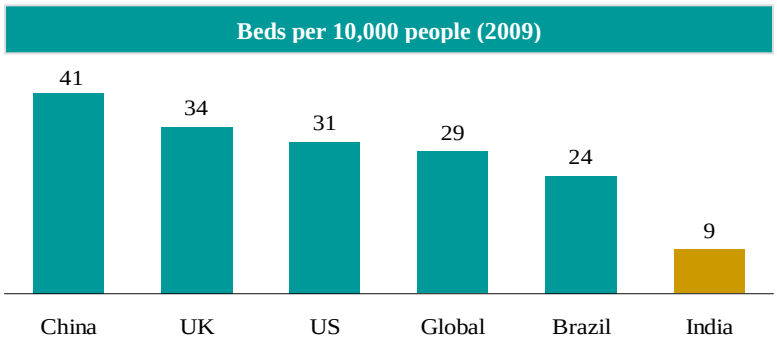
CRISIL research predicts in-patient revenues to significantly outpace out-patient revenues. CRISIL research estimated that in-patient revenues amounted to ₹ 903 billion (accounting for approximately 53% of the total revenues), and out-patient revenues amounted to ₹ 787 billion (accounting for approximately 47% of the total revenues) in 2008.

It is predicted that in-patient revenues will grow at a compound annual growth rate ("**CAGR**") of approximately 14% between 2008 and 2018 to reach approximately ₹ 1,802 billion and approximately ₹ 3,205 billion in 2013 and 2018, respectively, from ₹ 903 billion in 2008, and out-patient revenues will grow at a CAGR of approximately 8% between 2008 and 2018 to reach approximately ₹ 1,175 billion and approximately ₹ 1,745 billion in 2013 and 2018, respectively, from ₹ 787 billion in 2008.



Source: CRISIL Research Hospitals Annual Review published in August 2009.
Note: E – Estimated; P – Projected.

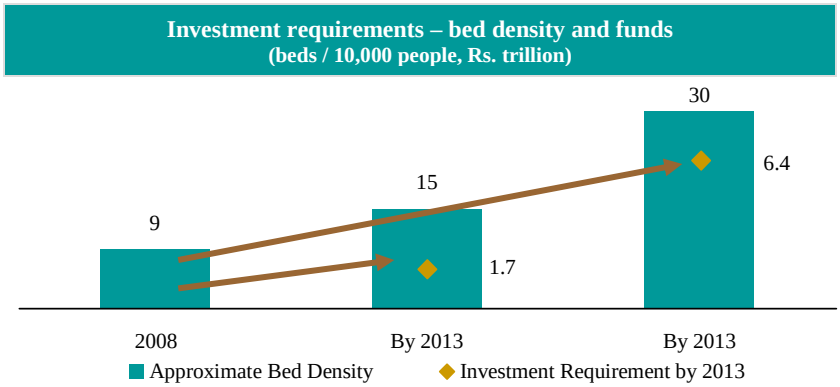
In terms of hospital infrastructure and manpower, India still lags behind several global parameters. India ranks below other developing countries including China and Brazil in terms of both beds-to-population and physicians-to-population ratios. According to the WHO World Health Statistics 2011, India's bed-to-population ratio is 9 for every 10,000 people, as compared to the global average of 29. Also, while India has one of the largest medical workforces with over 660,000 doctors and over 1.4 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 average of 14) and ratio for nurses and midwifery personnel per 10,000 individuals is 13 (compared to the global average of 29.7).



Source: WHO World Health Statistics 2011.

The WHO has established norms for healthcare delivery. Most notably, the required bed-to-population ratio is established at 1 bed per 300 individuals, or approximately 30 beds per 10,000 individuals. Over the next 5 years, assuming a capital expenditure of Rs 2.5 million per bed excluding land cost, CRISIL research estimates that in

order to attain a ratio of 15 beds per 10,000 individuals, an investment of approximately Rs 1.7 trillion is required. In order to attain the global benchmark for beds to population ratio, it is estimated that India will require an investment of approximately Rs 6.4 trillion.



Source: CRISIL Research Hospitals Annual Review published in November 2010.

Future Outlook and Trends

According to CRISIL research, the growth in demand for healthcare services will be driven by a combination of various factors including changing demographics, increasing income levels, greater health awareness, increasing health insurance coverage and medical tourism.

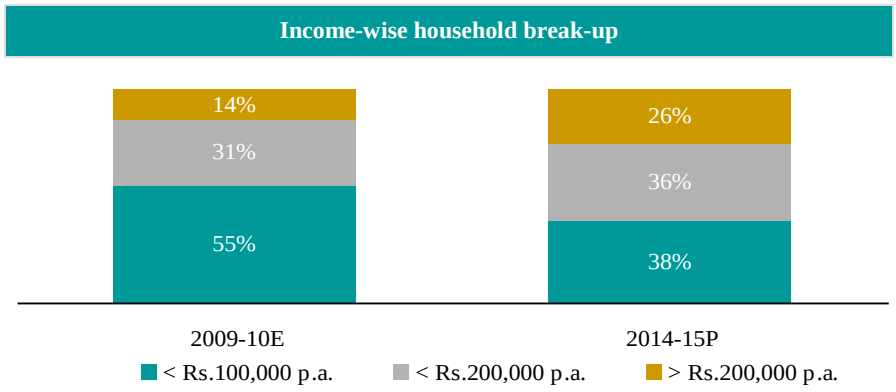
- *Change in demographics*

  CRISIL research suggests that the 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. This increase in population is on account of India's birth rate being 22.8 per 1,000 as opposed to a death rate of 7.4 per 1,000 during 2008. The number of treatments required is therefore expected to increase in tandem.

  In addition, as a result of increasing life expectancy, the proportion of the population that is above 60 years old is also expected to increase to over 12% from current levels of around 8%. As the requirement for healthcare delivery amongst the senior citizens is high, this shift in demographics signals the need for greater coverage of healthcare in the coming years.

- *Rising income levels*

  Although healthcare may be considered a non-discretionary expense, high-quality healthcare facilities remains unaffordable for a large percentage of the population. However, over the next five years, the share of households in the lowest income bracket (below Rs 100,000 per annum) is expected to decline from approximately 55% in 2009-10 to approximately 38% by 2014-15. On the other hand, the share of households in the above ₹ 200,000 per annum bracket is expected to increase from approximately 14% in 2009-10 to 26% by 2014-15, indicating a strong increase in the disposable incomes of households.



Source: CRISIL Research Hospitals Annual Review published in November 2010.
Note: E – Estimated; P – Projected.

- *Rising health awareness*

  With the rise in literacy levels across the country and growing awareness, CRISIL research predicts 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 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 ₹ 200,000 per annum), CRISIL research expects the disease profile of the country to change, in particular the incidence of lifestyle-related diseases such as diabetes and hypertension to be high. The prevalence of lifestyle-related diseases is expected to increase; consequently, the demand for healthcare services pertaining to such diseases such as diagnostic facilities, surgical infrastructure and out-patient departments ("**OPD**") for regular checkups is expected to increase.

  CRISIL research 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. According to CRISIL research, 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.

Hospitalized Cases by Diseases and Percentage of Market Size in 2008

	Cardiac	Cancer	Diabetes
2008			
No. of hospitalized cases (million) ……	2.9	2.0	1.2
**Percentage of hospitalized cases ……..... **	6.5	4.5	2.8
Total in-patient market size (₹ in billions)…...	201	118	29
Percentage of market size ……	22.3	13.1	3.2
2013 (Projected)			
No. of hospitalized cases (million) ……	5.2	3.1	2.3
Percentage of hospitalized cases ……..	8.6	5.0	3.8
Total in-patient market size (₹ in billion) …	509	274	79
Percentage of market size ……	28.1	15.2	4.4
2018 (Projected)			
No. of hospitalized cases (million) ……	8.3	4.2	3.4
Percentage of hospitalized cases ……..	10.4	5.3	4.3
Total in-patient market size (₹ in billion) …	1030	519	163
Percentage of market size ……	32.1	16.2	5.1

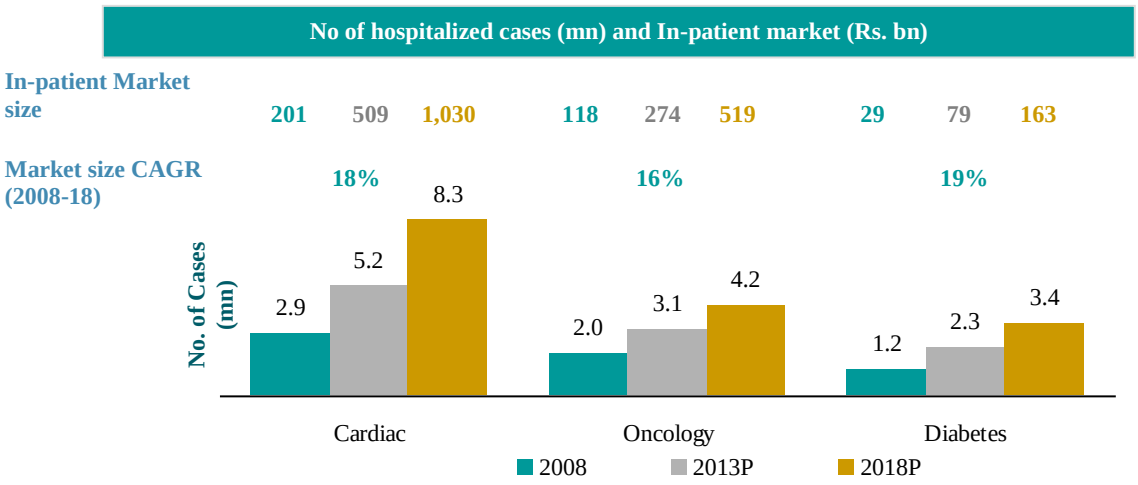
Source: CRISIL Research Hospitals Annual Review published in August 2009.

CRISIL research estimated that 45 million people suffered from cardiovascular diseases in 2008, an increase from 37 million in 2003. CRISIL research expects the number of people suffering from cardiovascular diseases to increase purely as a result of population growth, people growing old (which make them more vulnerable to chronic diseases) and lifestyle changes. CRISIL research also estimated that 3.7 million people suffered from cancer in one form or the other in 2008.

According to the WHO, India is the host to the largest diabetic population in the world. Indians tend to contract diabetes at a relatively young age of 45, which is about 10 years earlier than in the West. The prevalence of Type 2 diabetes is rising due to obesity, sedentary lifestyles and poor dietary habits. Type 2 diabetes occur mostly in adults above the age of 40 and accounts for around 95% of all diabetic cases.

CRISIL research predicts that the number of people suffering from cardiovascular diseases will increase to 57.9 million in 2013 and 72.1 million in 2018. The prevalence of oncology cases is also predicted to increase to 4.0 million and 4.3 million in 2013 and 2018 respectively. The diabetic population, according to CRISIL research, is predicted to grow at an alarming rate to reach 44.4 million and 49.4 million in 2013 and 2018, respectively.

In terms of revenue growth, in-patient revenues from cardiology, oncology and diabetes cases are predicated to grow at a higher CAGR of approximately 18%, 16% and 19%, respectively, compared to the entire in-patient market, which is predicted to grow at a CAGR of approximately 14% by 2018.



Source: CRISIL Research Hospitals Annual Review published in August 2009.
Note: P – Projected.

- *Health insurance coverage*

  According to CRISIL research, over 95% of India's private healthcare expenditure is paid for by out-of-pocket expenditure as health insurance coverage is under 5%. 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 services 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 cost 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 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.

  CRISIL research has reported that estimates suggest that 200,000 to 220,000 patients came to India in 2007, up from 10,000 patients in 2000. However, CRISIL research believes that this number is vastly understated. This is because the number of patients is calculated based on the number of medical visas issued. CRISIL research believes that a large number of people who come to India for treatments do not come on medical visas but on general visas.

Stand-alone clinics to expand the reach of hospitals

According to CRISIL research, stand-alone clinics are an emerging business model in the Indian healthcare services industry. The last 10-15 years have seen rapid addition of hospitals beds by large private players. However, these additions have been largely confined to major cities across the country. Consequently, the bed density in Mumbai, National Capital Region, Bangalore, Hyderabad, Chennai, Kolkata, Pune and Ahmedabad, amounted to approximately 215,000 as of October 2010, thereby accounting for approximately 20% of the country-wide supply of beds even though these cities constitute for only approximately 5-6% of the overall population. This uneven distribution of beds is reflected in the fact that the average number of beds per 1,000 individuals in these cities is 3.2, over 3 times higher than the country-wide average of approximately 0.9.

The rapid increase in the addition of beds has led to intense competition. Consequently, players are now aiming to expand their reach to smaller cities and towns.

In order to expand their reach, some of the large organized hospital chains have established stand-alone clinics (providing only point of contact OPD and diagnostic facilities) in new markets as well as in markets where they are already present. These clinics primarily serve as a means to expand the brand presence of the hospital chains in the new markets, and in the case of established markets, these clinics serve three main purposes:

- Ease the pressure on the OPD ward of the main hospital.
- Increase the overall number of treatments.
- Strengthen the hospital chain's brand presence.

Stand-alone pharmacies

According to CRISIL research, the hospitals and pharmaceuticals segments together constitute approximately 75% of the total healthcare services industry in India. As is the case with almost all verticals within the healthcare delivery industry, pharmacies are highly fragmented and this vertical is dominated by stand-alone units. In recent years however, corporate presence in this segment has increased. Corporate players have a presence in two types of pharmacies – in-house pharmacies (within the hospital premises) and stand-alone pharmacies. Pharmacies based in hospitals have direct access to the hospital's patients and also require relatively low investments. In addition, there is a healthy demand for high-margin surgical items at these hospital-based pharmacies, which boosts their profitability as compared with the standalone pharmacies.

BUSINESS

*In this section, unless the context otherwise requires, "we", "us" and "our", includes our subsidiaries, joint ventures and associates, and British American Hospitals Enterprises Limited, which is treated as an investment of the Company for accounting purposes. See section titled "**Business—Corporate Structure**".*

Overview

We are one of the largest private healthcare services providers in India according to CRISIL, operating a wide network of hospitals predominantly based in Asia. Our primary line of business is the provision of healthcare services, through (i) hospitals, (ii) pharmacies, (iii) projects and consultancy services, and (iv) primary care clinics. In addition, we provide medical business process outsourcing ("**mBPO**") services through one of our associates and health insurance services through one of our joint venture companies. To enhance our service to our customers and complement our business, we also provide the following services: telemedicine services, education and training programs and research services.

The Company was founded by Dr. Prathap C. Reddy in 1979 and became a public listed company on the BSE in 1983 and was listed on the NSE in 1996. We are headquartered in Chennai and operate our business through the Company, and its nine subsidiaries, seven joint ventures and four associates.

We have continuously invested in bed capacity creation and have increased the bed capacity under our management from approximately 150 operational beds at the commencement of our hospital services business in 1983 to 8,717 operational beds in 54 hospitals located in India and overseas as of March 31, 2011. Of the 8,717 beds, 5,842 beds are in 37 hospitals owned by us and 2,875 beds are in 17 hospitals under our management through operations and management contracts.

We have a presence both in India and outside India, including the Republic of Mauritius, Bangladesh and Kuwait. We have also recently signed a preliminary joint venture agreement with the Board of Trustees of the National Social Security Fund, Tanzania and the Tanzanian Ministry of Health & Social Welfare, in connection with the establishment of an advanced healthcare facility in the city of Dar es Salaam. With the objective of making high quality healthcare services and advanced medical technology available in semi-urban and rural areas in India, we started the "Apollo REACH" initiative and we are currently in the process of establishing a network of smaller hospitals with around 100 to 200 beds in Tier II and Tier III cities (each as defined below) in India.

We had a total employee strength of 30,640 (including employees of our subsidiaries, joint ventures and associates only), including 1,761 doctors, 7,863 nurses, and 2,403 paramedical personnel, as of March 31, 2011. We also have 2,414 "fee for service" doctors working in our hospitals. During fiscal 2011, hospitals owned by us provided care to over 2.5 million patients.

We constantly seek to be in the forefront of the healthcare services industry by providing new services and introducing specialized healthcare models. Seven of our hospitals have received accreditations from the Joint Commission International, USA ("**JCI**") for meeting international healthcare quality standards for patient care and organization management, and three of our hospitals have received accreditations from the National Accreditation Board for Hospitals & Healthcare Providers ("**NABH**"). Our healthcare facilities provide treatment for acute and chronic diseases across primary, secondary, and tertiary care sectors. Our tertiary care hospitals provide advanced levels of care in over 50 specialties, including cardiac sciences, oncology, radiology and imaging, gastroenterology, neurosciences, orthopedics and critical care services. In addition, we have a focus on core specialties such as cardiology, oncology, neurology, orthopedics, radiology and imaging and transplants, and we specialize in minimally invasive surgery across various specialties.

We reported total revenues of ₹ 26,240 million, ₹ 20,587 million and ₹ 16,350 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively. We report our revenues under the following business segments:

(i) healthcare services, which consists of hospitals, hospital-based pharmacies and projects and consultancy services;

(ii) stand-alone pharmacy; and

(iii) others.

Our healthcare services segment contributed 73.5%, 75.3% and 78.8% of our total revenues in fiscal 2011, fiscal 2010 and fiscal 2009, respectively and our stand-alone pharmacy segment contributed 25.1%, 23.4% and 20.3% of our total revenues in fiscal 2011, fiscal 2010 and fiscal 2009, respectively.

Our Competitive Strengths

We believe that the following competitive strengths distinguish us from our competitors.

Leading private healthcare services provider in India

We are a leading private healthcare services provider in India offering comprehensive end-to-end healthcare services. Our primary line of business is the provision of healthcare services, through hospitals, pharmacies, projects and consultancy services, and primary clinics. In addition, we provide mBPO services and health insurance services. To complement our primary business, we also provide telemedicine services, education and training programs and research services.

We have an established pan-India presence with a large network of 54 hospitals and 1,199 stand-alone pharmacies spread across India as of March 31, 2011. Of the 54 hospitals, 37 hospitals are owned by us and 17 hospitals are under our management through operations and management contracts. We believe our pan-India presence has allowed us establish "Apollo" as a healthcare services provider brand that is recognized across India. Our facilities have received accreditations from various Indian and international accreditation agencies such as the JCI, the NABH and the National Accreditation Board for Testing and Calibration Laboratories ("**NABL**"). In addition, we have received numerous awards. For the last four consecutive years (2007 – 2010), *The Week* magazine in India has ranked our hospitals in Chennai and New Delhi as among the leading private sector hospitals in India. We were also named "Healthcare Retail Company of the Year" by Frost & Sullivan, a business research and consulting firm, in 2010.

We have developed a distributed access model to comprehensively serve the healthcare needs of patients in their local communities through our network of multi-specialty hospitals and primary clinics. These multi-specialty hospitals and primary clinics also support our super-specialty hospitals by referring patients who require more sophisticated and advanced procedures and specialized care. This model has helped us to expand our reach and also allow us to efficiently deploy our resources across our network and increase the quality of care.

Through our presence in various healthcare services and initiatives across the healthcare services delivery chain, we believe that we have a competitive advantage and are able to benefit from the following:

- Cost efficiencies through sharing of managerial and clinical resources;
- Economies of scale and competitive prices from our suppliers and service providers through centralized purchasing;
- Access to qualified and trained medical resources through our educational initiatives; and
- Access to a larger patient base through our pan-India presence in primary clinics, telemedicine and other healthcare programs.

Clinical excellence

Since our first hospital commenced operations in 1983, we have been focused on providing high quality healthcare services. We constantly strive for clinical excellence because we believe that it is a critical consideration for many people when choosing their healthcare services provider. We have created a quality and care assessment and management scorecard, the "Apollo Clinical Excellence" program which we refer to as "**ACE @ 25**", and have implemented it throughout our network of hospitals. Through ACE @ 25, we aim to continuously assess the quality of care and services received by our patients to ensure that we deliver consistently high quality service and achieve clinical excellence throughout our network of hospitals. ACE @ 25 assesses performance based on 25 clinical parameters, including average length of stay ("**ALOS**"), coronary artery bypass surgery mortality rates, ALOS post renal transplant and the survival rate of liver transplant patients one year after surgery. See section titled "**Business - Ethical and Compliance Program**" below.

Our hospitals follow well-defined quality and patient safety protocols and adhere to accepted clinical standards in patient handling and care. A number of our facilities have been accredited by various Indian and international accreditation agencies. Indraprastha Apollo Hospital was the first hospital in India to be accredited by the JCI and six of our other hospitals have also been accredited by the JCI for meeting international healthcare quality standards for patient care and organization management. In addition, three of our hospitals have been accredited by the NABH.

We believe that a number of our hospitals have successfully performed more procedures than the minimum number required internationally to be considered a reputed healthcare facility in that particular medical field. For instance, in the field of cardiac sciences, our hospitals performed 9,095 percutaneous transluminal coronary angioplasties and 7,603 cardiac surgeries in fiscal 2011. Certain third party studies indicate that hospitals that perform high volumes of certain procedures, such as cardiovascular surgery, major cancer resections and other high risk procedures, generally produce better clinical results. These studies also indicate that such hospitals possess not just skillful surgeons but also tend to make fewer technical errors with respect to procedures, and generally provide better care in all aspects, including pre- and post-operative care.

Tradition of technology innovation and leadership

We continuously invest in medical technology and equipment and modernize our hospital facilities so as to offer high quality healthcare services to our patients and expand our range of healthcare services. Over the last three years, we have invested ₹ 2,703 million towards the purchase of new medical equipment for our hospitals.

We believe that we have been the first healthcare services provider to introduce many cutting-edge medical technology and equipment in the Indian sub-continent, including the following:

- G4 CyberKnife® Robotic Radiosurgery System, an advanced cancer treatment system, was first launched in India at Apollo Specialty Hospital, Nandanam, Chennai, in March 2009.

- Toshiba Aquillion ONE 320 slice dynamic multi-detector 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, in September 2008.

- 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 each of our hospitals in Hyderabad, Kolkata and New Delhi, in November 2009, March 2010 and September 2010, respectively.

- Philips Gemini TF Time of Flight positron emission tomography computed tomography ("**PET-CT**") 64 slice scan system, was first installed in India at Apollo Specialty Cancer Hospital, Chennai, in January 2009.

The availability of sophisticated medical equipment ensures that we are among the few healthcare services providers in India who are able to offer advanced healthcare procedures, such as stereo-tactic radio surgery and bone marrow transplants. 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-physiological disorders of the human heart. In addition, Apollo Specialty Cancer Center, Chennai, was the first hospital in South India to install the digital mammography with tomosynthesis (3D) system, which allows for faster and more accurate stereo-static biopsies to be performed.

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 segment of the population in various parts of India and neighboring countries that do not have adequate access to healthcare services.

We believe that our investment in the latest and most advanced medical technology and equipment has enabled us to attract renowned doctors from India and abroad to practice in our hospitals and has also made our hospitals the preferred treatment destinations for patients from various countries around the world. We have dedicated teams in place to 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.

Our strong brand value

We believe that the "Apollo" brand is widely recognized in India by both healthcare professionals and patients. Our reputation has helped us to attract well-known doctors and other healthcare professionals to our facilities, who in turn draw more patients to our facilities. We believe that our strong track record in building long-term relationships with our doctors and other medical professionals together with our focus on achieving and maintaining world-class clinical outcomes have enabled us to build a strong brand name. We have received numerous awards which we believe are a testimony to our strong brand value built over 27 years in the healthcare services industry. The following are a few key awards that we have received over the past few years:

- For the last four consecutive years (2007 - 2010), *The Week* magazine in India has consistently ranked our hospitals in Chennai and New Delhi as among the leading private sector hospitals in India. A number of our other hospitals have been ranked as leading hospitals in their respective cities. Our hospital in Chennai (located at Greams Road) was ranked the "Best Private Sector Hospital in the Country" for 2007, 2009 and 2010 while our hospitals in New Delhi and Kolkata were ranked among the top two hospitals in their respective cities between 2007 to 2010.

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

- The "Billion Hearts Beating" campaign, a corporate social initiative undertaken by the Company in association with the Times of India Foundation to raise awareness of heart disease in the country, won the "Best Marketing Campaign of the Year" award at the World Brand Congress 2010.

- A special postage stamp in recognition of the Company's contribution towards the Indian healthcare sector was released on November 2, 2009.

- In 2009, our hospital in Hyderabad and Indraprastha Apollo Hospital won the Federation of Indian Chambers of Commerce and Industry ("**FICCI**") Healthcare awards for Excellence in Patient Care and Excellence in Healthcare Delivery. Our hospital in Hyderabad also bagged the FICCI Healthcare award for Excellence in HR Practices in the same year.

- The Company was featured in the world's top 50 Local Dynamos List compiled by global consultancy firm, Boston Consulting Group, in 2008.

- Named "Healthcare Retail Company of the Year" by Frost & Sullivan, a business research and consulting firm, in 2010.

- Awarded "India's Most Preferred Hospital – Viewer's Choice" award at the India Healthcare Awards 2010 by ICICI Lombard and CNBC-TV18.

Strong relationships with doctors and other medical professionals

We believe that we are among the leading private healthcare services employers in India. One of the pillars of our success is our huge talent pool (including our subsidiaries, joint ventures and associates only) of 4,175 doctors (comprising 1,761 doctors employed by us and 2,414 "fee for service" doctors) across more than 50 specialties, 7,863 nurses and 2,403 paramedical personnel, as of March 31, 2011. Many of our doctors have received qualifications or training or work experience in the United Kingdom, Australia or the United States. In addition, many of them are prominent members of the medical field having received accolades and awards, including the Dr. B.C. Roy National award, and the Padma Bhushan and the Padma Shree awards, with certain of our doctors heading national medical associations.

In addition to attracting doctors and other medical professionals to our facilities, we have a strong track record in building long-term relationships with our doctors and other medical professionals. We believe that our commitment to continuing education and training has helped us in attracting and retaining prominent and skilled doctors. We have different customized training programs for our doctors, nurses, paramedical and management personnel, including nursing colleges, technology schools, exchange programs with affiliated leading universities outside India, that provide training in general as well as specialist skills including in patient care, intensive care, neonatal care, surgery and communication.

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

We benefit from an experienced management team which has made significant contributions to our growth and which has a long and proven track record in the healthcare services industry. For instance, our Chairman, Dr. Prathap C. Reddy, was conferred the Padma Vibhushan Award in 2010, the second highest civilian award in India, in recognition of his contribution towards the Indian healthcare industry, by the Government of India. Our management team is composed of directors with extensive experience in the healthcare services industry, as well as doctors with both clinical and administrative experience. We believe that a professionally managed administration with a commitment to patient care and high ethical standards enables us to operate our facilities efficiently while at the same time providing quality care to our patients.

Our Business Strategy

Our mission is to continuously improve the quality of healthcare services provided to the communities we serve by striving to bring healthcare services 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. At the same time, we seek to generate strong financial performance and appropriate returns to our shareholders through the execution of a strong business strategy.

We aim to achieve our mission and to grow our business by pursuing the following strategic goals:

Strengthen our presence in key strategic markets

We believe we have a dominant share of the hospital beds available in Chennai, New Delhi, Kolkata, Hyderabad, Bangalore and Ahmedabad. We intend to continue to strengthen our presence and increase our market share in these key strategic markets by establishing new healthcare facilities, including primary care clinics, and increasing bed capacity at our existing hospitals. Currently, we have hospitals located in three (Chennai, New Delhi and Kolkata) out of India's four key metropolitan cities and are in the process of establishing new hospitals in Mumbai. We believe that these key metropolitan cities will continue to have a strong demand for high quality tertiary care services such as cardiac surgeries, oncology services and orthopedic surgeries. By strengthening our presence in these markets, we intend to increase our market share for such tertiary care services. In addition, we are expanding the capacity of our existing hospitals in Hyderabad, New Delhi, Chennai and Bangalore. These projects and other plans to establish new healthcare facilities in other parts of India are at various stages of implementation and are

expected to be completed over the next three years. We expect to increase bed capacity by around 2,400 additional beds upon the completion of these projects. See section titled "**Business—Key Hospital Expansion Plans**". We also intend to increase the number of primary care clinics from 62 clinics as of March 31, 2011 to around 100 clinics over the next few years. We are constantly evaluating new opportunities in our existing and new markets. Our evaluation criteria include location, the demographics and revenue potential, and the cost of expanding or setting up new facilities.

Focus on a portfolio of high value clinical specialties

We believe that a combination of factors, including changing demographics, increasing affluence of the Indian population, greater health awareness, an increase in lifestyle-related diseases such as heart disease and diabetes, increasing health insurance coverage and a growing medical tourism market, will lead to an increase in demand for quality healthcare services, particularly tertiary healthcare services. We have therefore identified cardiology, oncology, neurology, orthopedics, critical care and transplants as our key focus areas of our tertiary care hospitals. We internally designate these focus areas as "**Centers of Excellence**". Due to the complex nature of the treatments involved, the medical procedures performed in the Centers of Excellence typically command relatively high prices. These Centers of Excellence contributed approximately 60.0% of our in-patient revenues during each of fiscal 2011 and fiscal 2010. According to CRISIL, cardiac and cancer cases accounted for 22.3% and 13.1%, respectively, of in-patient revenues for hospitals in India in 2008, and will increase to 32.1% and 16.2%, respectively, by end-2018.

To maximize our market share of the tertiary care procedures performed in each Center of Excellence, we plan to undertake a number of initiatives to ensure that we provide high quality healthcare services and improve our clinical outcomes, including:

- Strengthening each Center of Excellence through the addition of experienced and skilled surgeons and physicians.
- Expanding each Center of Excellence practice area to provide comprehensive sub-specialties and treatment services.
- Continually investing in the latest medical technology and equipment so as to offer high quality healthcare services to our patients.
- Establishing well-defined clinical guidelines and protocols with a strong focus on clinical outcomes.
- Integration of our network of hospitals to enable knowledge sharing and the adoption of best practices for each Center of Excellence across the network through dedicated service line managers.

Focus on life enhancing procedures and elective surgeries

We believe that with increasing disposable incomes and health awareness, there is a growing demand for elective or planned surgeries. Apart from our focus on Centers of Excellence, we also plan to focus on elective procedures to capture this growing market and build a strong presence in the elective and life enhancing procedures market. Our hospitals are well-equipped to offer various elective procedures like knee replacements, hip replacements, cosmetic surgeries, dental services and other similar procedures. We intend to increase the volume of such procedures performed in our hospitals by creating specialized centers for such procedures, recruiting more surgeons specializing in such procedures and investing in the latest medical technology to improve our clinical outcomes in these areas.

Geographic expansion through setting up hospitals in Tier II and Tier III cities in India

We are in the process of establishing a network of hospitals under the "Apollo REACH" initiative with the objective of making high quality healthcare services and advanced medical technology available in semi-urban and rural areas. Hospitals established under this initiative will have a capacity of around 100 to 200 beds, and will be located in Tier II and Tier III cities in India. These hospitals will be a combination of new or acquired facilities as well as expansion of some existing facilities. We believe that this will give patients in such locations greater access to high quality healthcare services without having to travel to the Tier 1 cities. 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 Tier II cities, including Kakinada, Karaikudi, Karimnagar, Bhubaneswar and Karur, and have put in place plans to establish four additional Apollo REACH hospitals across the country. These projects are at various stages of implementation and are expected to be completed over the next three years. See section titled "**Business—Key Hospital Expansion Plans**". We have identified a number of Tier II and Tier III cities across the country which is currently under-served in terms of healthcare services but have a sizable population and spending potential. Based on our experience, capital costs per hospital bed in a Tier II or Tier III city are generally lower compared to a Tier I city. As income levels in these markets rise, purchasing power will accordingly increase; therefore, we expect our revenues generated from providing healthcare services in these markets to increase further.

We generally consider a city in India with a population (i) over five million as a Tier I city, (ii) over one million as a Tier II city, and (iii) between 500,000 to one million as a Tier III city, subject to other prevailing factors at the time of determination, including the level of economic activity in the relevant city.

Improve operating efficiencies and profitability

We believe that maximizing operating efficiencies and profitability across our network is a key component of our growth strategy. We intend to focus on the following key areas to improve our operating efficiencies and profitability:

- Improve average revenue per occupied bed per day

We seek to improve the average revenue per occupied bed per day through a combination of initiatives, including:

- *Increase focus on high growth tertiary care areas.* We continually focus on investing in the latest medical technology, attracting skilled physicians and surgeons and developing our expertise in high growth tertiary care areas to serve the increasing demand for sophisticated clinical care and procedures. By implementing our strategy to focus on high growth Centers of Excellence and other technology and specialist skill-driven clinical areas, we intend to improve our case mix and increase revenues per occupied bed per day.

- *Reduction in ALOS.* As a significant portion of in-patient revenues are derived from medical services provided in the initial two to three days of a patient's stay in the hospital, we plan to reduce the ALOS at our hospitals, thereby increasing patient turnover rate and the revenue per occupied bed per day, by capitalizing on improvements in medical technology and focusing on minimally invasive surgeries, which reduces surgical trauma to patients and patient recovery time.

- Maximize efficiencies through greater integration, better supply chain management and human resource development

  We plan to maximize efficiencies at our hospitals and pharmacies through greater integration across our network. Our hospitals and pharmacies are large consumers of drugs and medical consumables like stents, implants, sutures and other surgical materials. To minimize costs and leverage on economies of scale, we intend to focus on standardizing the type of medical and other consumables used across our network, optimizing procurement costs, consolidating our suppliers and optimizing the use of medical consumables by establishing guidelines for medical procedures across our network.

  To improve the productivity of our employees, we plan to place greater emphasis on training our employees in best practices and implement programs to provide incentives for performance. We have also introduced an initiative to encourage our doctors to be more involved in administrative matters such as scheduling surgeries and in the management of the hospitals as we believe that this will help to improve clinical outcomes and service standards.

- Improve occupancy rates and equipment utilization at our hospitals

  To improve occupancy rates and the utilization of key equipment and operating theatres at our hospitals in Bhubaneswar, Bangalore, Ahmedabad and other hospitals, we plan to focus on preventive healthcare and health screening programs, place greater emphasis on the delivery of tertiary care services, expand our referral network and attract more medical value travelers.

Focus on medical value travelers

According to CRISIL, India is fast emerging as a major medical tourist destination. We believe that India is highly competitive in terms of healthcare costs compared to other developed and developing countries, such as the United States, the United Kingdom and Singapore. A number of our facilities have been accredited by various Indian and international accreditation agencies such as the JCI, the NABH and the NABL, which we believe helps us to attract medical value travelers. We intend to focus on attracting more medical value travelers from select markets including those in the Middle East, Africa and Southeast Asia by increasing our marketing efforts in these regions. We believe that medical value travelers will help to contribute to higher revenues per bed day and increase our profitability.

Focus on continued growth in stand-alone pharmacies market

We have increased the number of stand-alone pharmacies in our network to 1,199 stand-alone pharmacies as of March 31, 2011 and the revenues from our stand-alone pharmacy segment contributed 25.1% of our total revenues in fiscal 2011. We intend to continue growing this business segment through a measured roll-out of new stand-alone pharmacies based on market demand, revenue potential and availability of high visibility locations. We also plan to increase revenues generated by our existing stand-alone pharmacies through:

- Improving the profitability of our existing stand-alone pharmacies by introducing generic and in-house brand (private label) products which have better profit margins and increasing sales through the bulk distribution of medical supplies and consumables to hospitals and other healthcare providers.

- Improving operating efficiencies by implementing a centralized database and inventory management system to track inventory and revenue collections across our stand-alone pharmacy network.

- Improving our supply chain management by standardizing prices across our network and consolidating our suppliers.

- Monitoring the performance of our stand-alone pharmacies on an on-going basis and closing loss-making and low-growth pharmacies.

History and Key Milestones

Our Company was founded by Dr. Prathap C. Reddy as a limited liability company under the Companies Act in 1979 and became a public listed company on the BSE in 1983 and was listed on the NSE in 1996. The Company issued and listed 9,000,000 Global Depositary Receipts (each representing one equity share of the Company) on the EuroMTF of the Luxembourg Stock Exchange in 2005. We operate our business through the Company, and its nine subsidiaries, seven joint ventures and four associates.

The following are some of our key milestones since our inception:

- In 1979, the Company was founded by Dr. Prathap C. Reddy.

- In 1983, the first Apollo hospital was opened in Chennai.

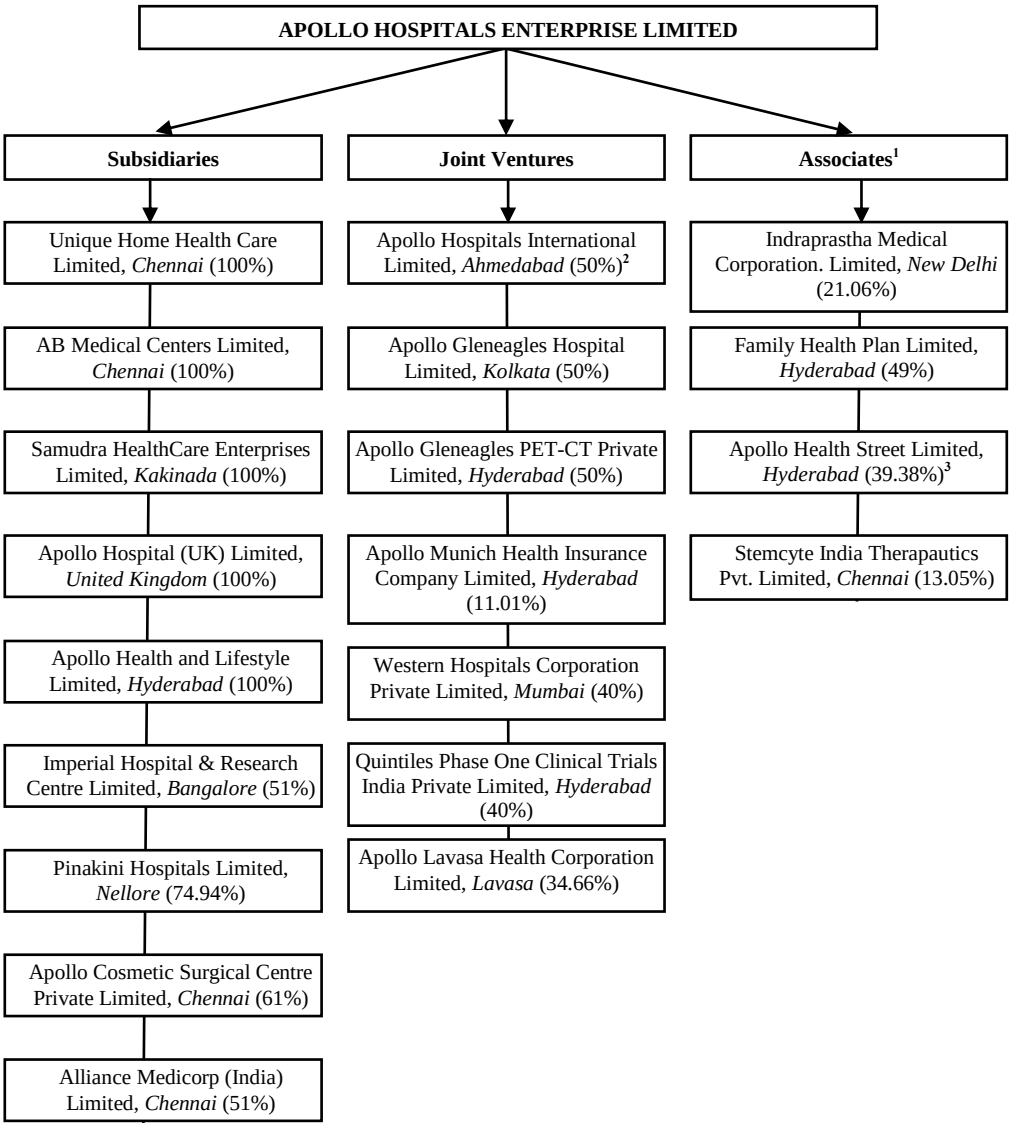
- By 1988, the Company expanded into Hyderabad.

- In 1994, Apollo Specialty Hospital, a cancer treatment hospital was opened in Chennai.

- In 1996, Indraprastha Apollo Hospital was opened in New Delhi.
- In the late 1990s, the Company opened hospitals in Madurai and Visakhapatnam.
- In 2000, the Company's first telemedicine facility, Apollo Aragonda, was started.
- Between 2001 and 2004, Apollo Gleneagles hospital was opened in Kolkata, followed by the FirstMed Hospital in Chennai, and hospitals in Mysore, Ahmedabad, Kakinada and Bilaspur. During this period, Apollo Retail Pharmacy was also launched.
- Between 2005 and 2010, the Company started the Imperial Hospital in Bangalore, the Apollo Children's Hospital in Chennai, two Apollo REACH hospitals in Kakinada and Karimnagar and other hospitals in Bhubaneshwar, the Republic of Mauritius, Lavasa and Dhaka, Bangladesh.
- In 2007, the Company formed a joint venture with Munich Health Holding AG, a subsidiary of Munich Re, and Apollo Energy Limited, to enter into the health insurance business.
- In 2009, the Company launched the G4 CyberKnife® Robotic Radiosurgery System.
- In 2010, the Company launched its 50th hospital with 150 beds in Secunderabad. During this period, the Apollo Cosmetics Clinics were also launched.

Corporate Structure

The following chart sets forth our existing corporate structure and our percentage of equity interest in each entity as of March 31, 2011.



Note:

(1) British American Hospitals Enterprises Limited (Mauritius) ("**BAHEL**"), formed in 2006 in association with BAI Medical Centres Limited, was treated as an associate of the Company in fiscal 2009 and fiscal 2010. As of March 31, 2010, the Company had a 19.72% equity interest in BAHEL. In fiscal 2011, the Company's effective equity interest in BAHEL was reduced to 10.51% and BAHEL ceased to be treated as an associate of the Company. As of March 31, 2011, it is treated as an investment of the Company for accounting purposes.

(2) We directly hold 8% equity interest and indirectly hold 42% equity interest through our wholly-owned subsidiary Unique Home Health Care Limited

(3) We directly hold 38.69% equity interest and indirectly hold 0.69% equity interest through our wholly-owned subsidiary Unique Home Health Care Limited

Our Services

Together with our subsidiaries, joint ventures and associates, we provide healthcare services through the following:

(i) hospitals;

(ii) pharmacies;

(iii) projects and consultancy services;

(iv) health insurance services; and

(v) other services, including primary clinics and mBPO services.

To support our businesses, we also provide the following services:

(a) telemedicine;

(b) education and training programs; and

(c) research.

Our total revenues were ₹ 26,240 million, ₹ 20,587 million and ₹ 16,350 million and our profit after minority interest and share in associates were ₹ 1,839 million, ₹ 1,376 million and ₹ 1,025 million in fiscal 2011, 2010 and 2009, respectively.

We report our revenues under the following business segments:

(i) healthcare services, which consists of hospitals, hospital-based pharmacies and projects and consultancy services;

(ii) stand-alone pharmacy; and

(iii) others.

Healthcare services

Hospitals

We are primarily a hospital services provider, with most of our hospitals providing a broad range of over 50 specialties, including cardiac sciences, oncology, nephrology, orthopedics, neurosciences, transplants, laboratory services, radiology and imaging, maternity and day care, general surgery as well as diagnostic and critical care services. We also provide outpatient services, including consultation for a range of ailments and preventive health screenings. There are 24-hour pharmacies located within our hospital premises to cater to the patients of our hospitals and the general public.

As of March 31, 2011, we had a capacity of 8,717 beds in 54 hospitals located in India and overseas. Of the 8,717 beds, 5,842 beds are in 37 hospitals owned by us and 2,875 beds are in 17 hospitals under our management through operations and management contracts. See the section titled "**Management's Discussion and Analysis of Financial Condition and Results of Operations–Factors Affecting Results of Operations–Utilization rate of our facilities**" for certain statistics for the hospitals owned by us for each of the past three fiscal years.

We have established Centers of Excellence in a variety of medical disciplines. A few key disciplines are described below:

- *Cardiology.* Since our inception, we have focused on the provision of cardiac services. We provide a comprehensive range of cardiac services ranging from preventive programs to complicated surgeries. We provide a range of diagnostic and therapeutic services and also offer sophisticated and cutting-edge interventional cardiac procedures such as implanting cardioverter defibrillator and irradiation-brachytherapy. In addition, we have a thoracic and cardiovascular surgery department which performs a large number of cardiac surgeries with success rates comparable to international standards. By using advanced medical equipment like the 320 slice CT scanner, we are also able to provide early detection and management of cardiac disorders services for our patients.

- *Oncology.* We offer a range of oncology treatments, including medical oncology (both conventional and aggressive chemotherapy), surgical oncology (tumor removal), radiotherapy and cord blood stem cell transplant. The oncology market in India is a fast growing sector and with the introduction of the PET-CT scan system, G4 CyberKnife® Robotic Radiosurgery System and Novalis Tx™ Radiotherapy and Radiosurgery system in our hospitals, we believe we are well placed to strengthen our position as a leading integrated oncology service provider in the Indian private healthcare sector.

- *Neurosciences*. We offer a comprehensive range of services to treat neurological diseases. Our hospitals are equipped with the latest technology, including the 3T MRI and G4 CyberKnife® Robotic Radiosurgery System, enabling us to provide advanced treatments in this area. Our neurophysicians and neurosurgeons treat patients requiring spinal surgeries, trauma care, stroke, brain tumors and other similar ailments. We also have comprehensive neuro-rehabilitation facilities in our hospitals. JCI has also awarded our hospital in Hyderabad a certificate of distinction for its Primary Stroke Program.

- *Orthopedics.* We offer a range of orthopedic treatments, including complicated joint replacements, microsurgeries, spine surgeries and deformity correction, and we have doctors trained in minimal invasive surgery. We also provide pre-operative care and rehabilitation programs.

- *Critical Care Medicine.* Our multi-disciplinary critical care centre caters to patients whose conditions are life-threatening and who require comprehensive care and constant monitoring. Our critical care unit is equipped with advanced facilities and is staffed by specialists including intensive and critical care nurses providing comprehensive care and services 24 hours a day. We have neo-natal and pediatric intensive care units specializing in the critical care of children from the time of birth till 18 years of age. We also offer 24-hour emergency and trauma care units to attend to a variety of medical and surgical emergencies, including poly-trauma, and we have a fleet of ambulances manned by paramedical personnel to provide effective pre-hospital care. We have also established a national emergency network with '1066' as the emergency hotline number.

- *Transplants*. The Apollo Transplant Medicine Program is one of the leading providers of transplant services across locations in India, including liver transplant expertise in New Delhi and Chennai and kidney transplant expertise in Kolkata. In fiscal 2011, we successfully performed over 200 liver transplants and over 500 renal transplants, making it one of the biggest transplant programs of its kind in the country and the region. Our hospitals also manage one of the largest dialysis programs in the country with over 200 machines in operation and carrying out over 180,000 kidney dialysis a year. Apart from liver and kidney transplants, our hospitals also perform heart, corneal and solid organ transplants.

In addition to the services described above, we also offer medical and surgical gastroenterology services, ear, nose and throat services, obstetrics and gynecology, pediatrics, radiology and imaging services and other clinical specialties.

Apollo REACH Hospitals. We are in the process of establishing a network of hospitals under the "Apollo REACH" initiative with the objective of making high quality healthcare services and advanced medical technology available in semi-urban and rural areas. Hospitals established under this initiative will have a capacity of around 100 to 200

beds, and will be located in Tier II and Tier III cities in India. We have already established Apollo REACH hospitals in Tier II cities, including Kakinada, Karaikudi, Karimnagar, Bhubaneswar and Karur, and have put in place plans to establish four additional Apollo REACH hospitals across the country. See section titled "**Business—Key Hospital Expansion Plans**".

Projects and Consultancy Services

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

Our international consultancy projects include providing operations management services for a tertiary care hospital in Bangladesh and licensing the "Apollo" brand name for use by a radiology and laboratory services department of a large hospital in Kuwait.

Fees for our consultancy services are based on the scope of our services and expected length of relationship with the client. Typically, pre-commissioning services are provided for 12 to 36 months whereas post-commissioning services are typically provided over a seven-year term.

Stand-alone Pharmacies

We believe that our stand-alone pharmacy business is among the largest in India, with a network of 1,199 stand-alone pharmacies as of March 31, 2011. We attribute the success of our stand-alone pharmacy business largely to the brand value and recognition of the "Apollo" brand. Our stand-alone pharmacies offer a wide range of medicines, hospital consumables, surgical and health products and general "over-the-counter" products and also offer services such as prescription refilling, distribution of free health newsletters and bundled health insurance plans.

We operate stand-alone pharmacies on a 24-hour basis in various locations with high visibility and revenue potential. Some of our stand-alone pharmacies also offer free home delivery to customers living within a five-kilometer radius.

During fiscal 2010 and fiscal 2011, we focused on operational improvements in our stand-alone pharmacies and implemented strategies such as (i) introducing generic and in-house brand (private labels) products which have better profit margins and (ii) increasing sales through bulk distribution of medical supplies and consumables to hospitals and other healthcare providers. The number of stand-alone pharmacies increased from 1,049 as of March 31, 2010 to 1,199 as of March 31, 2011, and stand-alone pharmacy revenues increased 36.5% to ₹ 6,583 million in fiscal 2011 from ₹ 4,821 million in fiscal 2010.

Other Services

Primary care clinics

Through Apollo Health and Lifestyle Limited ("**Apollo Health and Lifestyle**"), our wholly-owned subsidiary, we provide primary healthcare services, such as clinical and diagnostic services. We initially provided such services through franchised clinics and charged our franchisees a one-time fixed license fee and a periodic royalty fee. In fiscal 2011, we changed our business model and predominately set up clinics through our own investment. As of March 31, 2011, we had a total of 62 clinics and we plan to increase to around 100 clinics over the next few years. Through our network of clinics, we aim to make quality healthcare services accessible to a larger cross-section of the Indian population. Our clinics are equipped to provide a wide range of healthcare services, from basic to advanced consultation and diagnostic tests. All of our clinics are equipped with a pharmacy and some of our clinics also offer telemedicine facilities to provide medical expertise through second opinions from specialist doctors. See section titled "**Business—Subsidiaries—Apollo Health and Lifestyle Limited**".

Medical Business Processing Outsourcing

We offer mBPO services through Apollo Health Street Limited ("**Apollo Health Street**"). Apollo Health Street provides end-to-end medical outsourcing services, consisting primarily of revenue cycle management of clients' hospitals and professional services including medical coding, billing and records maintenance services and patient claims management services, catering to the healthcare information needs of United States-based doctor groups, hospitals and insurers. Apollo Health Street's facilities include two centers in India (Hyderabad and Chennai) and one centre in New York, United States. See section titled "**Business—Associates—Apollo Health Street Limited**".

Health Insurance Services

We entered the health insurance market through a joint venture (11.01% ownership by us) with Munich Health Holding AG, a subsidiary of Munich Re and Apollo Energy Limited.

According to the Insurance Regulatory and Development Authority of India, health insurance was the second largest general insurance segment in the country with 21.12% share of the total premium underwritten within India for fiscal 2010.

During fiscal 2011, we increased the gross written premium from ₹ 1,147 million in fiscal 2010 to ₹ 2,835 million in fiscal 2011.

Supporting Services

The foregoing core services are supported by various supporting services we provide to improve customer service and facilitate superior performance of the foregoing core services.

Telemedicine

Our telemedicine facilities are managed by Apollo Telemedicine Networking Foundation ("**ATNF**") and were launched in a village hospital at Aragonda in March 2000. Its operations include providing tele-consultations and medical expertise through second opinions to locations where there is limited access to quality healthcare services. To date, we have provided approximately 65,000 tele-consultations in various specialties to patients located as far as 6,500 miles away. We also use our telemedicine facilities to conduct continuing medical education programs for our doctors and other medical professionals.

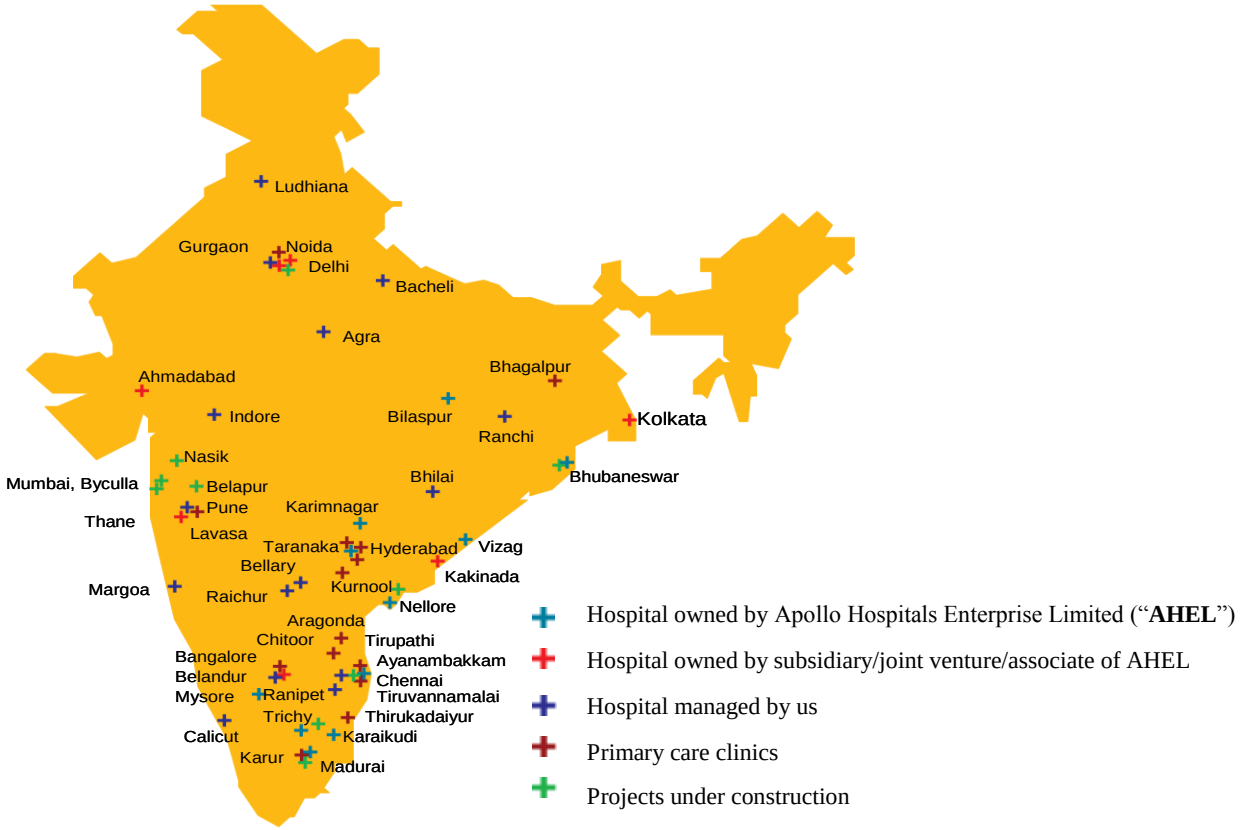
Education and Training Programs

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, paramedical and hospital management education and training. Apollo Institute of Hospital Management offers a Master's degree in hospital management which has provided training to more than 330 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. Around 750 nurses are expected to complete courses at these institutions during the current academic year.

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. Through Apollo Hospitals Education and Research Foundation, we conduct global and domestic multi-centric trials in various medical fields including oncology, cardiology, neurology, respiratory medicine, diabetology, vascular surgery, pediatrics, pulmonology, orthopedics and rheumatology.

Our Markets



Note:

(1) This is only an indicative map showing our presence in various cities/towns in India.

We have an established pan-India presence with our large network of 54 hospitals, 1,199 stand-alone pharmacies and 62 clinics spread across India as of March 31, 2011. Currently, we have hospitals located in three (Chennai, New Delhi and Kolkata) out of India's four key metropolitan cities and are in the process of establishing new hospitals in Mumbai. We are also expanding into Tier II and Tier III cities in India through establishing a network of hospitals under the "Apollo REACH" initiative. We have already established Apollo REACH hospitals in Tier II cities, including Kakinada, Karaikudi, Karimnagar, Bhubaneswar and Karur, and have put in place plans to establish four additional Apollo REACH hospitals across the country. These projects are at various stages of progress and are expected to be completed over the next three years. We expect to roll out approximately 2,400 beds on the completion of these projects. See section titled "**Business—Key Hospital Expansion Plans**".

Our hospital-based pharmacies, while open to the general public, cater largely to the patients of the hospitals in which they are located and our stand-alone pharmacies are located in high visibility locations of select cities and towns. See section titled "**Business—Our Services—Healthcare services—Hospitals**" and "**Business—Our Services—Other Services—Primary care clinics**".

We believe that our strong brand value and pan-India presence has made us widely recognized in India and overseas and has helped to attract patients from abroad, most notably non-resident Indians, uninsured patients from developed countries, patients from countries where healthcare is not government subsidized and patients from certain countries in Africa, Middle East and Southeast Asia, where the quality of healthcare infrastructure is relatively poor.

We have an international presence through our projects and consultancy services business, where we have licensing

or service arrangements in place with projects located in the Republic of Mauritius, Bangladesh and Kuwait. We have recently signed a preliminary joint venture agreement dated May 27, 2011 with the Board of Trustees of the National Social Security Fund, Tanzania and the Tanzanian Ministry of Health & Social Welfare, in connection with the establishment of an advanced healthcare facility in the city of Dar es Salaam.

Key Hospital Expansion Plans

The table below sets forth the locations of planned projects that we are currently implementing, which includes establishing new hospitals or expanding the capacity of existing facilities. These projects are at various stages of implementation and are expected to be completed over the next three years.

Location	Estimated Completion Date (Fiscal year)	Type of Hospital	Estimated Number of New Beds
Mumbai Cluster			
Navi, Mumbai	2014	Super-specialty	350
Byculla, Mumbai	2014	Super-specialty	300
Thane	2013	Super-specialty	250
Sub-Total			**900**
Apollo REACH initiative			
Nashik	2013	Apollo REACH	125
Aynambakkam	2013	Apollo REACH	200
Nellore	2013	Apollo REACH	200
Trichy	2014	Apollo REACH	200
Sub-Total			**725**
Others			
Hyderabad (Expansion)	2012	Super-specialty	100
Hyderguda	2012	Super-specialty	175
New Delhi (Expansion)	2012	Super-specialty	136
Chennai (Expansion)	2013	Super-specialty	30
Vizag	2014	Super-specialty	300
Bangalore (Expansion)	2012	Super-specialty	52
Sub-Total			**793**
Total			**2,418**

Our expansion plans are based on management estimates. The actual date of completion and the actual number of new beds to be rolled out on completion of each planned project may differ from the estimated dates or numbers set out above due to various factors, including possible construction/development delays, defects or costs overrun, delays in obtaining or receipt of governmental approvals, changes in the legislative and regulatory environment, our ability to fund the planned projects, our results of operations, cash flows and financial condition, the availability of financing on terms acceptable to us to fund such projects and other factors that are beyond our control. See the section titled "**Risk Factors**".

Risk Management and Internal Controls

We have a comprehensive risk management system covering various aspects of the business, including operational, legal, treasury, regulatory and financial reporting.

The Board of Directors has constituted a Risk Management Committee, headed by the Managing Director, which reviews the probability of risk events that may adversely affect the operations and profitability of the Company and suggest suitable measures to mitigate such risks. The executive management team reports to the Board of Directors periodically on the assessment and minimization of such risks.

Risk Management Model

Risk Identification: Monitoring and identification of risks is carried out at regular intervals with the aim towards improving the processes and procedures. This assessment is based on risk perception survey, business environment scanning and inputs from shareholders.

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

Risk reporting: We have an established Risk Council to deal with any reported risks. In addition, a quarterly risk report is presented to our Risk Management Committee, which reviews the Enterprise Risk Management program to assess the status and trends available on the material risks highlighted.

Internal control systems and their adequacy

We have an established internal control system to optimize the 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. We have also put in place an extensive budgetary and other control review mechanisms pursuant to which the management regularly reviews actual performance with reference to the budgets and forecasts.

Properties

The following table lists the key hospitals owned by us as of March 31, 2011:

	Name & Location	Year of Incorporation / Commencement	Land – Owned / Leased	Building – Owned / Leased	Specialties	Number of Beds
Hospitals directly owned by the Company						
1	**Apollo Hospital, Chennai**	1983	Owned	Owned	Super-specialty	583
2	**Apollo Specialty Hospital, Nandanam**	1994	Partly owned	Partly owned	Super-specialty	279
3	**Apollo Hospitals, Hyderabad**	1988	Owned	Owned	Super- specialty	514
4	**Apollo Specialty, Madurai**	1997	Leased	Leased	Super- specialty	205
5	**Apollo Hospital, Bilaspur**	2001	Leased	Leased	Super- specialty	300
6	**Apollo BGS Hospital, Mysore**	2001	Leased	Leased	Super- specialty	200
7	**Apollo Hospital, Kakinada**	2005	Owned	Owned	Multi-specialty	120
8	**Apollo Hospitals, Bhubaneswar**	2009	Leased	Owned	Super- specialty	290

Name & Location		Year of Incorporation / Commencement	Land – Owned / Leased	Building – Owned / Leased	Specialties	Number of Beds
9	**Apollo Loga Hospital, Karur**	2009	Leased	Leased	Multi-specialty	62
10	**Apollo Heart & Kidney Hospital, Vizag**	1999	Leased	Leased	Super- specialty	120
11	**Apollo Hospital, Karimnagar**	2008	Owned	Owned	Multi-specialty	125

Name & Location		Year of Incorporation / Commencement	Land – Owned / Leased	Building – Owned / Leased	Name of Entity (*Company's Shareholding Interest in such Entity*)	Specialties	Number of Beds
Hospitals indirectly owned through subsidiaries, joint ventures or associates							
1	**Apollo Hospital, Bangalore**	2007	Owned	Owned	Imperial Hospital & Research Centre Limited (*51%*)	Super-specialty	297
2	**Apollo Hospital,** New **Delhi**	1996	Leased	Owned	Indraprastha Medical Corporation Limited (*21.06%*)	Super-specialty	648
3	**Apollo Hospitals, Ahmedabad**	2003	Leased	Owned	Apollo Hospitals International Limited (*50%*)	Super-specialty	300
4	**Apollo Gleneagles Hospitals, Kolkata**	2002	Leased	Owned	Apollo Gleneagles Hospital Limited (*50%*)	Super-specialty	460

In addition to the above, as of March 31, 2011, there are 17 hospitals with 2,875 beds under our management through operations and management contracts.

Competition

We are one of the few nationwide providers of healthcare services in the private sector in India. The majority of our competition is regional and includes players such as Fortis Healthcare Limited, Manipal Hospitals, Max Healthcare, Care Hospitals and Sterling Hospitals. In addition, some of the hospitals that compete with us are owned by Government agencies or non-profit entities supported by endowments and charitable contributions.

The number and quality of doctors associated with a hospital are important factors in a hospital's competitive advantage and help to attract patients. We believe that doctors outside a hospital's network refer patients to a hospital primarily on the basis of the quality of care and services the hospital provides to its patients, the location of the hospital and the quality and availability of the hospital's facilities, equipment and employees. Other factors in a

hospital's competitive advantage include operational efficiency, the scope and breadth of healthcare services provided, brand recognition and the success rate for its procedures.

We have been able to build a broad base of skilled medical professionals and we believe our commitment to continuing education and training has helped us to reduce our attrition rates and build long-term relationships with our doctors. We believe that maintaining and strengthening our human capital is critical to our success in the future. We also believe that continuing to invest in the latest and most advanced medical technology and equipment will help us to maintain and further improve our competitive position. We seek to strategically locate our hospitals in areas with a large population base that require the services our hospitals provide.

In our stand-alone pharmacies business, we compete with other hospital-based pharmacies and stand-alone pharmacies for customers. One of our main competitors in the stand-alone pharmacies business is Medplus Health Services.

We believe our position as one of the leading healthcare services providers in India, commitment to clinical excellence and technology innovation, strong brand value, strong relationships with doctors and other medical professionals, and an experienced and professional management team with their domain expertise and strong execution track record give us a competitive edge in the healthcare services industry.

Employees

As of March 31, 2011, 2010 and 2009, we had 30,640, 26,659 and 24,421 employees (including employees of our subsidiaries, joint ventures and associates only), respectively, as follows:

Employees	As of March 31,		
	2011	2010	2009
Doctors[1]	1,761	1,637	1,666
Executives	1,408	1,606	1,463
Nurses	7,863	6,603	6,288
Paramedical personnel	2,403	2,071	1,878
Support Services personnel	11,462	10,568	9,920
Administration	1,221	972	857
Others[2]	4,522	3,202	2,349
Total	**30,640**	**26,659**	**24,421**

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Notes:

(1) This data only includes doctors employed by the Company, and its subsidiaries, joint ventures and associates and does not include the "fee for service" doctors working in their hospitals. As of March 31, 2011, 2010 and 2009, the Company, and its subsidiaries, joint ventures and associates had 2,414 and 2,180 and 2,026 "fee for service" doctors working in their hospitals, respectively. Doctors working under such "fee for service" arrangements are not employees of the Company and are usually paid based on the volume of and revenues generated from the consultations and treatments provided. In the case of newly established hospitals or clinical practices for certain specialties, our "fee for service" doctors may be paid a guaranteed fixed sum in the initial months of their appointment. Once the hospital or clinical practice becomes more established, we will review such fixed-fee arrangements and decide whether to pay these "fee for service" doctors on a performance-linked basis instead.

(2) This includes non-hospital staff employed by Apollo Health Street, AMHICL (as defined below), UHHCL (as defined below), Apollo Health and Lifestyle and Family Health Plan (as defined below).

Our employee costs are influenced by increasing employee compensation in India. Our employees are remunerated at market rates.

Our human resources team strives to align policies with business needs to create a performance driven culture. We attempt to enhance performance through initiatives such as performance linked to rewards, a transparent and consultative review process and building a high performance work system through self-managed teams. We have been able to control attrition rates by conducting employee surveys and instituting feedback processes to assess areas of improvement and developing and implementing programs, policies and practices like diversified training and career planning, mentoring programs, entertainment, executive coaching, leadership development programs, employee and management development programs. We have also introduced a reward and recognition scheme. In 2010, Apollo Health City, Hyderabad was ranked among India's Top 100 companies to work for by The Economics Times & Great Place to Work Institute.

We consider our employee relations to be good and we have not experienced any work stoppages as a result of labor disagreements in the last 15 years. While our hospitals in the non-unionized category experience union organizational activity from time to time, we do not expect such efforts to materially affect our future operations.

Intellectual Property

We have registered the "Apollo" name and logo and "Apollo Hospitals", "The Apollo Clinic", "Apollo Pharmacy" and "Apollo Health City" names as trademarks and the "Apollo" name as a service mark, under the Trade Marks Act, 1999, as amended.

Pursuant to an agreement dated April 5, 2001, we have authorized Apollo Health and Lifestyle to use the "Apollo" name, logo and trademarks for the business activities of Apollo Health and Lifestyle, which includes sub-licensing the "Apollo" name, logo and trademarks to the franchisees of Apollo Health and Lifestyle's primary care clinics.

Ethical and Compliance Program

We have developed ACE @ 25, a quality and care assessment and management scorecard, and implemented it throughout our network of hospitals. Through ACE @ 25, we aim to continuously assess the quality of care and services received by our patients to ensure that we deliver consistently high quality service and achieve clinical excellence throughout our network of hospitals. ACE @ 25 assesses performance based on 25 clinical parameters including ALOS, coronary artery bypass surgery mortality rates, ALOS post renal transplant and the survival rate of liver transplant patients one year after surgery. 25 of our hospitals have completed one year of reporting of clinical parameters under ACE @ 25. An Apollo Clinical Audit Team of 15 auditors from 12 different locations was formed to carry out the audit across our hospitals and review the data, methodology and definitions used by each of the participating hospitals.

To stimulate academic and research activities across our network, we have implemented policies on academics and research, including grants, citations and awards.

We have standardized our pain management policy, infection control policies, blood transfusion policy, radiation policy and antimicrobial guidelines policy and implemented such policies throughout our hospitals.

Corporate Social Responsibility

We have undertaken several initiatives as part of our commitment to improving social welfare.

The following are examples of our recent initiatives:

- The "Billion Hearts Beating" campaign, a corporate social initiative undertaken by the Company in association with the Times of India Foundation to raise awareness of heart disease in the country, won the "Best Marketing Campaign of the Year" award at the World Brand Congress 2010.

- We signed a memorandum of understanding with the Government of India to set up "Central Government Health Scheme – Apollo Dialysis Clinics" to provide specialized services to kidney patients enrolled under the Central Government Health Scheme.

- In support of "SACH - Save A Child's Heart", we have performed around 2,500 cardiac surgeries on underprivileged children with serious congenital heart diseases and borne the medical expenses related to such surgeries.

Professional and General Liability Insurance

We maintain general liability insurance policies on our properties including hospitals, buildings, clinics, medical and other equipment and fixtures, consumables and other inventories covering fire and other contingencies such as riot, strike, flood, fire, other natural and accidental risks. We also have general liability coverage against personal accident, group medical, fidelity, burglary and vehicle risks, which we believe are prudent for our business. We maintain comprehensive insurance coverage which is provided by four state-owned Indian insurance companies and certain private insurers with a total coverage of up to ₹ 25,023 million. Our insurance policies are renewable annually.

We are subject to lawsuits, claims and legal actions by patients in the ordinary course of business. Accordingly, we maintain a professional liability insurance cover to the extent of ₹ 750 million and paid an annual premium of approximately ₹ 5.1 million for fiscal 2011. This insurance covers liability arising from doctors, consultants, nurses and other professionals in providing medical care services.

We also maintain group medical insurance policy for employees and dependents relating to their hospitalization. In addition, we have an accident insurance policy for employees and their dependents.

Health and Environmental Regulation and Initiatives

We are subject to extensive, evolving and increasingly stringent health and environmental laws and regulations governing our services, processes and facilities. Some of these laws and regulations can broadly be described as follows:

- Healthcare laws (including the Indian Medical Council Act, 1956, Radiation Protection Rules, 1971, Transplantation of Human Organs Act, 1994, Drugs and Cosmetics Act, 1940, the Drugs (Control) Act, 1950 and the Pharmacy Act, 1948).

- Environmental laws (including the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974).

- Safety laws (including the Hazardous Wastes (Management and Handling) Rules, 1989 and the Bio-Medical Waste (Management & Handling) Rules, 1998).

- Labor laws (including the Industrial Disputes Act, 1947 and the Workmen's Compensation Act, 1923).

The various laws and regulations applicable to us address, among other things, waste water discharges, the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous bio-medical materials and waste, workplace conditions and employee exposure to such substances.

Subsidiaries

Apollo Health and Lifestyle Limited

Apollo Health and Lifestyle, which commenced its operations in 2002, is a wholly-owned subsidiary of the Company providing primary healthcare services, such as clinical and diagnostic services. See section titled "**Business - Our Services - Other Services - Primary care clinics**".

In fiscal 2011, Apollo Health and Lifestyle accounted for ₹ 154.43 million or 0.59% of our revenues.

*Unique Home Health Care Limited ("**UHHCL**")*

UHHCL is a wholly-owned subsidiary of the Company incorporated in 1995 which provides healthcare services, including, doctor's consultation, nursing services, physiotherapy and medical equipment direct to patients' homes. It also offers paramedical services in hospitals to critically ill patients.

In fiscal 2011, UHHCL accounted for ₹ 19.53 million or 0.07% of our revenues.

*AB Medical Centers Limited ("**AMC**")*

AMC is a wholly-owned subsidiary of the Company incorporated in 1974. Under the terms of a lease agreement dated March 31, 2009, AMC has leased its infrastructural assets to the Company to be used in the operation of the FirstMed Hospital in Chennai which provides secondary care hospital services, for a lease term of three years at ₹ 600,000 per month. Currently, AMC does not conduct any other business.

In fiscal 2011, AMC recorded ₹ 6.55 million in revenues.

*Samudra HealthCare Enterprises Limited ("**SHEL**")*

SHEL is a wholly-owned subsidiary of the Company incorporated in 2003. SHEL operates a 120-bed multi-specialty hospital at Kakinada. In fiscal 2011, SHEL accounted for ₹ 263.31 million or 1.0% of our revenues.

*Apollo Hospital (UK) Limited ("**AHUKL**")*

AHUKL is a wholly-owned UK-based subsidiary of the Company incorporated in 2004 and has yet to commence its operations.

*Imperial Hospital & Research Centre Limited ("**IHRCL**")*

IHRCL is a 51% owned subsidiary of the Company in which the Company acquired a controlling interest pursuant to a subscription-cum-shareholders agreement dated January 18, 2006. IHRCL owns and operates a 300-bed multi-specialty hospital at Bengaluru. The Company has entered into an operations and management agreement with IHRCL dated January 18, 2006, under which the Company will provide certain consultancy and management services to IHRCL. In fiscal 2011, IHRCL accounted for ₹ 875.25 million or 3.34% of our revenues.

*Pinakini Hospitals Limited ("**PHL**")*

PHL is a 74.94% owned subsidiary of the Company in which the Company acquired a controlling interest pursuant to a share purchase agreement, dated June 18, 2008. As a part of its strategy to extend its network to the Tier II cities in India, the Company intends to build a hospital in Nellore. In fiscal 2011, PHL has yet to commence its operations.

*Apollo Cosmetic Surgical Centre Private Limited ("**ACSPL**")*

ACSPL is a 61% owned subsidiary of the Company in which the Company acquired a controlling interest pursuant to a shareholders agreement dated September 1, 2009. ACSPL provides comprehensive treatments and surgeries for a range of cosmetic enhancements through operating cosmetic surgical centers located in Chennai. In fiscal 2011, ACSPL accounted for ₹ 14.65 million or 0.06% of our revenues.

*Alliance Medicorp (India) Limited ("**AMI**")*

AMI is a 51% owned subsidiary of the Company in which the Company acquired a controlling interest pursuant to a share purchase agreement dated December 23, 2008. AMI operates dialysis clinics in Chennai. In fiscal 2011, AMI accounted for ₹ 102.32 million or 0.39% of our revenues.

Joint Ventures

*Apollo Hospitals International Limited ("**AHIL**")*

AHIL is a 50:50 joint venture between the Company and Cadila Pharmaceuticals Limited ("**CPL**") pursuant to a shareholders agreement dated April 13, 2006 entered into between the Company, UHHCL and CPL, and was incorporated to cater to the healthcare needs of the western part of India. We directly hold 8% equity interest and indirectly hold 42% equity interest through UHHCL. AHIL owns and operates a 320-bed multi-specialty hospital and diagnostic centre in Ahmedabad. This hospital commenced its operations in 2004.

Our participating interest, including the investment of our wholly-owned subsidiary, UHHCL, in AHIL was valued at ₹ 237.1 million as of March 31, 2011. As of March 31, 2011, AHIL had an issued share capital of ₹ 584.67 million and accumulated losses of ₹ 637.09 million. AHIL had losses after tax of ₹ 69.68 million in fiscal 2011. The Company did not receive any dividends from AHIL in fiscal 2011.

In fiscal 2011, AHIL accounted for ₹ 421.78 million or 1.61% of our revenues.

*Apollo Gleneagles Hospital Limited ("**Apollo Gleneagles**")*

Apollo Gleneagles is a 50:50 joint venture between the Company and Gleneagles Development Pte Limited ("**GDPL**"), a member of The Parkway Group, which was established to provide international quality healthcare services in Kolkata and its neighboring regions. The Parkway Group, through its group companies, manages and provides consultancy services to, hospitals and other healthcare facilities in countries including Singapore, Brunei, Vietnam, Malaysia, Indonesia and India.

We acquired our equity interest in Apollo Gleneagles in 2002 and the hospital commenced its operations in 2003. The hospital is a multi-specialty, fully equipped 425-bed hospital offering emergency care, ambulance and diagnostic services to the West Bengal region.

We are party to a shareholders' agreement dated July 30, 2002 and supplemental agreement dated December 30, 2002, with GDPL in respect of Apollo Gleneagles which includes terms of a customary nature, including the right of each shareholder to appoint three of six directors. The shareholders' agreement also restricts us from competing with Apollo Gleneagles' business in the West Bengal area (although this restriction does not apply to certain existing contracts that we have in place).

Our shareholding in Apollo Gleneagles is subject to a share pledge in favor of Housing Development Finance Corporation Limited ("**HDFC Limited**") as security for the borrowings of Apollo Gleneagles. We have also given HDFC Limited an undertaking not to dispose of our shareholding in Apollo Gleneagles or withdraw from the management of Apollo Gleneagles in connection with this loan facility without their prior approval.

In fiscal 2011, Apollo Gleneagles accounted for ₹ 825.65 million or 3.15% of our revenues.

*Apollo Gleneagles PET-CT Private Limited ("**AGPCL**")*

AGPCL commenced its operations in July 2005 and is a 50:50 joint venture between the Company and Parkway Healthcare (Mauritius) Limited, a member of The Parkway Group pursuant to a shareholders agreement dated March 26, 2005. AGPCL provides high-end medical diagnostic services through its PET-CT Radio Imaging Centre in Hyderabad.

In fiscal 2011, AGPCL accounted for ₹ 31.37 million or 0.12% of our revenues.

*Apollo Munich Health Insurance Company Limited ("**AMHICL**")*

We own 11.01% equity interest in AMHICL, which was incorporated in 2006 as Apollo DKV Insurance Company Limited and subsequently changed its name to AMHICL in 2009, in a joint venture with Munich Health Holding AG (which currently owns 25.53% equity interest) and Apollo Energy Limited (which currently owns 63.46% equity interest) pursuant to a joint venture agreement dated October 11, 2006. AMHICL's objective is to provide comprehensive health insurance solutions for individuals as well as corporate houses and personal accident plans and travel insurance for individuals, families and senior citizens. AMHICL obtained regulatory approval from the Insurance Regulatory and Development Authority of India to undertake general insurance business in August 2007 and commenced its operations in November 2007.

In fiscal 2011, AMHICL accounted for ₹ 181.34 million or 0.69% of our revenues.

*Western Hospitals Corporation Private Limited ("**WHCPL**")*

We own 40% equity interest in WHCPL which was formed as a joint venture pursuant to a shareholders agreement dated January 24, 2007 entered into with Eleanor Holdings with the objective of promoting greenfield hospital project-related initiatives in Maharashtra.

It has a paid up share capital of ₹ 180 million. In fiscal 2011, WHCPL did not earn any revenues.

*Quintiles Phase One Clinical Trials India Private Limited ("**QPL**")*

QPL was formed as a 60:40 joint venture pursuant to a shareholders agreement dated January 27, 2009 entered into with Quintiles, Mauritius Holdings Inc with the objective of conducting Phase 1 clinical trials, on behalf of pharmaceutical companies, on a contractual basis in India.

It has a paid up share capital of ₹ 252 million. In fiscal 2011, QPL did not earn any revenues.

*Apollo Lavasa Health Corporation Limited ("**ALHCL**")*

ALHCL was formed as a joint venture pursuant to a shareholders agreement dated September 21, 2007 entered into with Lavasa Corporation Limited with the objective of setting up a healthcare city at Lavasa, a hill station near Pune. We currently own 34.66% of ALHCL.

It has a paid up share capital of ₹ 11.62 million. In fiscal 2011, it accounted for ₹ 2.5 million or 0.01% of our revenues.

Associates

Apollo Health Street Limited

Apollo Health Street, our associate in which we own a 39.38% equity interest as of March 31, 2011, offers comprehensive mBPO services. See section titled "**Business—Our Services—Other Services—Medical Business Processing Outsourcing**" above. Apollo Health Street commenced its operations in 2000. We directly hold 38.69% equity interest and indirectly hold 0.69% equity interest through UHHCL.

We are party to a shareholders agreement dated April 14, 2005, a restated shareholders agreement dated January 8, 2007 and a subscription agreement dated June 14, 2005, with Maxwell (Mauritius) Pte Ltd and Eliza Holdings in respect of Apollo Health Street.

In fiscal 2011, Apollo Health Street had revenues of ₹ 4,476.33 million.

*Family Health Plan Limited ("**Family Health Plan**")*

Family Health Plan, our associate in which we own a 49% equity interest as of March 31, 2011, provides healthcare-related third party administration ("**TPA**") services. PCR Investments Limited, one of our substantial shareholders, owns 25% of Family Health Plan, with other substantial shareholders including Spectra Hospital Services Limited (11%) and Citadel Health Limited (9.3%).

Family Health Plan commenced its operations in 1995. Family Health Plan is licensed by the Insurance Regulatory and Development Authority of India. Family Health Plan is India's first International Organization for Standardization (ISO) certified TPA.

In fiscal 2011, Family Health Plan had revenues of ₹ 292.18 million.

*Indraprastha Medical Corporation Limited ("**Indraprastha**")*

We own 21.06% of Indraprastha, a listed company which owns and operates the Indraprastha Apollo Hospital which commenced its operations in July 1996 and has become one of the largest corporate hospitals in Asia. It is the third specialty tertiary care hospital we have set up and was established jointly with the Government of Delhi. As of March 31, 2011, other major shareholders in Indraprastha included the Promoter Group (3.94%) and the President of India (26.0%), with 49.00% of Indraprastha's shares being held by the public, which includes financial institutions and corporations.

The hospital has capacity for 748 beds and has a comprehensive range of diagnostic, medical and surgical facilities.

In fiscal 2011, Indraprastha had revenues of ₹ 3,366.44 million.

*StemCyte India Therapautics Private Limited ("**SITPL**")*

We own a 13.05% equity interest in SITPL pursuant to a shareholders agreement dated March 1, 2008 entered into with, among others, the Company and StemCyte Inc. SITPL was incorporated in 2008 in association with StemCyte Cyprus Limited (which holds 73.90% equity interest of SITPL) and Cadila Pharmaceuticals Limited (which holds 13.05% equity interest of SITPL).

SITPL's objective is to set up a state-of-the-art umbilical cord blood bank at Ahmedabad. SITPL will process and store umbilical cord blood units that will be used to treat patients around the world.

In fiscal 2011, SITPL had revenues of ₹ 27.49 million.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors

As per the Articles of Association and subject to the provisions of Section 252 of the Companies Act, the number of Directors shall not be less than three and more than 20, unless otherwise determined by the Company in the general meeting. At present, the Company has 14 Directors (excluding the alternate director) including five Executive Directors and nine Non-Executive Directors.

At every Annual General Meeting of the Company, one-third of the Directors are liable to retire by rotation for the time being or, if their number is not three or multiple of three, then the number nearest to one-third shall retire from office. The Directors are not required to hold any of the Equity Shares to qualify to be a Director.

The following table provides information about the Directors as of the date of this Placement Document:

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Designation
1.	Dr. Prathap C. Reddy **Address:** 19 Bishop Gardens Raja Annamalaipuram Chennai 600 028 **DIN**: 0003654 **Term**: Not liable to retire by rotation **Nationality**: Indian	79	Executive Chairman
2.	Preetha Reddy **Address:** 5 Subba Rao Avenue II Street, Nungambakkam Chennai 600 006 **DIN**: 00001871 **Term**: For a period of five years from February 3, 2011 subject to approval of the shareholders in the Annual General Meeting to be held on July 22, 2011 **Nationality**: Indian	53	Managing Director
3.	Suneeta Reddy **Address:** 5 Subba Rao Avenue II Street, Nungambakkam Chennai 600 006 **DIN:** 0001873 **Term:** For a period of five years from February 3, 2011 subject to approval of the shareholders in the Annual General Meeting to be held on July 22, 2011 **Nationality:** Indian	52	Joint Managing Director with effect from June 1, 2011 subject to approval of the shareholders at the annual general meeting to be held on July 22, 2011.

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Designation
4.	Sangita Reddy **Address:** H. No.8-2-674/B212 Road No. 13, Banjara Hills Hyderabad 500 034 **DIN**: 0006285 **Term**: For a period of five years from February 3, 2011 subject to approval of the shareholders in the Annual General Meeting to be held on July 22, 2011 **Nationality**: Indian	48	Executive Director, Operations
5.	Shobana Kamineni **Address:** No.10-3-316-A Masab Tank Hyderabad 500 028 **DIN**: 0003836 **Term**: For a period of five years from February 1, 2010 **Nationality**: Indian	50	Executive Director, Special Incentives
6.	N. Vaghul **Address:** Flat No.3 Sudharsan Apts. No.63 I Main Road, R.A Puram Chennai 600 028 **DIN**: 00002014 **Term**: For a period of three years from July 26, 2010 **Nationality**: Indian	75	Independent Director
7.	Habibullah Badsha **Address:** New No.7 (Old No.3) Leith Castle Street Raja Annamalaipuram Chennai 600 028 **DIN:** 0003678 **Term:** For a period of three years from July 26, 2010 **Nationality:** Indian	78	Independent Director
8.	Deepak Vaidya **Address:** 906, Maker Chambers V Nariman Point Mumbai 400 021 **DIN**: 00337276 **Term**: For a period of three years from August 26, 2009 **Nationality**: Indian	66	Independent Director

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Designation
9.	Rajkumar Menon **Address:** No. 1-C Dev Apartments 1st Floor, New No. 5 Prithivi Avenue, 1st Street Alwarpet Chennai 600 018 **DIN**: 0002897 **Term**: For a period of three years from July 26, 2010 **Nationality**: Indian	67	Independent Director
10.	Rafeeque Ahamed **Address:** 10 Kothari Road Nungambakkam High Road Chennai 600 034 **DIN**: 00013749 **Term**: For a period of three years from August 26, 2009 **Nationality**: Indian	64	Independent Director
11.	T.K. Balaji **Address:** 34 Poes Gardens Chennai 600 084 **DIN**: 00002010 **Term**: For a period of three years from July 26, 2010 **Nationality**: Indian	63	Independent Director
12.	Khairil Anuar Abdullah **Address:** KFH Asset Management Sdn Bhd Level 18, Tower 2, Etiqa Twins 11 Jalan Pinang, P.O. Box 10103 50704 Kuala Lumpur Malaysia **DIN:** 00054217 **Term:** For a period of three years from July 26, 2010 **Nationality:** Malaysian	60	Independent Director
13.	G. Venkatraman **Address:** Flat No. 802 Chembur Gulmarg Co-operative Housing Society R C Marg, Chembur Naka Mumbai 400 071 **DIN:** 00010063 **Term:** For a period of three years from August 28, 2008 **Nationality:** Indian	67	Independent Director

Sr. No.	Name, Address, DIN, Term and Nationality	Age	Designation
14.	Sandeep Naik **Address:** Apax Partners In Advisers Private Limited 2nd Floor, Devchand House, Shivsagar Estate Dr Annie Besant Road, Worli Mumbai 400 018 **DIN:** 02057989 **Term:** For a period of three years from July 26, 2010 **Nationality:** United States citizen	38	Non - Executive Director
15.	Michael Fernandes **Address:** Khazanah India Advisors Private Limited 17th Floor, Express Towers Nariman Point Mumbai 400 021 **DIN:** 00064088 **Term:** For a period of three years from January 30, 2009 **Nationality:** Indian	42	Independent Director (Alternate Director to Khairil Anuar Abdullah)

Brief Biographies

Dr. Prathap C. Reddy, 79, is the Executive Chairman of the Company. He is the founder of the Apollo Group, India's first corporate hospital group. Dr. Reddy holds a Bachelor's degree in Medicine and Surgery from Stanley Medical College, Madras and is a Fellow of the Royal College of Surgeons, Edinburgh. He practiced as a cardiologist in USA before founding the Apollo Group. In recognition of his services, he was awarded with Padma Bhushan in 1991 and the prestigious Padma Vibhushan award by the Government of India in 2009. Late Mother Teresa awarded Dr. Reddy with the Citizen of the Year award for the year 1993-94. Dr. Reddy was also presented with the Sir Nilrattan Sircar Memorial Oration Award for medical excellence by the Journal of the Indian Medical Association in the year 1998. In the same year, he was also nominated by Business India as one of the top fifty personalities who have made a difference to the country in the fifty years since Independence. He has been on the Board since the year 1979.

Preetha Reddy, 53**,** is the Managing Director of the Company with effect from February 3, 2011 subject to approval of the shareholders in the Annual General Meeting to be held on July 22, 2011. She received her Bachelor's degree in Science in Chemistry from Madras University and a Master's degree in Public Administration from Annamalai University. She was a chief executive officer of erstwhile Indian Hospitals Corporation Limited and has over 28 years of work experience. She has been instrumental in getting JCI accreditation for Apollo Hospitals, Greams Road, Chennai. She plays a key role in the Apollo Group's corporate social responsibilities including spearheading Save a Child's Heart aimed at providing economic succor to children from the economically under privileged sections of society. She was awarded the outstanding personality award by the Indian Medical Association in 1999 and received the Good Samaritan Award from Rotary Club in 1999. Ms. Reddy has been conferred with a degree of Doctor of Science (Honoris Causa) by Dr. MGR Medical University. She has been on the Board since the year 1989.

Suneeta Reddy, 52, has been appointed as the Joint Managing Director of the Company with effect from February 3, 2011 subject to approval of the shareholders at the annual general meeting to be held on July 22, 2011. She focuses on corporate strategy in addition to funding initiatives of the Company. She received her Bachelor's degree in Arts in Economics and Marketing. She also holds a Diploma in Financial Management from the Institute of Financial Management and Research, Chennai and has completed the Owner/President Management Program at Harvard Business School, Boston, USA. She was the joint managing director of erstwhile Indian Hospitals Corporation Limited and has over 26 years of work experience. Ms. Reddy has spearheaded many initiatives in the

field of healthcare and hospitality and is an active member of industry bodies representing the healthcare sector. She has held leadership positions including co-chairperson of Healthcare Sub Committee - Confederation of Indian Industry and a member in National Committee on Healthcare. She is currently the chairperson of Aircel Cellular Limited. She has been on the Board since the year 2000.

Sangita Reddy, 48, is the Executive Director (Operations) of the Company with effect from February 3, 2011 subject to approval of the shareholders in the Annual General Meeting to be held on July 22, 2011. She has the responsibility of overseeing the operational activities and information technology initiatives of the Company. She holds a Bachelor's degree in science from Women's Christian College. She also holds a Diploma in Hospital Management conducted by Harvard University, Boston, USA. She was the managing director of erstwhile Deccan Hospitals Corporation Limited and has over 25 years of work experience. She has also completed graduate courses in Operations Research, Rutgers University, New Jersey. She received "Young Manager of the year 1998" award from Hyderabad Management Association and award for outstanding personalities from Jaycees. She was a member of the Prime Minister's delegation to Malaysia organized by the Confederation of Indian Industries. She is a member of Hyderabad Management Association, Aids Prevention Council, Indian Society for Training & Development, Confederation of Indian Industries - Healthcare Committee, American Associate of Healthcare Executive and Committee for Standardization of digital information to facilitate implementation of telemedicine systems using information technology enabled services, Ministry of Information Technology, Government of India. She has been on the Board since the year 2000.

Shobana Kamineni, 50, is the Executive Director (Special Initiatives) of the Company. She has the responsibility of overseeing strategic initiatives planned by the Apollo Group. Ms. Kamineni is currently involved with the pharmaceutical retailing, supply chain management, clinical trials, research and the Apollo Group's foray into Health Insurance (Apollo Munich Health Insurance in collaboration with Munich Re). She holds a Bachelor's degree in Economics and completed a course in Accelerated Hospital Management from Columbia University, USA and has over 20 years of experience in the healthcare industry. Her experience has largely been in the sphere of project management wherein she established most of the Apollo Group's large projects. Ms. Kamineni was the chair person of Confederation of Indian Industries (Southern Region) and has also chaired the Confederation of Indian Industries National Committee on Entrepreneurship. She has been on the Board since the year 2010.

N. Vaghul, 75, is an Independent Director of the Company. He holds a Bachelor's degree in Commerce (Honors) from the University of Madras. He has over 50 years of experience in banking sector. He began his career in State Bank of India and subsequently became the Executive Director of Central Bank of India. He was the Chairman of ICICI from 1985 till 2009. During this period, he was instrumental in starting an investment bank, a commercial bank, a venture capital company and an asset management company, as a part of Industrial Credit & Investment Corporation of India. He was also responsible for promotion of India's first credit rating company CRISIL. In recognition of his pioneering efforts, he was selected as the "Business Man of the Year" in 1992 by Business India and has been conferred the "Lifetime Achievement Award" by Economic Times in 2006. He was given an award for his contribution to Corporate Governance by the Institute of Company Secretaries in 2007. He was given the Lifetime Achievement Award by the "Ernst & Young Entrepreneur of the Year Award Program" in 2009. He was awarded Padma Bhushan by the Government of India in 2009. He has been on the Board since the year 2000.

Habibullah Badsha, 78, is an Independent Director of the Company. He holds a Bachelor's degree in law from the University of Madras and has obtained a Master's degree in Islamic History from Presidency College, Chennai. He has previously served as senior central government standing counsel, public prosecutor, State of Tamil Nadu, special prosecutor for customs, excise and enforcement and advocate general of Tamil Nadu. He has over 50 years of experience including experience as senior central government standing counsel, public prosecutor, State of Tamil Nadu, special prosecutor for customs, excise and enforcement and advocate general of Tamil Nadu and is currently practicing as a senior counsel in the Madras High Court. He has been on the Board since the year 2001.

Deepak Vaidya, 66, is an Independent Director of the Company. He is qualified as a Fellow of the Institute of Chartered Accountants (England and Wales) and holds a Bachelor's degree in Commerce from the Bombay University. Mr. Vaidya is currently a consultant of Symphony partners (Asia) Private Limited. He is also a director on the board of Apollo Gleneagles Hospitals Limited, Orchid Chemicals & Pharmaceuticals Limited and chairman of Strides Arcolab Limited and Arc Advisory Services Limited. He has over 20 years of corporate experience in the financial field in India and abroad. He has been on the Board since the year 2000.

Rajkumar Menon, 67, is an Independent Director of the Company. He holds a Bachelor's degree in Science from St. Nicholas College, Somerset, England and he is currently working as Chairman-cum-Managing Director of Tokushu Menon Paper Manufacturing Company Limited. He has over 30 years of work experience in healthcare sector. He has been on the Board since the year 1979.

Rafeeque Ahamed, 64, is an Independent Director of the Company. He holds a Bachelor's degree from the Madras University. He is the chairman of Farida Group of Companies consisting of tanneries and footwear units. Mr. Ahamed is also the chairman of Tamil Nadu State Council, Federation of Indian Chambers and Commerce & Industry and president of All India Skins and Hides and Tanners Merchants Association. He has been awarded Padma Shri by the Government of India. He has over 50 years of experience in leather industry. He has been on the Board since the year 1979.

T.K. Balaji, 63, is an Independent Director of the Company. He holds a Bachelor's degree in Mechanical Engineering and has completed Business Management Studies from Indian Institute of Management, Ahmedabad where he was awarded a Gold Medal for outstanding scholastic performance. Currently, he is the Managing Director of Lucas-TVS Limited. Mr. Balaji has had over 30 years of experience in the automotive industry and has served as President of Automotive Component Manufacturers Association of India, as a member of Development Council for Automobiles and Allied Industries and as a member of CII National Council. In recognition of his contribution to the development of Automotive Component Industry, he was conferred a special award by the FIE Foundation of Maharashtra. He has been on the Board since the year 2001.

Khairil Anuar Abdullah, 60, is an Independent Director of the Company. He holds a Bachelor's degree in Economics from the University of Malaya and has obtained a Master's degree in business administration from Harvard Business School, Boston, USA. Mr. Abdullah served with the Economic Planning Unit, Prime Minister's Department, Malaysia in various positions including human resource development, econometrics, macro-economic planning and application of information technology, development planning etc. A fellow of the Malaysian Institute of Banks and a life member of the Malaysian Economic Association, he serves on the committee of the Harvard Club Malaysia. Mr. Abdullah was appointed as the founding chairman of MESDAQ Berhad, Malaysia's securities exchange for technology and growth companies till it merged with the Kuala Lumpur Stock Exchange in 2003. He has over 39 years of experience including diverse range of government and corporate experience. He has been on the Board since the year 2005.

G Venkatraman, 67**,** is an Independent Director of the Company. He holds a Bachelor's degree in Economics and holds a Master's degree in Law from the University of Bombay. He has also completed certificated Associateship of the Indian Institute of Bankers. He served with IDBI and retired as its Chief General Manager in November 2004 after 39 years of developmental banking experience. He has been on the Board since the year 2005.

Sandeep Naik, 38, is a Non-Executive Director of the Company and is a nominee of Apax Mauritius FDI One Limited. He holds a Bachelor's degree in Technology in Instrumentation Engineering from University of Bombay and a Master's degree in bio-medical engineering from Medical College of Virginia and a Masters degree in management from Wharton School of Business, Pennsylvania, USA. Sandeep Naik works for Apax Partners, a global private equity firm and is currently the Co-Head of the India office leading their investments in Healthcare, Financial & Business Services and Retail and Consumer group. Prior to joining Apax Partners, he worked at Medtronic, Mayo Clinic and McKinsey and also co-founded a medical device start-up, Infrascan. Mr. Naik joined Apax Partners in 2004. He is also the co-founder of the India office of Apax Partners and manages their investments in healthcare, financial and business services and retail & consumer group. He has over 15 years of experience in finance sector. He has been on the Board since the year 2009.

Michael Fernandes, 42, is an Alternate Director to Khairil Anuar Abdullah. He holds a Bachelor's degree in Science with Honors in Economics from St Xavier's College, Calcutta University and a post graduate diploma in management from the Indian Institute of Management, Kolkata. He joined Khazanah Nasional as an Executive Director, Investments Division in April 2008. He is the country head for India and also in charge of the healthcare portfolio of Khazanah.

Relationship between our Directors

Other than those provided below, none of the Directors are related to each other:

Name of the Director	Relationship with other Directors
Dr. Prathap C Reddy	Father of Preetha Reddy, Suneeta Reddy, Sangita Reddy and Shobana Kamineni
Preetha Reddy	Daughter of Dr. Prathap C Reddy and sister of Suneeta Reddy, Sangita Reddy and Shobana Kamineni
Suneeta Reddy	Daughter of Dr. Prathap C Reddy and sister of Preetha Reddy, Sangita Reddy and Shobana Kamineni
Sangita Reddy	Daughter of Dr. Prathap C Reddy and sister of Preetha Reddy, Suneeta Reddy and Shobana Kamineni
Shobana Kamineni	Daughter of Dr. Prathap C Reddy and sister of Preetha Reddy, Suneeta Reddy and Sangita Reddy

Borrowing Powers of the Board

The Company has resolved by way of a resolution dated June 12, 2006 passed at the extraordinary general meeting of the Company, that pursuant to the provisions of Section 293(1)(d) of the Companies Act, the Board is authorised to borrow moneys from banks/financial institutions, subject to an absolute monetary limit of ₹ 20,000 million at any given point in time.

Shareholding of Directors

The following table sets forth the shareholding of the Directors as of March 31, 2011:

Name of Directors	Number of Equity Shares	Percentage of total shareholding of the Company	Outstanding warrants
Dr. Prathap C Reddy	3,159,300	2.53	6,366,164
Preetha Reddy	3,366,540	2.70	-
Suneeta Reddy	3,001,590	2.41	-
Sangita Reddy	4,972,508	3.99	-
Shobana Kamineni	2,189,952	1.76	-
Rafeeque Ahamed	55,900	0.04	-
Habibullah Badsha	10,806	0.01	-

Terms and Compensation of the Directors

Terms of appointment of the Executive Directors

Dr. Prathap C. Reddy has been appointed as the Executive Chairman not liable to retire by rotation under the terms of the Articles of Association, with effect from December 5, 1979.

Dr. Preetha Reddy has been appointed as the Managing Director under the terms of the board resolution held on November 9, 2010, for a term of five years from February 3, 2011 subject to approval of the shareholders in the Annual General Meeting to be held on July 22, 2011.

Suneeta Reddy has been appointed as the Joint Managing Director under the terms of the board resolution held on May 24, 2011, with effect from June 1, 2011, for a term of five years from February 3, 2011 subject to approval of the shareholders in the Annual General Meeting to be held on July 22, 2011.

Sangita Reddy has been appointed as Executive Director, Operations under the terms of the board resolution held on

November 9, 2010, for a term of five years from February 3, 2011 subject to approval of the shareholders in the Annual General Meeting to be held on July 22, 2011.

Shobana Kamineni has been appointed as Executive Director, Special Incentives under the terms of the shareholders resolution dated July 26, 2010, for a term of 5 years from February 1, 2010.

The following tables set forth all compensation paid by the Company to the Executive Directors for the fiscal year 2011:

Name of Directors	Remuneration (₹ million)	Perquisites and Allowances (₹ million)	Commission (₹ million)	Total (₹ million)
Dr. Prathap C. Reddy	137.12	Nil	Nil	137.12
Dr. Preetha Reddy	54.84	Nil	Nil	54.84
Suneeta Reddy	34.27	Nil	Nil	34.27
Sangita Reddy	13.71	Nil	Nil	13.71
Shobana Kamineni	13.71	Nil	Nil	13.71

Non-Executive Directors

All Non-Executive Directors are liable to retire by rotation. The following tables set forth all compensation paid by the Company to Non-Executive Directors for the fiscal year 2011.

Name of Directors	Commission (₹ million)	Perquisites* (₹ million)	Sitting Fees (₹ million)	Total (₹ million)
N. Vaghul	0.85	-	0.26	1.11
Habibullah Badsha	0.85	-	0.18	1.03
Deepak Vaidya	0.85	-	0.30	1.15
Rajkumar Menon	0.85	-	0.40	1.25
Rafeeque Ahamed	0.85	-	0.12	0.97
T.K. Balaji	0.85	-	0.14	0.99
Khairil Anuar Abdullah	0.85	-	0.10	0.95
G Venkatraman	0.85	-	0.34	1.19
Sandeep Naik	0.85	-	0.16	1.01
Michael Fernandes	-	-	-	-
Steven J Thompson*	0.73	-	0.04	0.77

**Ceased to be director with effect from February 11, 2011*

Changes in the Directors

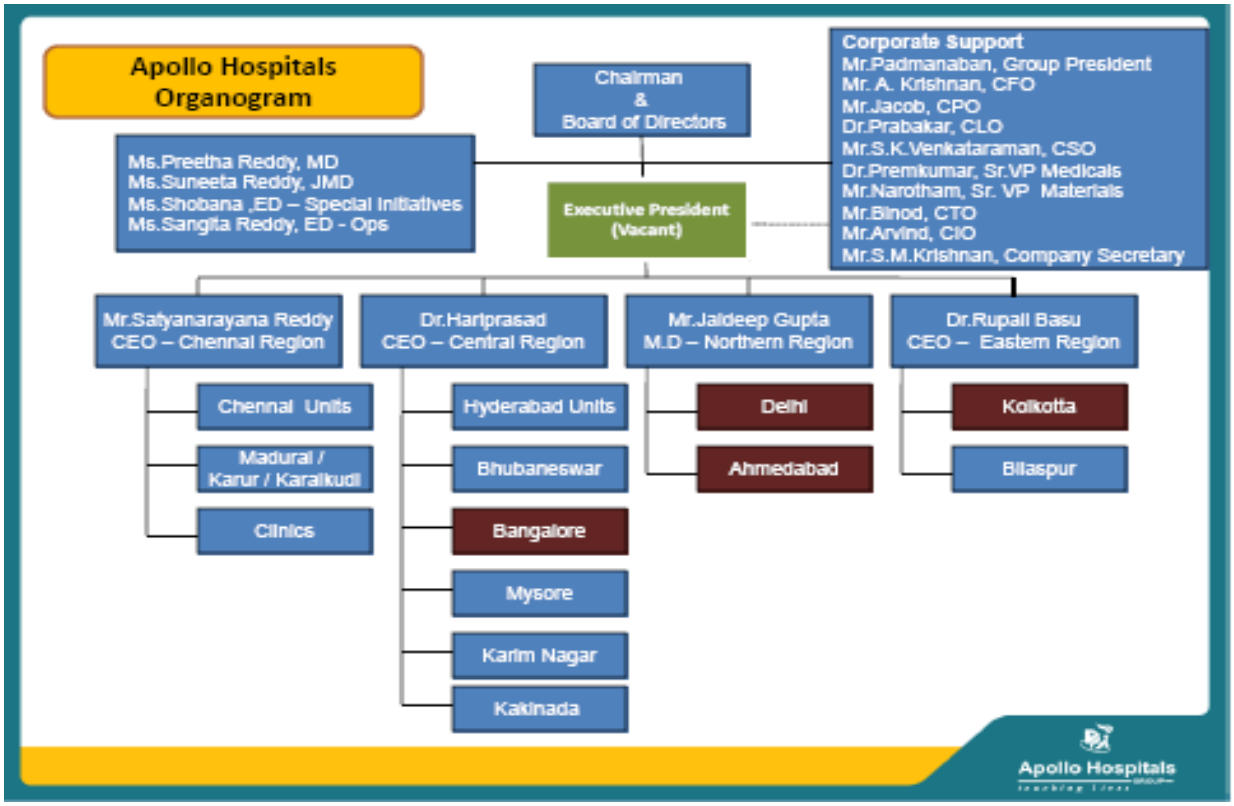
Name of the Director	Date of change	Reasons for change
Neeraj Bharadwaj	October 29, 2009	Resignation
P. Obul Reddy	January 28, 2010	Resignation
Sandeep Naik	July 26, 2010	Regularized as the director at the Annual General Meeting
Shobana Kamineni	July 26, 2010	Regularized as the director at the Annual General Meeting
Steven Thompson	February 11, 2011	Resignation

Interest of Directors

Other than as disclosed in this Placement Document, as of March 31, 2011, there were no outstanding transactions other than in the ordinary course of business undertaken by the Company, in which the Directors were interested parties.

There are no existing or potential conflicts of interest between any duties owed to the Company by the Directors and the private interests or external duties of the Directors. As part of their investment portfolio, certain of the Directors and executive officers may from time to time hold direct or beneficial interests in securities of companies with which the Company has engaged or may engage in transactions, including those in the ordinary course of business. However, the Company does not believe that such holdings create a conflict of interest because transactions typically engaged between the issuers of such securities and the Company is not likely to have a material effect on the prices of such securities.

Organizational Chart of the Company



Key Managerial Personnel

The Company's key managerial personnel are as follows:

K. Padmanabhan, 59, is the Group President of the Company. He is responsible for finance and strategic initiatives across the Apollo Group. Mr. Padmanabhan holds a Bachelor's degree in Commerce from Loyola College, Madras University and a post graduate diploma in management in marketing and finance from the University of Bath, United Kingdom. Mr. Padmanabhan was formerly vice president and chief executive officer of the Bicycles Division of Tube Investments. He has a total work experience of 37 years. He has been employed with the Company since the year 1996.

S. K. Venkataraman, 51, is the Chief Strategic Officer of the Company. He received his Bachelor's degree in Applied Science from Madras University and is a qualified Chartered Accountant, company secretary and associate member of the Insurance Institute of India. Mr. Venkataraman is responsible for strategic initiatives across the Apollo Group. He served as the chief financial officer and the company secretary of the Company till April 2010, having served as the senior general manager – finance of the Company from 1997 till 2002. He has a total work experience of 26 years. He has been employed with the company since the year 1991.

Krishnan Akhileswaran, 36, is the Chief Financial Officer of the Company. He is responsible for the finance

function of the Company and its Subsidiaries. He holds a Bachelor's degree in Commerce and a Master's degree in Management in Finance, both from the Bombay University. He is also a qualified Cost Accountant and Certified Treasury Manager. Mr. Krishnan has around 15 years of experience (i) in finance; (ii) in planning, controlling, mergers and acquisitions, accounting, monthly income statement, costing and investor relations and has worked in various roles in organizations such as Firstsource Solutions Limited, Mahindra and Mahindra Limited and Leo Burnett. He has been employed with the Company since the year 2010.

S. M. Krishnan, 42, is the General Manager (Project Finance) and the Company Secretary of the Company. He is responsible for secretarial function, monitoring and reporting all aspects of projects undertaken by the Company. He holds a Bachelor's degree in Commerce and is an associate member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and the Institute of Cost & Works Accountants of India. He has over 18 years experience in the areas of finance, costing, taxation, accounting and secretarial functions. He has a total work experience of 19 years. He has been employed with the Company since the year 2010.

V. Satyanarayana Reddy, 51, is the Chief Executive Officer (Chennai Division) of the Company. He is responsible for operation of the hospital in the Chennai region. He holds a Bachelor's degree in Agriculture from Dr. Panjabrao Deshmukh Krishi Vidyapeeth and a Master's degree in Management in Personnel and Industrial Relations from Annamalai University and a Master's degree in Hospital & Health Systems Management from Birla Institute of Technology and Science, Pilani conducted by Tulane University, USA. Mr. Reddy was associated with a transport firm prior to joining the Company. He has a total work experience of 26 years. He has been employed with the Company since the year 1989.

Dr. K. Hariprasad, 47, is the Chief Executive Officer (Central Division) of the Company. He is responsible for operations of the hospital in the Central region. Dr. Hariprasad received his Bachelor's in Medicine and Surgery degree from Kasturba Medical College. Prior to holding the designation as aforesaid in the Company, he served as the vice president - medical of the Company since 2003. He has previously served as our Consultant Anaesthesiology and Critical Care and our Director of Emergency Services. He has a total work experience of 19 years. He has been employed with the Company since the year 1999.

Dr. Rupali Basu, 48, is the Chief Executive Officer – Eastern Region of the Company. She is responsible for operations of the hospitals in the Eastern Region. Dr. Basu has received her Bachelor's degree in medicine and Bachelor's degree in surgery from the Calcutta University. Prior to joining the Company, she was associated with Wockhardt Hospitals. She has a total work experience of 19 years. She has been employed with the Company since the year 2008.

Dr. K. Prabakar, 57, is the Chief Learning Officer of the Company. He is responsible for education initiatives across the Apollo Group. Prior to that, he served as the Vice President (Human Resources) of the Company since 2002. Prior to that, he served as the Director (Human Resources) of the Company from 1997. Dr. Prabakar received Bachelor's degree in Law, Diploma in Training and Development, Diploma in Administrative and Labour Laws and Doctorate in Anthropology, Management (Inter-disciplinary) from Madras University and a Post Graduate Diploma in Social Work. Prior to joining the healthcare industry, Dr. Prabakar gained experience in the plantation, mines, textiles, engineering and banking industries. He has a total work experience of 34 years. He has been employed with the company since the year 1986.

Jacob Jacob, 39, is the Chief People Officer of the Company. He is responsible for people initiatives across the Apollo Group. Mr. Jacob received his Bachelor's degree in Business Management from SDM College of Business Management, Mangalore and a Post Graduate Diploma in HRD from Academy of Human Resource Development, Ahmedabad, (Joint Programme with T.A. Pai Management Institute) and Post Graduate Diploma in Management from T.A. Pai Management Institute, Manipal. Prior to joining the Company, he has been associated with Oberoi Realty Limited, Emirates Airline, Dubai, Feedback Reach Consultancy Services Limited and Core Healthcare Limited. He has a total work experience of 12 years. He has been employed with the Company since the year 2010.

C. Sreethar, 52, is the Chief Operating Officer (Pharmacy) of the Company. He is responsible for Pharmacy operations (Hospitals based) of the Company. Prior to holding the aforesaid designation, he served as the Company's Senior General Manager (Pharmacy) from 2002 and General Manager (Pharmacy) prior to the aforesaid. Mr. Sreethar received his Bachelor's degree in Commerce from S.V. Arts College, and a Diploma in Business

Management from Datamatics Corporation, Chennai. He has a total work experience of 32 years. He has been employed with the Company since the year 1981.

P. B. Ramamoorthy, 56, is the Chief Operating Officer (Pharmacy) of the Company. He is responsible for Pharmacy Operations (Retail based). He received his Bachelor's degree in Science from Sir Thyagaraya College, University of Madras and a Master's degree in Business Administration from Madhurai Kamaraj University and a Post Graduate Diploma in Purchase and Stores Management from AP Productivity Council. Prior to joining the Company, he was associated with True Biscuits Limited. He has a total work experience of 32 years. He has been employed with the Company since the year 1985.

Binod Samal, 42, is the Chief Technology Officer of the Company. He is responsible for driving all information technology initiatives and projects of the Company. He received his Bachelor's degree in Technology from National Institute of Technology, Kurukshetra, Harayana, a Post Graduate Diploma in Management from Indian Institute of Technology, Roorkee and has completed a two year full time management program from S.P. Jain Institute of Management and Research, Andheri, Mumbai and awarded Post graduate Diploma in Management. He joined Marico Industries Limited around May 1995. He was primarily responsible for handling plant quality assurance, vendor development, production planning and corporate quality assurance. He has a total work experience of 16 years. He has been employed with the Company since the year 2004.

Arvind Sivaramakrishnan, 36, is the Chief Information Officer of the Company. He is responsible for driving all information technology initiatives and projects of the company. He received his Bachelor's degree in (i) Physics from University of Madras; (ii) Technology in Electronics from Anna University and (iii) Project Management Professional from Project Management Institute, USA and (iv) Certified Six Sigma Black Belt from American Society of Quality, USA. Prior to joining the Company, Mr. Arvind was working with Computer Sciences Corporation, USA and prior to that, he was associated with Ramco Systems. He has a total work experience of 12 years. He has been employed with the Company since the year 2011.

S. Sukumar, 61, is the Chief Executive Officer of the Company. He oversees the entire projects division and provides leadership and sets in place procedures and systems for increased efficiency and in line with the corporate goals of Apollo Hospitals Group. Mr. Sukumar received his Bachelor's Degree in Civil Engineering from the University of Bhopal. Prior to joining the Company, he worked with DLF Limited as regional technical head controlling mega residential projects of 12 million sq. ft in the South region in places like Chennai, Bengaluru, Hyderabad and Cochin. He has a total work experience of 39 years. He has been employed with the Company since the year 2011.

As on March 31, 2011, except as stated below, none of the Key Managerial Personnel hold Equity Shares or warrants in the Company:

Name	Number of Equity Shares (as on March 31, 2011)	Outstanding warrants
Mr. S.K. Venkataraman	2,050	Nil
Mr. K. Padmanaban	22	Nil

None of the Directors are related to any of the Key Managerial Personnel of the Company.

Changes in the Key Managerial Personnel

Name of the Key Managerial Personnel	Designation	Date of Joining	Date of Change
R Basil	Executive President - Healthcare	January 20, 2010	March 31, 2011
C Chandrasekhar	Group President - Marketing	January 1, 2009	September 10, 2009
Dr. Pankaj S Mankad	Chief Executive Officer	October 19, 2009	May 7, 2011
S Venkatraman	Chief Executive Officer - Projects	December 13, 2007	September 2, 2009
Dr. Shenoy Robinson	Chief Operating Officer -	June 16, 2008	May 6, 2010

Name of the Key Managerial Personnel	Designation	Date of Joining	Date of Change
	Special Projects		
Pradeep Thukral	Group Head - International Marketing	August 18, 2008	June 8, 2009
Shivaprakash	Chief Operating Officer - Projects	August 6, 2008	May 12, 2010

Interest of the Key Managerial Personnel

Other than as disclosed in this Placement Document, as of March 31, 2011, there were no outstanding transactions other than in the ordinary course of business undertaken by the Company in which the Key Managerial Personnel were interested parties.

Corporate governance

The Company complies with all applicable corporate governance requirements, including the listing agreements with the Stock Exchanges and the SEBI Regulations, constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and proper constitution of committees of the Board. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The management provides the Board with detailed reports on the performance of the Company periodically.

As the Chairman of the Company is an Executive Director of the Company, at least half of the Board of Directors is required to consist of independent directors, as required under the corporate governance norms provided in Clause 49 of the Listing Agreement. Currently, the Board consists of 14 Directors (excluding the alternate director) out of which eight are Independent Directors.

The Board has held eight meetings in the fiscal year 2011.

Committees of the Board

In terms of Clause 49 of the Listing Agreement, the Company has four Board-level committees, namely: (i) Audit Committee, (ii) Investors Grievance Committee, (iii) Remuneration and Nomination Committee, (iv) Investment Committee; and (iv) Share Transfer Committee.

The Audit Committee

The Audit Committee consists of:

i. Deepak Vaidya, (*Independent Director*), Chairman;
ii. G. Venkatraman, (*Independent Director*); and
iii. Rajkumar Menon (*Independent Director*).

The Audit Committee is responsible for, among other things, oversight of the Company's financial reporting process and the disclosure of its financial information, recommending to the Board the appointment, re-appointment and removal of the auditor, reviewing the annual financial statements.

The Audit Committee has held five meetings in the fiscal year 2011.

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of:

i. N. Vaghul (*Independent Director*), Chairman;
ii. Deepak Vaidya (*Independent Director*);

iii. G. Venkatraman (*Independent Director*);
iv. Sandeep Naik (*Non-Executive Director*); and
v. Rafeeque Ahamed (*Independent Director*).

The Remuneration and Nomination Committee considers and recommends, among other things, filling up of vacancies in the Board and appointment of additional non-whole time Directors, appointment of whole time Directors and Directors liable to retire by rotation, amount of commission and fees payable to the Directors.

The Committee has held two meetings in the fiscal year 2011.

Investment Committee

Investment Committee consists of:

i. N. Vaghul (*Independent Director*); Chairman
ii. Preetha Reddy (*Managing Director*);
iii. Suneeta Reddy *(Joint Managing Director*);
iv. T.K. Balaji (*Independent Director*); and
v. Deepak Vaidya (*Independent Director*),

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

The Investment Committee has held three meetings in the fiscal year 2011.

Investor's/Shareholder's Grievance Committee

Investor's/Shareholder's Grievance Committee consists of:

i. Rajkumar Menon (*Independent Director*), Chairman;
ii. Preetha Reddy (*Managing Director*); and
iii. Suneeta Reddy (*Joint Managing Director*).

The Investor's/Shareholder's Committee specifically looks into issues such as redressing of shareholders' and investors' complaints such as transfer of shares, non-receipt of shares and non-receipt of declared funds.

The Investor's/Shareholder's Committee has held four meetings in the fiscal year 2011.

Share Transfer Committee

Share Transfer Committee consists of:

i. Dr. Prathap C Reddy, (*Executive Chairman*), Chairman;
ii. Rajkumar Menon (*Independent Director*); and
iii. Preetha Reddy (*Managing Director*).

The Share Transfer Committee has the powers to administer (i) transfer and transmission of shares; (ii) issue of duplicate certificates; and (iii) demat/remat requests.

The Share Transfer Committee attends to the share transfers and other formalities once in a fortnight.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Regulation 12(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the "**Insider Trading Regulations**"), applies to the Company and its employees and requires the Company to implement a code of internal procedures and conduct for the prevention of insider trading. The Company has implemented a code of conduct for prevention of insider trading in accordance with the Insider Trading Regulations. S.M. Krishnan, General Manager - Project Finance and Company Secretary, has been appointed to act as the compliance officer of the Company.

PRINCIPAL SHAREHOLDERS

The shareholding pattern of the Company as on June 30, 2011 is detailed in the table below:

Sr. No	Category of shareholder	Number of shareholders	Total number of Equity Shares	Number of Equity Shares held in de materialized form	Total shareholding as a percentage of total number of Equity Shares		Equity Shares pledged or otherwise encumbered	
					% of Equity Shares (A+B)[1]	% of Equity Shares (A+B+C)	Number of Equity Shares	% No. of Equity Shares
(A)	**Shareholding of Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/ Hindu Undivided Family	32	23,546,314	20,133,768	19.20	18.88	10,122,172	42.99
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	6	17,905,124	17,873,924	14.60	14.36	14,318,000	79.97
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(1)	**38**	**41,451,438**	**38,007,692**	**33.80**	**33.24**	**24,440,172**	**58.96**
(2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**38**	**41,451,438**	**38,007,692**	**33.80**	**33.24**	**24,440,172**	**58.96**
(B)	**Public shareholding[3]**							
(1)	**Institutions**							
(a)	Mutual Funds/ UTI	15	443,952	443,952	0.36	0.36	0	0.00
(b)	Financial Institutions/ Banks	9	7,536	3,640	0.01	0.01	0	0.00
(c)	Central Government/ State Government(s)	1	323,708	323,708	0.26	0.26	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	7	3,485,919	3,485,919	2.84	2.80	0	0.00
(f)	Foreign Institutional Investors	101	38,072,067	38,072,067	31.04	30.53	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(1)	**133**	**42,333,182**	**42,329,286**	**34.52**	**33.95**	**0**	**0.00**
(2)	**Non-institutions**							
(a)	Bodies Corporate	626	1,792,385	1,754,085	1.46	1.44	0	0.00
(b)	Individuals							
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	30,873	7,632,216	4,644,923	6.22	6.12	0	0.00
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	12	401,205	260,555	0.33	0.32	0	0.00

Sr. No	Category of shareholder	Number of shareholders	Total number of Equity Shares	Number of Equity Shares held in de materialized form	Total shareholding as a percentage of total number of Equity Shares		Equity Shares pledged or otherwise encumbered	
					% of Equity Shares (A+B)[1]	% of Equity Shares (A+B+C)	Number of Equity Shares	% No. of Equity Shares
(c)	Any Other (specify)							
	Trusts	13	117,970	260	0.10	0.09	NA	NA
	Directors & Their Relatives	6	91,606	91,606	0.07	0.07	NA	NA
	Non Resident Indians	1,151	2,014,954	435,870	1.64	1.62	NA	NA
	Foreign Corporate Bodies	4	26,618,012	26,618,012	21.70	21.34	NA	NA
	Clearing Member	79	47,713	47,713	0.04	0.04	NA	NA
	Hindu Undivided Families	365	131,030	131,030	0.11	0.11	NA	NA
	Overseas Corporate Bodies	1	16,199	16,199	0.01	0.01	NA	NA
	Sub-Total(B)(2)	**33,130**	**38,863,290**	**34,000,253**	**31.69**	**31.16**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**33,263**	**81,196,472**	**76,329,539**	**66.20**	**65.11**	**0**	**0.00**
	TOTAL(A)+(B)	**33,301**	**122,647,910**	**114,337,231**	**100.00**	**98.35**	**24,440,172**	**20.09**
(C)	**Equity Shares held by Custodians and against which Depository Receipts have been issued**							
C1	Promoter and Promoter group	0	0	0		0.00	0	0.00
C2	Public	1	2062800	2062800		1.65	0	0.00
	Total C=C1+C2	**1**	**2062800**	**2062800**		**1.65**	**0**	**0.00**
	GRAND TOTAL (A)+(B)+(C)	**33,302**	**124,710,710**	**116,400,031**	**N.A.**	**100.00**	**24,440,172**	**20.09**

Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group" as on June, 30, 2011 is detailed in the table below:

Sr. No	Name of the shareholder	Total Equity Shares held		Equity Shares pledged or otherwise encumbered		
		Number of Equity Shares	Equity Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Number of Equity Shares	As a percentage	% of Grand Total
1	Dr. Prathap C Reddy	3,159,300	2.53	0	0.00	0.00
2	Sangita Reddy	4,972,508	3.99	1,860,000	37.41	1.49
3	Preetha Reddy	3,366,540	2.70	2,860,000	84.95	2.29
4	Suneeta Reddy	3,001,590	2.41	2,594,000	86.42	2.08
5	Shobana Khamineni	2,189,952	1.76	2,158,172	98.55	1.73
6	Sucharitha P Reddy	2,741,678	2.20	100,000	3.65	0.08
7	Karthik Anand	220,600	0.18	0	0.00	0.00
8	Harshad Reddy	210,200	0.17	0	0.00	0.00
9	Sindhoori Reddy	517,600	0.42	490,000	94.67	0.39
10	Adithya Reddy	210,200	0.17	60,000	28.54	0.05
11	Upsana Kamineni	267,276	0.21	0	0.00	0.00
12	Puvansh Kamineni	212,200	0.17	0	0.00	0.00
13	Anushpala Kamineni	259,174	0.21	0	0.00	0.00
14	Anandith Reddy	230,200	0.18	0	0.00	0.00
15	Viswajith Reddy	222,300	0.18	0	0.00	0.00
16	Viraj Madhavan Reddy	168,224	0.13	0	0.00	0.00

Sr. No	Name of the shareholder	Total Equity Shares held		Equity Shares pledged or otherwise encumbered		
		Number of Equity Shares	Equity Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Number of Equity Shares	As a percentage	% of Grand Total
17	P Obul Reddy	18,000	0.01	0	0.00	0.00
18	P Vijayakumar Reddy	1,332	0.00	0	0.00	0.00
19	Vishweswar Reddy	1,577,420	1.26	0	0.00	0.00
20	Anil Khamineni	20	0.00	0	0.00	0.00
21	PCR Investments Limited	17,859,124	14.32	14,318,000	80.17	11.48
22	Obul Reddy Investments Limited	11,200	0.01	0	0.00	0.00
23	Apollo Health Association	31,200	0.03	0	0.00	0.00
24	Indian Hospitals Corporation Limited	3,600	0.00	0	0.00	0.00
Total		**41,451,438**	**33.24**	**24,440,172**	**58.96**	**19.60**

Statement showing shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of Equity Shares as on June 30, 2011 is detailed in the table below:

Sr. No.	Name of the shareholder	Number of Equity Shares	Equity Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+ (C) indicated in Statement at para (I)(a) above}
1.	Apax Mauritius FDI One Limited	14,094,238	11.30
2.	Integrated (Mauritius) Healthcare Holdings Limited	11,000,000	8.82
3.	CLSA (Mauritius) Limited	8,550,000	6.86
4.	Bisikan Bayu Investments(Mauritius) Limited	4,093,860	3.28
5.	BNY Mellon Investment Funds Newton Oriental Fund	3,000,000	2.41
6.	Apax Partners Europe Managers Limited A/C Apax Mauritius FII Limited	2,947,888	2.36
7.	Emerging Markets Growth Fund Inc.	2,445,932	1.96
8.	Munchener Ruckversicherungsgesllschaft Akliengesellschaft In Munchen	2,397,380	1.92
9.	LIC of India Money Plus	1,817,371	1.46
10.	Citigroup Global Market Mauritius Private Limited	1,518,583	1.22
11.	BNY Mellon Asian Equity Fund	1,500,000	1.20
Total		**53,365,252**	**42.79**

Statement showing details of depository receipts ("**DRs**") as on June 30, 2011 is detailed in the table below:

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of Equity Shares underlying outstanding DRs	Equity Shares underlying outstanding DRs as a percentage of total number of Equity Shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	GDR	2,062,800	2,062,800	1.65
Total		**2,062,800**	**2,062,800**	**1.65**

Statement showing top 10 shareholders of the Company as on June 30, 2011 is detailed in the table below:

Sr. No.	Name of the shareholder	Number of Equity Shares	Equity Shares as a percentage of total number of shares
1	PCR Investments Limited	17,859,124	14.32
2	Apax Mauritius FDI One Limited	14,094,238	11.30
3	Integrated (Mauritius) Healthcare Holdings Limited	11,000,000	8.82
4	CLSA (Mauritius) Limited	8,550,000	6.86
5	Sangita Reddy	4,972,508	3.99
6	Bisikan Bayu Investments (Mauritius) Limited	4,093,860	3.28
7	Preetha Reddy	3,366,540	2.70
8	Dr. Prathap C Reddy	3,159,300	2.53
9	Suneeta Reddy	3,001,590	2.41
10	BNY Mellon Investment Funds Newton Oriental Fund	3,000,000	2.41
Total		**73,097,160**	**58.61**

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment. The procedure followed in the Issue may differ from the one mentioned below and the investors are assumed to have apprised themselves of the same from the Company or the Joint Book Running Lead Managers. The investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See the sections titled "**Selling Restrictions**" and "**Transfer Restrictions**".*

Qualified Institutions Placements

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI Regulations. Under Chapter VIII of the SEBI Regulations, a listed company in India may issue equity shares to QIBs, provided that:

- equity shares of the same class, which are proposed to be allotted through qualified institutions placement, of such company are listed on a stock exchange in India that has nation-wide trading terminals for a period of at least one year as on the date of issuance of notice to its shareholders for convening the meeting; and

- such company complies with the minimum public shareholding requirements set out in the listing agreement with the stock exchange referred to above.

At least 10% of the Equity Shares issued to QIBs must be Allotted to Mutual Funds, provided that, if this portion, or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it may be Allotted to other QIBs. QIB has been specifically defined under Regulation 2(1)(zd) of the SEBI Regulations.

Investors are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The Issue Price shall not be less than the average of the weekly high and low of the closing prices of the related Equity Shares quoted on the stock exchange during the two weeks preceding the relevant date.

The "relevant date" referred to above, for the Allotment, will be the date of the meeting in which the Board or the committee of Directors duly authorized by the Board decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the relevant date.

The Company has applied for and received the in-principle approval of the Stock Exchanges under Clause 24 (a) of its Listing Agreements for the listing of the Equity Shares on the Stock Exchanges. The Company has also filed a copy of this Placement Document with the Stock Exchanges.

The Equity Shares will be allotted within 12 months from the date of the shareholders' resolution approving the QIP. The Equity Shares issued pursuant to the QIP must be issued on the basis of this Placement Document that shall contain all material information including the information as specified in Schedule XVIII of the SEBI Regulations. The Preliminary Placement Document and this Placement Document are private documents provided to select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of the Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors. A copy of this Placement Document will be filed with SEBI for record purposes within 30 days of the Allotment.

Pursuant to the provisions of Section 67(3) of the Companies Act, for a transaction that is not a public offering, an invitation or offer may not be made to more than 49 persons.

The minimum number of allottees for each qualified institutional placement shall not be less than:

- two, where the issue size is less than or equal to ₹ 2.5 billion; and
- five, where the issue size is greater than ₹ 2.5 billion.

No single Allottee shall be Allotted more than 50% of the Issue size.

QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee.

In terms of Regulation 89 of the SEBI Regulations, the aggregate of the proposed qualified institutions placement and all previous qualified institutions placements made in the same fiscal year shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous fiscal year. The issuer shall furnish a copy of the placement document to each stock exchange on which its equity shares are listed.

Equity Shares allotted to a QIB pursuant to the Issue shall not be sold for a period of one year from the date of Allotment except on the floor of the Stock Exchanges.

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Placement Document as "US QIBs", for the avoidance of doubt, the term US QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Placement Document as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Any Bidder, directly or indirectly, representing Munich Health Holding AG, any of its affiliates or its nominees or any persons related to Munich Health Holding AG, including whether such affiliates or persons are controlled by or are in control of, Munich Health Holding AG, can not apply to the Issue.

Issue Procedure

1. The Company and the Joint Book Running Lead Managers shall circulate serially numbered copies of the Preliminary Placement Document and the Application Form, either in electronic form or physical form, to not more than 49 QIBs.

2. The list of QIBs and US QIBs to whom the Application Form is delivered shall be determined by the Joint Book Running Lead Managers in consultation with the Company. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

3. QIBs may submit a Application Form, including any revisions thereof, during the Bid/Issue Period to the Joint Book Running Lead Managers.

4. QIBs will be required to indicate the following in the Application Form:

   a. Name of the QIB to whom Equity Shares are to be Allotted;

   b. Number of Equity Shares Bid for;

   c. Price at which they offer to apply for the Equity Shares, provided that the QIBs may also indicate that they are agreeable to submit a Bid in respect of the Equity Shares at "Cut-off Price" which shall be any price as may be determined by the Company in consultation with the Joint Book Running Lead Managers at or above the minimum price calculated in accordance with Regulation 85 of the SEBI Regulations (the "Floor Price"), which for the Issue, is ₹ 491.29; and

   d. Depository account details to which the Equity Shares should be credited.

Note: The QIBs that are persons resident outside India will be eligible to subscribe to the Equity Shares pursuant to the Issue and the Company has obtained an approval from the FIPB vide letter dated June 30, 2011 for undertaking the Issue.

5. Once a duly filled Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form.

   An eligible Bid by a Mutual Fund shall first be considered for Allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 666,667 Equity Shares, Allocation shall be made to Mutual Funds on a proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for Allocation proportionately out of the remainder of the QIB Portion, after excluding the Allocation in the Mutual Fund Portion.

   The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

   As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

   No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

   Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

6. Upon receipt of the Application Form, the Company shall determine the final terms of the Equity Shares to be issued in consultation with the Joint Book Running Lead Managers. On determination of the final terms of the Equity Shares, the Joint Book Running Lead Managers will send the CAN to the QIBs who have been Allocated Equity Shares. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the Issue Price for the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment in its name and the Pay-In Date as applicable to the respective QIB. **Please note that the Allocation will be at the absolute discretion of the Company and will be based on the recommendation of the Joint Book Running Lead Managers**.

Pursuant to receiving the CAN, each QIB shall be required to make the payment of the entire application monies for Equity Shares indicated in the CAN at the Issue Price, through electronic transfer to the designated bank account of the Company by the Pay-In Date as specified in the CAN sent to the respective QIBs.

Upon receipt of the application monies from the QIBs, the Company shall Allot as per the details in the CAN to the QIBs. The Company shall not Allot to more than 49 QIBs. The Company will intimate to the Stock Exchanges the details of the Allotment.

7. The Company shall credit the Equity Shares into the beneficiary account with the Depository Participant of the respective QIBs.

8. The Company shall then apply for the final trading and listing permissions from the Stock Exchanges.

9. The Equity Shares that have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

10. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, the Company shall inform the QIBs who have received an Allotment of the receipt of such approval. The Company shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI Regulations, and not otherwise excluded pursuant to Regulation 86(1)(b) of Chapter VIII of the SEBI Regulations, are eligible to invest.

Currently, under Regulation 2(1)(zd) of the SEBI Regulations, a QIB means:

- Public financial institutions as defined in Section 4A of the Companies Act,
- Scheduled commercial banks;
- Mutual funds registered with SEBI;
- Foreign institutional investors and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Multilateral and bilateral development financial institutions;
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State industrial development corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with a minimum corpus of ₹ 250 million;
- Pension funds with a minimum corpus of ₹ 250 million;
- National Investment Fund set up by the Government of India;
- Insurance funds set up and managed by the army, navy or air force of the Union of India; and
- Insurance funds set up and managed by the Department of Posts, India.

Under Regulation 86(1)(b) of the SEBI Regulations, no Allotment shall be made, either directly or indirectly, to any QIB who is a promoter or any person related to the Promoters.

For this purpose, any QIB who has all or any of the following rights shall be deemed to be a person related to the promoters:

- rights under a shareholders' agreement or voting agreement entered into with Promoters or persons related to the Promoters;
- veto rights; or
- the right to appoint a nominee Director on the Board.

unless a QIB has acquired any of these rights in its capacity as a lender to the Company and such QIB does not hold any Equity Shares in the Company.

The Company has obtained an approval from the FIPB vide letter dated June 30, 2011 for undertaking the Issue.

No single FII can hold more than 10% of the post Issue paid-up capital of the Company. In respect of an FII investing in our Equity Shares on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub account shall not exceed 10% of the Company's total issued capital or 5% of the total issued capital of the Company in case such eligible sub-account is a foreign corporate or an individual.

The aggregate FII holding in an Indian company cannot exceed 24% of the total issued capital of the Company. However, with the approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%. Pursuant to a resolution dated May 24, 2005 of the shareholders of the Company, the FII holding limit in the Company has been increased to 74%.

The Company and the Joint Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Application Form would not eventually result in triggering a tender offer under the Takeover Code.

A minimum of 10 per cent of the Equity Shares in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs by the Company.

Note: **Affiliates or associates of the Joint Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws and may be allocated a higher number of Equity Shares on a discretionary basis.**

Application Form

QIBs shall only use the serially numbered Application Form supplied by the Joint Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for the Equity Shares pursuant to the terms of the Preliminary Placement Document, each QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections and paragraphs "**Notice to Investors – Representation by Investors**", "**Selling Restrictions**" and "**Transfer Restrictions**" of the Preliminary Placement Document:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in the Issue;

2. The QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly, and its Bid does not directly or indirectly represent the Promoter or Promoter Group or persons

related to the Promoter;

3. The QIB confirms that it has no rights under a shareholders agreement or voting agreement with the Promoter or persons related to the promoters, no veto rights or right to appoint any nominee director on the Board of the Company other than that acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter;

4. The QIB acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. The QIB confirms that if the Equity Shares are allotted pursuant to the Issue, the QIB shall not, for a period of one year from Allotment, sell such Equity Shares so acquired otherwise than on the floor of any recognised stock exchange in India;

6. The QIB confirms that the QIB is eligible to Bid and hold any of the Equity Shares so Allotted. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the permissible limits as per any applicable regulations applicable to the QIB;

7. The QIB confirms that the Bids would not eventually result in triggering a tender offer under the Takeover Code;

8. That to the best of its knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

    a. The expression "belongs to the same group" shall be interpreted by applying the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act; and

    b. "Control" shall have the same meaning as is assigned to it by clause (1)(c) of Regulation 2 of the Takeover Code.

9. The QIB shall not undertake any trade in the Equity Shares credited to its beneficiary account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

Demographic details such as address and bank account will be obtained from the Depositories as per the beneficiary account details given above.

The submission of an Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer for the QIB to pay the Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Company in favour of the QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the QIB and the number of the Equity Shares applied for. The Application Form shall be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Citigroup Global Markets India Private Limited
12th floor, Bakhtawar
Nariman Point
Mumbai 400 021
Tel: (91 22) 6631 9890
Fax: (91 22) 3919 7814
E-mail: project.pegasus@citi.com

Enam Securities Private Limited
801/ 802, Dalamal Tower
Nariman Point
Mumbai 400 021
Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
E-mail: project.pegasus@enam.com

Nomura Financial Advisory and Securities (India) Private Limited
Ceejay House, Level 11, Plot F
Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai – 400 018
Tel: (91 22) 4037 4037
Fax: (91 22) 4037 4111
E-mail: project.pegasus-ap@nomura.com

The Joint Book Running Lead Managers shall not be required to provide written acknowledgement of the same.

Pricing and Allocation

Build up of the book

The QIBs subscribing to the Equity Shares shall submit their Bids (including the revision thereof) for the Equity Shares, as applicable, within the Bid/Issue Period to the Joint Book Running Lead Managers.

Price discovery, terms and allocation

The Company, in consultation with the Joint Book Running Lead Managers, shall determine Issue Price which shall be at or above the Floor Price to be determined in accordance with Chapter VIII of the SEBI Regulations.

After finalization of the Issue Price, the Company has updated the Preliminary Placement Document with such details and has filed the same with the Stock Exchanges as this Placement Document.

Method of Allocation

The Company shall determine the Allocation in consultation with the Joint Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI Regulations.

Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand for each type of Equity Share. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10 per cent of the applicable Issue size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE COMPANY AND THE JOINT BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE BINDING ON ALL QIBs. QIBs MAY NOTE THAT ALLOCATION IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE COMPANY AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER THE COMPANY NOR THE JOINT BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Joint Book Running Lead Managers as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, the Company and the Joint Book Running Lead Managers, in their sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such QIBs. Additionally, the CAN will include details of

the relevant Escrow Bank Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Joint Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

Company Account for Payment of Application Money

The Company has opened special bank accounts (the "**Escrow Bank Accounts**") for the payment of entire amount payable for the Equity Shares with the Escrow Agents in terms of two separate arrangements, one between the Company, the Joint Book Running Lead Managers and Citibank N.A. and another between the Company, Enam Securities Private Limited and Deutsche Bank A.G. Each QIB will be required to deposit the Issue Price, for the Equity Shares allocated to it by the Pay-In Date with the relevant Escrow Agent as mentioned in the respective CAN issued by a JBRLM.

If the payment is not made favouring the Escrow Bank Accounts within the time and in the manner stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, the Company and the Joint Book Running Lead Managers has the right to reallocate the Equity Shares at the applicable Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirement of ensuring that the Application Forms are sent to not more than 49 QIBs.

Payment Instructions

The payment of application money shall be made by the QIBs to the relevant Escrow Bank Account identified in the CAN, in the name of "**Apollo Hospitals - QIP Escrow Account**" as per the payment instructions provided in the CAN. Such CAN will also include instructions on the Escrow Agent to whom the relevant payment is to be made.

QIBs may make payment only through electronic fund transfer.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the relevant Escrow Bank Account as stated above.
2. In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
3. The Company reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.
4. Post Allotment and credit of Equity Shares into the beneficiary account with the Depository Participant of the QIB, the Company would apply for final listing and trading approvals from the Stock Exchanges.
5. In the unlikely event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by the Company.
6. The Escrow Agents shall not release the monies lying to the credit of the Escrow Bank Accounts to the Company, until such time as the Company delivers to each Escrow Agent documentation regarding the final approval of the Stock Exchanges, for the listing and trading of the Equity Shares.

Submission to SEBI

The Company shall submit this Placement Document to SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Right to Reject Applications

The Company, in consultation with the Joint Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of the Company and the Joint Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

The allotment of each of the Equity Shares in the Issue shall be only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. Equity Shares allotted pursuant to the Issue to a successful QIB will be credited in electronic form directly to the relevant beneficiary account (with the Depository Participant) of the QIB.

3. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with the Depositories. The Stock Exchanges have electronic connectivity with the Depositories.

4. The trading of each of the Equity Shares would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

5. The Company will not be responsible or liable for the delay in the credit of any of the Equity Shares due to errors in the Application Form or otherwise on part of the QIBs.

PLACEMENT

Placement Agreement

The Joint Book Running Lead Managers have entered into a placement agreement with the Company dated July 14, 2011 (the "**Placement Agreement**"), pursuant to which the Joint Book Running Lead Managers have agreed to manage the Issue and procure subscription for the Equity Shares to be placed with the QIBs, pursuant to Chapter VIII of the SEBI Regulations.

The Placement Agreement contains customary representations and warranties, as well as indemnities from us and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue will be offered in India or overseas to the public or any members of the public in India or any class of investors, other than QIBs.

In connection with the Issue, the Joint Book Running Lead Managers (or their affiliates) may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Joint Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions.

Affiliates of the Joint Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes.

The Joint Book Running Lead Managers and their affiliates may engage in transactions with and perform services for the Company and its Subsidiaries, group companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Company and its Subsidiaries, group companies or affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

The Company will not, for a period of 90 days from the date of this Placement Document, without the prior written consent of the Joint Book Running Lead Managers, (A) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in clause (A) or (B) hereof is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (C) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any transaction.

The foregoing restrictions shall not apply to: (i) any issuance, sale, transfer or disposition of Equity Shares by the Company to the extent such issuance, sale, transfer or disposition is required by Indian law; (ii) the Issue; and (iii) all outstanding warrants, convertible instruments and depositary receipt representing underlying Equity Shares issued by the Company prior to the date of the Final Placement Document.

Dr. Prathap C Reddy, Sucharitha P Reddy, Preetha Reddy, Suneeta Reddy, Shobana Khamineni, Sangita Reddy and PCR Investments Limited have agreed that they will not, for a period of up to 90 days from the Closing Date (as defined in the Placement Agreement), without the prior written consent of the Joint Book Running Lead Managers:

(i) (a) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned), or file any registration statement under the U.S. Securities Act of 1933, as amended, with respect to any of the foregoing or (b) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above, whether any such transaction described in (a) to (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise; provided, however, that the foregoing restrictions do not apply to any sale, transfer or disposition of Equity Shares by the undersigned to the extent such sale, transfer or disposition is required by Indian law; and

(ii) authorizes the Company to cause the transfer agent to decline to transfer and/or to note stop transfer restrictions on the transfer books and records of the Company with respect to any Equity Shares and any Equity Shares for which the undersigned is the record holder and, in the case of any such shares or securities for which the undersigned is the beneficial but not the record holder, agrees to cause the record holder to cause the transfer agent to decline to transfer and/or to note stop transfer restrictions on such books and records with respect to such shares or securities.

The foregoing restrictions do not, however, apply to (a) any issuance of Equity Shares by the Company pursuant to exchange of Convertible Instruments (as defined in the Placement Agreement) held by the Promoters; (b) any transaction as a result of enforcement of existing pledges in effect on the Pledged Shares as of the date of the Placement Agreement; (c) any inter-se transfer of Promoter Equity Shares between the Promoters, provided that the lock-up shall continue for the remaining period with the transferee.

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorised or permitted.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI Regulations. Each purchaser of the Equity Shares in the Issue will be required to make, or be deemed to have made, as applicable, the acknowledgments and agreements as described under "**Transfer Restrictions**".

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs and is not an offer to the public. This Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than to whom the offer is made.

Australia

This Placement Document is not a disclosure document within the meaning of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission.

No offer will be made under this Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Investors under this Placement Document represent and warrant that they are "sophisticated investors" or "professional investors" and not "retail clients" within the meaning of those terms in the Corporations Act.

No financial product advice is provided in this Placement Document and nothing in this Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares.

This Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Placement Document, or making a decision to invest in the issue of the Equity Shares, investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

Canada

The Equity Shares may not be offered or sold, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which the offer or sale is made and only by a dealer duly registered under applicable laws in circumstances where an exemption from applicable registered dealer registration requirements is not available.

European Economic Area

Each Book Running Lead Manager, severally and not jointly, has represented and warranted that, in relation to each Member State of the EEA that has implemented the Prospectus Directive (each a "**Relevant Member State**"), it has not made and will not make an offer of the Equity Shares to the public in that Relevant Member State, except that an offer of the Equity Shares to the public in that Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that relevant member state:

(a) to legal entities which are qualified investors within the meaning of Article 2(1)(c) of the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors within the meaning of Article 2(1)(c) of the Prospectus Directive), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or any Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

No Equity Shares may be offered or sold in Hong Kong, by means of this Placement Document or any other document, other than (a) to "professional investors" as defined in the Equity Shares and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been or will be issued other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan and may not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to, or for the account or benefit of, any person for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (a) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law of Japan and (b) in compliance with any other relevant laws and regulations of Japan.

Kuwait

This Placement Document is not for circulation to the public in Kuwait. The Equity Shares have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The offering of the Equity Shares in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Kuwait Decree Law No. 31 of 1990 (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Equity Shares is being made in Kuwait, and no agreement relating to the sale of the Equity Shares shall be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in Kuwait.

Qatar (excluding the Qatar Financial Centre)

This Placement Document and the offering of Equity Shares have not been, and shall not be: (a) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, the Ministry of Business and Trade or any other governmental authority in the State of Qatar or in the Qatar Financial Centre ("**QFC**") or (b) authorized, permitted or licensed for offering or distribution in Qatar or in the QFC, and the information contained in this Placement Document does not, and is not intended to, constitute a public or general offer or other invitation in respect of securities in Qatar or in the QFC. The Company is not regulated by any governmental authority in the State of Qatar or the QFC. The Company does not, by virtue of this Placement Document, conduct any business in the State of Qatar or in or from the QFC. The Company is an entity regulated under laws outside of the State of Qatar and the QFC. Accordingly, the Equity Shares are not being, and shall not be, offered, issued or sold in the State of Qatar or in or from the QFC, and this Placement Document is not being, and shall not be, distributed in the State of Qatar or in or from the QFC. The offering, marketing, issue and sale of the Equity Shares and distribution of this Placement Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar and the QFC. This Placement Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it shall not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

United Arab Emirates (including the Dubai International Financial Centre)

This Placement Document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the "**UAE**"), or by the Dubai Financial Services Authority (the "**DFSA**") or any other authority in the Dubai International Financial Centre (the "**DIFC**"). It should not be assumed that any of the Company, the Joint Book Running Lead Managers or any placement agent has received any authorization or licensing from the UAE Central Bank or any other authorities in the UAE or the DIFC to sell or market the Equity Shares in the UAE or the DIFC, or is a licensed broker, dealer or investment advisor under the laws applicable in the UAE or the DIFC, or that it advises UAE or DIFC residents as to the appropriateness of investing in or purchasing or selling securities or other financial products.

This Placement Document does not constitute a public offer of securities in the UAE under the UAE Commercial Companies Law (Federal Law No. 8 of 1984)(as amended) or otherwise. This Placement Document is being distributed to a limited number of selected institutional / sophisticated investors in the UAE: (a) upon their request and confirmation that they understand that the Equity Shares have not been approved or licensed by or registered with the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the UAE; (b) on the condition that this Placement Document will not be provided to any person other than the original recipient, is not for general circulation in the UAE and may not be reproduced or used for any other purpose; and (c) on the condition that no sale of securities or other investment products is intended to be consummated within the UAE. No agreement relating to the sale of the Equity Shares is intended to be consummated in the UAE.

This Placement Document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This Placement Document is intended for distribution only to Persons of a type specified in those rules. It must not be delivered to, or relied on by, any other Person. The Dubai Financial Services

Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

United Kingdom

Each of the Book Running Lead Managers has represented and warranted that (i) each Book Running Lead Manager has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and (ii) each Book Running Lead Manager has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

TRANSFER RESTRICTIONS

Purchasers of the Equity Shares are not permitted to sell the Equity Shares Allotted, for a period of one year from the date of Allotment except on the Stock Exchanges. Additional transfer restrictions applicable to the Equity Shares are listed below.

Investors are advised to refer to the section titled "**Selling Restrictions**" and consult their legal advisors prior to making any resale, pledge or transfer of the Equity Shares and also.

Additional transfer restrictions applicable to the Equity Shares are listed below.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Placement Document as "US QIBs", for the avoidance of doubt, the term US QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Placement Document as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares issued pursuant to the Issue within the United States, by its acceptance of this Placement Document and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with the Company and the BRLMs that it has received a copy of this Placement Document and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorised to consummate the purchase of the Equity Shares issued pursuant to the Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares issued pursuant to the Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

(3) the purchaser (i) is a US QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion;

(4) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a US QIB in a transaction meeting the requirements of Rule 144A or (ii) in an

offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States;

(6) the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

(7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(9) the Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(10) the purchaser acknowledges that the Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in the Issue

Each purchaser that is acquiring the Equity Shares issued pursuant to the Issue outside the United States, by its acceptance of this Placement Document and of the Equity Shares issued pursuant to the Issue, will be deemed to have acknowledged, represented to and agreed with the Company and the BRLMs that it has received a copy of this Placement Document and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorised to consummate the purchase of the Equity Shares issued pursuant to the Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares issued pursuant to the Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State of the United States and are subject to restrictions on transfer;

(3) the purchaser is purchasing the Equity Shares issued pursuant to the Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to the Issue, was located outside the United States at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

(5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a US QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States;

(7) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(8) the Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(9) the purchaser acknowledges that the Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Placement Document will be deemed to have represented, warranted and agreed to and with each Underwriter and the Company that:

1. it is a qualified investor as defined under the Prospectus Directive; and

2. in the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Book Running Lead Managers has been given to the offer or resale; or (ii) where Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified

investors, the offer of those Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the Stock Exchanges, and has not been prepared or independently verified by the Company or the Joint Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. The SCRA and the SCRR along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

SEBI is empowered to regulate the Indian securities markets, including stock exchanges and other intermediaries, promote and monitor self-regulatory organizations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

As of June 10, 2011, there are 20 recognized stock exchanges in India. Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

Listing

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the listing agreements of the respective stock exchanges. SEBI also has the power to amend such listing agreements and the bye-laws of the stock exchanges in India. The Securities Contracts (Regulation) (Amendment) Rules, 2010, which came into force on June 4, 2010, requires that all listed companies must ensure a minimum level of public shareholding at 25%. However, any listed company which had public shareholding below 25% prior to this amendment is required to bring the public shareholding to the level of at least 25% by increasing its public shareholding to the extent of at least five per cent per annum. Where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. The SCRR also requires a company desirous of getting its securities listed on a recognised stock exchange to offer and allot at least 25% of each class or kind of equity shares or debentures convertible into equity shares issued by the company in terms of an offer document. The exception to this rule is companies where the post issue capital of the company calculated at offer price is more than ₹ 40,000 million and the minimum equity shares or debentures convertible into equity shares offered and allotted to public by such companies is 10%. However, in terms of the SCRR, such companies have to bring the public shareholding to the level of at least 25% by increasing their public shareholding to the extent of at least five per cent per annum

beginning from the date of listing of the securities. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. The Company is in compliance with this minimum public shareholding requirement.

Delisting

SEBI has notified the SEBI (Delisting of Equity Shares) Regulations, 2009 ("**Delisting Regulations**") in relation to the voluntary and compulsory delisting of securities from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchange of India.

As of May 2011, the BSE had 1347 members. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As of May 2011, there were 5078 listed companies trading on the BSE (excluding permitted companies).

NSE

The NSE was established by financial institutions and banks to serve as a national exchange and to provide nationwide on-line satellite-linked screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchange of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

As of March 2011, the NSE had 1373 members. Only a member of the NSE has the right to trade in the stocks listed on the NSE. As of May 2011, there were 1585 listed companies trading on the NSE (excluding permitted companies).

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m. introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BOLT facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE had introduced a fully automated trading system called National Exchange for Automated Trading or NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Code will apply to any acquisition of the company's shares/ voting rights/ control. The Takeover Code prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Code mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Code also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

Specific regulations have been notified by SEBI to prohibit and penalize insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate derivative segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organization under the supervision of SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2001, July 2001 and November 2001, respectively. SEBI, by a circular dated August 6, 2008 has issued guidelines on exchange traded currency derivatives. The circular lays down the framework for the launch of exchange traded currency futures in terms of eligibility norms for existing and new exchanges and their clearing corporations/ clearing houses, eligibility criteria for members of such exchanges/clearing corporations/ clearing houses, product design, risk management measures, surveillance mechanism and other related issues. Trading in currency derivatives

started on August 29, 2008 at the NSE, on October 1, 2008 at BSE and on October 7, 2008 at MCX Stock Exchange Limited.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association and the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Authorised Capital

The authorised share capital of the Company is ₹ 1,100 million divided into 200,000,000 Equity Shares of ₹ 5 each and 1,000,000 Preference Shares of ₹ 100 each.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the annual general meeting of shareholders held within six months of the end of each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 205 of the Companies Act, no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. Dividends are generally declared as a percentage of the par value. In addition, as is permitted by the Articles of Association, the Board of Directors may declare and pay interim dividend as appear to it be justified by the profits of the Company. Further, the Board may declare dividend in relation to any year by an extraordinary general meeting in addition to what has already been declared in the last Annual General Meeting.

The Equity Shares issued pursuant to this Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by the Company.

Capitalisation of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the general reserves or surplus in its profit and loss account to its shareholders, in the form of fully paid up bonus ordinary shares, which are similar to stock dividend. The Companies Act also permits the issue of fully paid up bonus shares from a share premium account. These bonus ordinary shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. Any issue of bonus shares would be subject to SEBI Regulations.

As per the Articles of Association of the Company, upon resolution in the General Meeting, the Company may capitalize and distribute amongst the shareholders any amount standing to the credit of the share premium account or the capital redemption reserve account or any moneys, investment or other assets forming part of the undivided profits including profits or surplus moneys arising from realization and from appreciation in value of any capital assets of the Company standing to the credit of the general reserve or any reserve of the Company or any amounts standing to the credit of the profit and loss account or any other fund of the Company.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 81 of the Companies Act, such new shares shall be offered to existing shareholders listed on the members' register on the record date in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date the

Board may dispose of the shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to the Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person, provided that the person in whose favour such shares have been renounced is approved by the Board of Directors in their absolute discretion.

Under the provisions of Section 81 (1A) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, if a special resolution to that effect is passed by the Company's shareholders in a general meeting or, where only a simple majority of shareholders present and voting has passed the resolution, the Central Government's permission has been obtained.

The Articles of Association of the Company authorize it to increase its authorised capital by issuing new shares. The Company may also alter its share capital by dividing its share capital into shares of larger amount or converting all its paid up shares into stock and reconverting that stock into fully paid up shares of any denomination.

The Articles of Association provide that the Company, by an ordinary resolution passed at the general meeting, from time to time, may consolidate or sub-divide its share capital and the resolution may provide that holders of shares resulting from such sub-division shall have some special advantage as regards dividend, capital or otherwise as compared with any other shares. The Company's Articles of Association also provide that if at any time the Company's share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the shares of that class) may be, subject to provisions of the Companies Act, varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution, passed at a separate meeting of the holders of the shares of that class-.

General Meetings of Shareholders

There are two types of general meetings of the shareholders:

(i) annual general meetings ("**AGM**"); and

(ii) extra-ordinary general meetings ("**EGM**").

The Company must hold its Annual General Meeting within six months after the expiry of each fiscal year provided that not more than 15 months shall elapse between the annual general meeting and next one, unless extended by the Registrar of Companies at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of the Company's issued paid-up capital (carrying a right to vote in respect of the relevant matter on the date of deposit of the requisition).

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders in the case of an Annual General Meeting, and from shareholders holding not less than 95% of the Company's paid-up capital, in the case of any other meeting. Five members present in person, shall constitute a quorum for a general meeting of the Company, whether annual or extra-ordinary.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Companies Act, giving loans or extending guarantees in excess of limits prescribed under the Companies Act, and guidelines issued under the Companies Act, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mail.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to the Company's total paid-up capital. Voting is by a show of hands, unless a poll is ordered by the Chairman of the meeting The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Company's Articles of Association. The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Convertible Securities/Warrants

The Company may issue debt instruments from time to time that are partly or fully convertible into Equity Shares and/or warrants to purchase Equity Shares.

Employee Stock Option Plan

The Articles of Association authorize the Board of Directors for issuing shares for the purpose of the employee stock option plan approved by the Remuneration and Nomination Committee.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that the Company's shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The Company shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the listing agreement with the Stock Exchanges, in the event the Company has not effected the transfer of shares within one month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The shares of the Company shall be freely transferable. Under the listing agreement with the Stock Exchanges, notice of such refusal must be sent to the transferee within one month of the date on which the transfer was lodged with the company. According to the Articles, any person who becomes entitled to shares by reason of death, lunacy, bankruptcy or insolvency of a member shall be entitled to the same dividend and other advantages to which he would be entitled if he was a registered member.

Liquidation Rights

Subject to the rights of creditors, of employees and of the holders of any other shares entitled by their terms of issue to preferential repayment over the shares, in the event of a winding-up of the Company, the holders of the shares are entitled to be repaid the amounts of capital paid up or credited as paid up on such shares or in case of a shortfall, proportionately. All surplus assets after payments due to employees, the holders of any preference shares and other creditors belong to the holders of the ordinary shares in proportion to the amount paid up or credited as paid up on such shares, respectively, at the commencement of the winding-up.

TAXATION

The Board of Directors
Apollo Hospitals Enterprise Limited
#19, Bishop Gardens
Raja Annamalaipuram
Chennai 600 028
Tamil Nadu

Dear Sirs,

Sub: Certification of statement of tax benefits in connection with the proposed Qualified Institutional Placement ("QIP") of Apollo Hospitals Enterprise Limited (the "Company") in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended (the "SEBI Regulations")

We, M/s S. Viswanathan, the Statutory Auditors of the Company, hereby report that the enclosed statement states the possible tax benefits available to the Company having its registered office at #19, Bishop Gardens, Raja Annamalaipuram, Chennai 600 028, Tamil Nadu and to the shareholders of the Company under the provisions of the Income Tax Act, 1961, Wealth Tax Act, 1957, Gift Tax Act, 1958 presently in force in India as of date in connection with the proposed QIP of the Company.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company or its shareholder faces in the future, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Further, we have also incorporated the amendments brought out by the Finance Act, 2011, where applicable. We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been / would be met with;
- the revenue authorities/ courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to update the views of such changes. The contents of the report are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This certificate is issued at specific request of the Company to be submitted to the Book Running Lead Managers. The report enclosed with this certificate is intended solely for information and for the inclusion of the same in the Preliminary Placement Document/this Placement Document or any other document in connection with the proposed QIP and is not to be used, referred to or distributed for any other purpose.

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

V.C.Krishnan
Partner
Membership No. 022167

Place: Chennai
Date: 6th July, 2011

ANNEXURE TO STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND IT'S SHAREHOLDERS

There are no special tax benefits available to Company and its shareholders.

II. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS:

A) To the Company

1) As per the Finance Act 2011, with effect from 1-4-2010, any capital expenditure incurred for setting up a new hospital with minimum 100 bed capacity, will be allowed as a deduction u/s 35 AD of The Income Tax Act, 1961 in the previous year in which operation commences.

2) Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 (I. T. Act) the Company will be entitled to a deduction for depreciation in respect of tangible assets; intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962;

3) Dividend income from shares, is exempt from income tax in accordance with and subject to the provisions of section 10(34) read with Section 115-O or section 10(35), respectively, of the I. T. Act. As per the provisions of Section 14A of the I. T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, Section 94(7) of the I. T. Act provides that losses arising from the sale/transfer of shares purchased within a period of three months prior to the record date and sold/transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt.

4) Under section 10(38) of the I. T. Act, the long-term capital gains arising on transfer of securities, which are chargeable to Securities Transaction Tax ("**STT**"), are exempt from tax in the hands of the company. The STT will be levied on purchase or sale of Equity Shares entered into in a recognised stock exchange in India. However, such long term capital gain shall be taken into account in computing the book profit and income tax payable under section 115JB.

5) The Company will be entitled to amortise preliminary expenditure, being expenditure incurred on public issue of shares under section 35D of the I. T. Act, subject to the limit specified therein.

6) As per the provisions of Section 112 of the I. T. Act, other long-term capital gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess). However, as per the Proviso to that section, the long-term capital gains resulting from transfer of listed securities (not covered by section 10(36) and 10(38) of the I. T. Act), are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge, education cess and secondary & higher education cess), which would be restricted to 10% of long-term capital gains worked out without considering indexation benefit (plus applicable surcharge, education cess and secondary & higher education cess).

7) As per the provisions of section 111A of the I. T. Act, short-term capital gains arising to the company from transfer of Equity Shares in any other company through a recognized Stock Exchange is subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess), if such a transaction is subjected to STT. In accordance with and subject to the conditions specified in Section 54EC of the I. T. Act, the company would be entitled to exemption from tax on long-term capital gain (not covered by Section 10(36) and Section 10(38) of the I. T. Act) if such capital gain is invested in any of the long-term specified assets (herein the manner prescribed in the said section) for investment made on or after 1st day of April 2007, the exemption would be restricted to the amount which does not exceed Rupees Fifty Lacs during the fiscal year. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of Capital Gains for which exemption is availed earlier would become chargeable to tax as long-term capital gains in the year in which such new asset is transferred or converted into money. If only a portion of capital gain is

so invested, the exemption is available proportionately. The bonds presently specified within this section are bonds issued by National Highway Authority of India (NHAI) and Rural Electrification Corporation Limited (REC).

8) The Corporate Tax Rate for the Assessment Year 2011 – 2012 shall be 30% (plus applicable surcharge, education cess and secondary & higher education cess).

9) As provided under section 115JB, the Company is liable to pay income tax at the rate of 18% (plus applicable surcharge, education cess and secondary & higher education cess) on the Book Profit as per the provisions of section 115JB if the total tax payable as computed under the I. T. Act is less than 18% of its Book Profit as computed under the said section.

10) Under Section 115JAA, credit shall be allowed of any Minimum Alternate Tax (MAT) paid under Section 115JB of the I. T. Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the I. T. Act. However, no interest shall be payable on the tax credit under this sub-section. Such MAT credit shall be available for set-off up to 10 years succeeding the year in which the MAT credit initially arose.

11) Under Section 115O, the domestic company will be allowed to set-off the dividend received from its subsidiary company during the fiscal year against the dividend distributed by it, while computing the Dividend Distribution Tax (DDT) if:

- the dividend is received from its subsidiary
- the subsidiary has paid the DDT on the dividend distributed
- the domestic company is not a subsidiary of any other company

Provided, that the same amount of dividend shall not be taken into account for reduction more than once.
For the purpose of this sub-section a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company.

12) In accordance with and subject to the conditions specified under Section 80-IB(10) of the I. T. Act, the Company is eligible for hundred percent deduction of the profits derived from development and building of housing projects approved before 31 March, 2008, by a local authority subject to fulfillment of conditions mentioned therein.

13) Under section 24(a) of the I. T. Act, the Company is eligible for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).

14) Under section 24(b) of the I. T. Act, where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal instalments beginning with the year of acquisition or construction.

B) To the Shareholders of the Company

Resident Members:

1) Dividend income of shareholders is exempt from income tax under section 10(34) read with Section 115-O of the I. T. Act. As per the provisions of Section 14A of the I. T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, Section 94(7) of the I. T. Act provides that losses arising from the sale/transfer of shares purchased up to three months prior to the record date and sold or transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt by the shareholders**.**

Any income arising from the transfer of Equity Share held for the period of 12 months or more and held as Capital Asset is exempt under section 10(38), where the transaction of sale of such equity share is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to STT.

2) Under section 54EC of the I. T. Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the I. T. Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain is invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by

a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. For Investment made on or after 1st day of April 2007, the exemption would be restricted to the amount which does not exceed Rupees Fifty Lacs during the fiscal year.

3) Under Section 54F of the I. T. Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the I. T. Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

Such benefit will not be available if the individual or HUF
a) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

b) purchases another residential house within a period of one year after the date of transfer of the shares; or

c) constructs another residential house within a period of three years after the date of transfer of the shares; *and*

d) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

4) As per section 74 of the I. T. Act, short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent year's short - term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent year's long-term capital gains.

5) Under section 111A of the I. T. Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company, entered into in a recognized stock exchange in India will be subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess) subject to the fulfillment of conditions mentioned there in.

6) Under Section 112 of the I. T. Act and other relevant provisions of the I. T. Act, long term capital gains (not covered under section 10(38) of the I. T. Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge, education cess and secondary & higher education cess) (without indexation), at the option of the Shareholders.

Non Resident Indians/Members other than FIIs and Foreign Venture Capital Investors:

1. Dividend income of shareholders is exempt from income tax under section 10(34) read with Section 115-O of the I. T. Act. As per the provisions of Section 14A of the I. T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such income which does not form part of total income under the Income Tax Act, 1961. Also, Section 94(7) of the I. T. Act provides that losses arising from the sale/transfer of shares purchased up to three months prior to the record date and sold or transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt by the shareholders.

2. Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company is exempt
under section 10(38), where the transaction of sale of such equity share is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to STT.

3. Tax on income from investment and long term capital gains (other than those exempt under section 10(38):

A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the I. T. Act Provisions Relating to certain incomes of Non-Residents"
a) Under section 115E of the I. T. Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under section 10(38) of the I. T. Act) be concessionally taxed at a flat rate of 10% (plus applicable surcharge, education cess and secondary & higher education cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the I. T. Act.

b) Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases

Under provisions of section 115F of the I. T. Act, long term capital gains (not covered under section 10(38) of the I. T. Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
c) Return of income not to be filed in certain cases

Under provisions of section 115-G of the I. T. Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

d) Under section 115-I of the I. T. Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the I. T. Act declaring therein that the provisions of this Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the I. T. Act shall apply.

Other Provisions

4. Under proviso to section 48 of the I. T. Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

5. Under section 54EC of the I. T. Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the I. T. Act) arising on the transfer of shares of the

Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by

a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. For Investment made on or after 1st day of April 2007, the exemption would be restricted to the amount, which does not exceed Rupees Fifty Lacs during the fiscal year.

6. Under Section 54F of the I. T. Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the I. T. Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

Such benefit will not be available if the individual or Hindu Undivided Family
a) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

b) purchases another residential house within a period of one year after the date of transfer of the shares; or

c) constructs another residential house within a period of three years after the date of transfer of the shares; *and*

d) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

7. As per section 74 of the I. T. Act, short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent years short- term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent years long term capital gains.

8. Under section 111A of the I. T. Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company, entered into in a recognized stock exchange in India will be subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess).

9. Under section 112 of the I. T. Act and other relevant provisions of the I. T. Act, long term capital gains (not covered under section 10(38) of the I. T. Act) arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge & education cess and secondary & higher education cess) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge & education cess and secondary & higher education cess on income tax) (without indexation), at the option of assessee.

10. As per section 90(2) of the I. T. Act, the provisions of the I. T. Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident shareholder. Thus a non-resident shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

Foreign Institutional Investors (FIIs)

1. By virtue of section 10(34) of the I. T. Act, income earned by way of dividend income from domestic company referred to in section 115O of the I. T. Act, are exempt from tax in the hands of the institutional investor.

2. In terms of section 10(38) of the I. T. Act, any long term capital gains arising to an investor from transfer of long-term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the transaction is chargeable to STT.

3. Under section 111A of the I. T. Act, capital gains arising to FIIs from transfer of short terms capital assets, being an equity share in the company, entered into in a recognized stock exchange in India will be taxed at the rate of 15% (plus applicable surcharge, educational cess & secondary & higher education cess on income tax) as per section 115AD of the I. T. Act.

4. The income by way of short term capital gains (not referred to in section 111A of the I. T. Act) or long term capital gains (not covered under section 10(38) of the I. T. Act) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the I. T. Act.:

- Short term capital gains 30**%** (plus applicable surcharge, education cess & secondary & higher education cess on income tax)
- Long term capital gains 10% (without cost indexation) plus applicable surcharge, education cess and secondary & higher education cess on income tax)

(Shares held in a company would be considered as a long-term capital asset provided they are held for a period exceeding 12 months).

5. Under section 54EC of the I. T. Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the I. T. Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by

a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. For Investment made on or after the 1st Day of April 2007, the exemption would be restricted to the amount, which does not exceed Rupees Fifty Lacs during the fiscal year.

6. As per section 74 of the I. T. Act, short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent year's short- term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set off against subsequent year's long term capital gains.

7. As per section 90 of the I. T. Act, the provisions of the I.T. Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident shareholder. Thus a non-resident shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

8. Under section 196D (2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

Persons carrying on business in shares and securities

In accordance with the insertion of new Section 36(1) (xv) in the Finance Act 2008, STT paid in respect of taxable securities transaction entered during the course of business will be available as deduction while computing the taxable business income.

Mutual Funds

In accordance with section 10(23D), any income of:
(i) a Mutual Fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
(ii) such other Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf,
- will be exempt from income-tax.

Under the Wealth-tax Act, 1957

To the Company
Wealth Tax is applicable on the written down value of Motor cars (other than ambulances) of the Company @ 1% p.a.

To the Share holders
Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, hence Wealth-tax Act will not be applicable.
Notes:
1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2011. Any changes to the Finance Act in whatever sort or form has not been considered.

2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.

3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.

4. The stated benefit will be available only to the sole/first named holder in case the shares are held by Joint holders.

5. In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in this issue and we are absolved of any liability to the shareholder for placing reliance upon the contents of this material.

US FEDERAL INCOME TAXATION

The following discussion describes certain material US federal income tax consequences to US Holders (as defined below) under present law of an investment in our Equity Shares. This summary applies only to investors that hold our Equity Shares as capital assets (generally, property held for investment) and that have the US dollar as their functional currency. This discussion is based on the tax laws of the United States as in effect on the date of this Placement Document and on US Treasury Regulations in effect or, in some cases, proposed, as of the date of this Placement Document, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below. This summary does not discuss any estate or gift tax consequences.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- banks, financial institutions or insurance companies;
- real estate investment trusts or regulated investment companies;
- broker-dealers;
- traders that elect to mark-to-market;
- tax-exempt entities;
- persons liable for the alternative minimum tax;
- US expatriates;
- persons holding Equity Shares as part of a straddle, hedging, conversion or integrated transaction;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as compensation;
- persons that actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock; or
- partnerships or pass-through entities, or persons holdings Equity Shares through such entities.

INVESTORS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE US FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-US AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

The discussion below of the US federal income tax consequences to "US Holders" will apply to you if you are the beneficial owner of Equity Shares and you are, for US federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for US federal income tax purposes) created or organized in the Unites States or under the laws of the United States, any State thereof or the District of Columbia;
- an estate the income of which is subject to US federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or

more US persons for all substantial decisions or (2) has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PLACEMENT DOCUMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY YOU, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU UNDER THE UNITED STATES INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN TO BE USED IN CONNECTION WITH THE PROMOTION OF MARKETING BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Dividends and Other Distributions on Equity Shares

Subject to the PFIC rules discussed below under "—Passive Foreign Investment Company Considerations," the gross amount of any distributions (other than certain *pro rata* distributions, if any, of Equity Shares or rights to acquire Equity Shares) we make to you with respect to your Equity Shares generally will be a foreign source dividend includible in your income as ordinary income to the extent such distributions are paid out of our current or accumulated earnings and profits (as determined under US federal income tax principles). To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under US federal income tax principles), it will be treated first as a tax-free return of your tax basis in your Equity Shares, and then, to the extent the amount of the distribution exceeds your tax basis in your Equity Shares, as capital gain. We do not currently, and we do not intend to, calculate our earnings and profits under US federal income tax principles. Therefore, a US Holder should expect that a distribution will be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. Dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other US corporations.

Subject to applicable limitations, with respect to non-corporate US Holders (including individual US Holders) for taxable years beginning before January 1, 2013, any dividends may be taxed at the lower capital gains rate applicable to "qualified dividend income," provided (1) we are eligible for the benefits of we are eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program or our Equity Shares are readily tradable on an established securities market in the United States, (2) we are neither a passive foreign investment company nor treated as such with respect to you (as discussed below) for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met. You should consult your tax advisors regarding the availability of the lower rate for dividends with respect to our Equity Shares.

The amount of any distribution paid in a foreign currency will be equal to the US dollar value of such foreign currency on the date such distribution is actually or constructively received by a US Holder, regardless of whether the payment is in fact converted into US dollars at that time. Gain or loss, if any, realized on the sale or other disposition of such foreign currency generally will be US source ordinary income or loss. If the foreign currency is converted into US dollars on the date of receipt, a US Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Any dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the US foreign tax credit limitation generally will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends that we distribute generally will constitute "passive category income" but could, in the case of certain US Holders, constitute "general category income."

You will not be able to claim a US foreign tax credit for any Dividend Distribution Tax (as defined above) payable by the Company. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances, including the effects of any applicable income tax treaties. A US Holder that does not elect to claim a foreign tax credit with respect to any foreign taxes for a given taxable year may instead claim an itemized deduction for all foreign taxes paid in that taxable year.

Sale, Exchange or Other Disposition of Equity Shares

Subject to the PFIC rules discussed below under "—Passive Foreign Investment Company Considerations," upon a sale or other disposition of Equity Shares, a US Holder will generally recognize a capital gain or loss for US federal income tax purposes in an amount equal to the difference between the amount realized and such US Holder's tax basis in such Equity Shares. If the consideration a US Holder receives for the Equity Shares is not paid in US dollars, the amount realized will be the US dollar value of the payment received determined by reference to the spot rate of exchange on the date of the sale or other disposition. However, if the Equity Shares are treated as traded on an "established securities market" and the US Holder is either a cash basis taxpayer or an accrual basis taxpayer that has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the Internal Revenue Service), such US Holder will determine the US dollar value of the amount realized in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. A US Holder's tax basis in its Equity Shares generally will equal the cost of such Equity Shares. If a US Holder uses foreign currency to purchase Equity Shares, the cost of the Equity Shares will be the US dollar value of the foreign currency purchase price determined by reference to the spot rate of exchange on the date of purchase. However, if the Equity Shares are treated as traded on an established securities market and the US Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such US Holder will determine the US dollar value of the cost of such Equity Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. Any such gain or loss will be treated as long-term capital gain or loss if the US Holder's holding period in the Equity Shares at the time of the disposition exceeds one year. Long-term capital gain of individual US Holders generally will be subject to US federal income tax at preferential rates. The deductibility of capital losses is subject to significant limitations. Any gain or loss generally will be treated as US source income or loss.

Because gains on a disposition of Equity Shares generally will be treated as US source income, the use of US foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. You should consult your tax advisors regarding the application of Indian taxes to a disposition of Equity Shares and your ability to credit any Indian tax against your US federal income tax liability.

US Holders should also consult their tax advisors regarding the treatment of any foreign currency gain or loss (which generally will be treated as US source ordinary income or loss) on any foreign currency received in a sale or exchange of the Shares that is converted into US dollars (or otherwise disposed of) on a date subsequent to receipt.

Passive Foreign Investment Company Considerations

Based on the current and anticipated valuation of our assets, including goodwill, and composition of our income and assets, we do not expect to be a PFIC for US federal income tax purposes for our current taxable year or in the foreseeable future. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that we will not be a PFIC for any taxable year. Furthermore, because PFIC status is a factual determination based on actual results for the entire taxable year, our US counsel expresses no opinion with respect to our PFIC status and expresses no opinion with respect to our expectations contained in this paragraph. A non-US corporation will be a PFIC for US federal income tax purposes for any taxable year if either:

- at least 75% of its gross income is passive income; or

- at least 50% of the average value of its gross assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce passive income or are held for the production of passive income.

For this purpose, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock. In applying this rule, while it is not clear, we believe the contractual arrangements between us and our affiliated entities should be treated as ownership of stock.

A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our Equity Shares, fluctuations in the market price of the Equity Shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC.

If we are a PFIC for any taxable year during which you hold Equity Shares, we generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Equity Shares, unless we cease to be a PFIC and you make a "deemed sale" election with respect to the Equity Shares. If such election is made, you will be deemed to have sold Equity Shares you hold at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences described in the following two paragraphs. After the deemed sale election, your Equity Shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which you hold Equity Shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of Equity Shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Equity Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Equity Shares,
- the amount allocated to the current taxable year, and any taxable years in your holding period prior to the first taxable year in which we became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the Equity Shares cannot be treated as capital, even if you hold the Equity Shares as capital assets.

If we are treated as a PFIC with respect to you for any taxable year, to the extent any of our subsidiaries are also PFICs or we make direct or indirect equity investments in other entities that are PFICs, you may be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by us in that proportion which the value of the Equity Shares you own bears to the value of all of our Equity Shares, and you may be subject to the adverse tax consequences described in the preceding two paragraphs with respect to the shares of such lower-tier PFICs that you would be deemed to own. You should consult your tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

A US Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the PFIC rules described above regarding excess distributions and recognized gains. If you make a mark-to-market election for the Equity Shares, you will include in income for each year we are a PFIC an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, will be treated as ordinary income. Ordinary loss

treatment will also apply to the deductible portion of any mark-to-market loss on the Equity Shares, as well as to any loss realized on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that ordinarily apply to distributions by corporations that are not PFICs would apply to distributions by the Company, except that the lower applicable capital gains rate for "qualified dividend income" discussed above under "— Dividends and Other Distributions on Equity Shares" would not apply.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable US Treasury regulations. Our Equity Shares are listed on the BSE and NSE. Under applicable US Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. Because a mark-to-market election cannot be made for equity securities in lower-tier PFICs that we own, a US Holder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as equity interests in a PFIC for US federal income tax purposes. You should consult your tax advisors as to whether your Equity Shares would qualify for the mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Alternatively, if a non-US corporation is a PFIC, a holder of shares in that corporation may avoid taxation under the PFIC rules described above regarding excess distributions and recognized gains by making a "qualified electing fund" election to include in income its share of the corporation's income on a current basis. However, you may make a qualified electing fund election with respect to your Equity Shares only if we agree to furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information.

Under newly enacted legislation, unless otherwise provided by the US Treasury, each US Holder of a PFIC is required to file an annual report containing such information as the US Treasury may require. If we are or become a PFIC, you should consult your tax advisor regarding any reporting requirements that may apply to you.

You are strongly urged to consult your tax advisor regarding the application of the PFIC rules to your investment in the Equity Shares.

Backup Withholding Tax and Information Reporting Requirements

Any dividend payments with respect to Equity Shares and the proceeds of a sale, exchange or redemption of Equity Shares may be subject to information reporting to the US Internal Revenue Service and possible US backup withholding, unless the conditions of an applicable exemption are satisfied. Backup withholding will not apply to a US Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. US Holders that are required to establish their exempt status generally must provide such certification on US Internal Revenue Service Form W-9. US Holders should consult their tax advisors regarding the application of the US information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your US federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

Additional Reporting Requirements

Certain US Holders who are individuals are required to report information relating to an interest in our Equity Shares, subject to certain exceptions (including an exception for Equity Shares held in accounts maintained by certain financial institutions). US Holders should consult their tax advisers regarding the effect, if any, of these rules on their ownership and disposition of the Equity Shares.

LEGAL PROCEEDINGS

The Company is subject to various legal proceedings from time to time, mostly arising in the ordinary course of its business. As of the date of this Placement Document, except as disclosed hereunder, the Company is not involved in any material governmental, legal or arbitration proceedings or litigation and the Company is not aware of any pending or threatened material governmental, legal or arbitration proceedings or litigation relating to the Company which, in either case, may have a significant effect on the performance of the Company.

The Company has seven proceedings in relation to medical negligence and seven proceedings in relation to taxation involving the Company as of June 30, 2011 and to the extent quantifiable involve amounts equal to or more than ₹ 5 million each. Besides the above, the Company has other proceedings in relation to medical negligence and proceedings in relation to taxation which to the extent quantifiable are individually below ₹ 5 million each.

INDEPENDENT ACCOUNTANTS

The Company's current statutory auditors are M/s. S. Viswanathan, Chartered Accountants, who audited the consolidated financial statements as of and for the fiscal years 2009, 2010 and 2011 which are included in this Placement Document, are independent auditors with respect to the Company as required by the Companies Act and in accordance with the guidelines issued by the Institute of Chartered Accountants of India.

GENERAL INFORMATION

1. The Company had obtained its certificate of incorporation on December 5, 1979 under corporate identification number of L85110TN1979PLC008035 under the provisions of the Companies Act and the certificate of commencement of business on December 27, 1979. The corporate identification number of the Company is L85110TN1979PLC008035. The Company is registered with the Registrar of Companies, Tamil Nadu at Chennai. The registered office of the Company is situated at 19 Bishop Gardens, Raja Annamalaipuram, Chennai 600 028.

2. The Issue was authorised and approved by the Board of Directors through resolution passed on December 9, 2010 and approved by the Company's shareholders through resolution passed in the extra ordinary general meeting held on January 22, 2011.

3. The Company has received in-principle approvals dated July 13, 2011 and dated July 13, 2011 from the BSE and the NSE respectively to list the Equity Shares on the Stock Exchanges.

4. Copies of the Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday between 10.00 a.m. to 1.00 p.m. (except public holidays), at the Registered Office.

5. There has been no material adverse change in the financial or trading position of the Company and its Subsidiaries taken together as a whole since March 31, 2011 and no material adverse change in the financial position or prospects of the Company and its Subsidiaries taken together as a whole since March 31, 2011.

6. Except as disclosed in this Placement Document, the Company has obtained necessary consents, approvals and authorisations required in connection with the Issue.

7. Except as disclosed in this Placement Document, there has been no material change in the Company's financial condition since March 31, 2011, the date of the latest audited financial statements, prepared in accordance with Indian GAAP, included herein.

8. Except as disclosed in this Placement Document, there are no legal or arbitration proceedings against or affecting the Company or its assets or revenues, nor are the Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.

9. The Company's statutory auditors, M/s S. Viswanathan, Chartered Accountants have audited the consolidated financial statements for the fiscal years 2009, 2010 and 2011, and have consented to the inclusion of their report in relation thereto in this Placement Document.

10. The Company is not aware of the existence of any natural or legal persons who/which, directly or indirectly, severally or jointly, exercise or could exercise control over the Company other than its Promoters.

11. No company in which the Company has a direct or indirect holding of more than 50% has acquired or is holding the Equity Shares.

12. The Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the Equity Listing Agreements with the Stock Exchanges.

13. The Floor Price for the Equity Shares under the Issue is ₹ 491.29 respectively which has been calculated in accordance with Chapter VIII of the SEBI Regulations.

SUMMARY OF SIGNIFICANT DIFFERENCES AMONG INDIAN GAAP, US GAAP AND IFRS

The Company's financial statements are prepared in conformity with Indian GAAP on an annual basis. No attempt has been made to reconcile any of the information given in this Placement Document to any other principles or to base it on any other standards.

The areas in which differences between Indian GAAP vis-à-vis IFRS and US GAAP could be significant to the Company's consolidated balance sheet and consolidated statement of profit and loss are summarised below. Potential investors should not construe the summary to be exhaustive or complete and should consult their own professional advisers for their fuller understanding and impact on the financial statements set out in this Placement Document.

Further, the Company has not prepared financial statements in accordance with IFRS or US GAAP. Accordingly, there can be no assurance that the summary is complete, or that the differences described would give rise to the most material differences between Indian GAAP, US GAAP and IFRS. In addition, the Company cannot presently estimate the net effect of applying either IFRS or US GAAP on the results of the Company's operations or financial position, which may result in material adjustments when compared to Indian GAAP.

The summary includes various IFRS, US GAAP and Indian GAAP pronouncements issued for which the mandatory application dates are later than the date of this Placement Document. Indian GAAP comprises accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and certain provisions of Listing Agreements with the stock exchanges of India. In certain cases, the Indian GAAP description also refers to Guidance Notes issued by the Institute of Chartered Accountants of India that are recommendatory but not mandatory in nature.

SUBJECT	IFRS	US GAAP	INDIAN GAAP
Historical cost	Uses historical cost, but intangible assets, property plant and equipment (PPE) and investment property may be revalued. Derivatives, biological assets and certain securities must be revalued.	No revaluations.	Uses historical cost, but property, plant and equipment may be revalued. No comprehensive guidance on derivatives and biological assets.
Contents of financial statements — General	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes.	Similar to IFRS, except three years required for public companies for all statements except balance sheet where two years are provided.	Balance sheet, profit and loss account, cash flow statement, accounting policies and notes are presented for the current year, with comparatives for the previous year. Public company: Consolidated financial statements along with the standalone financial statements. For a public offering: selected financial data for the five most recent years are required, adjusted to the current accounting norms and pronouncements.
Statement of changes in Shareholders' Equity	The statement must be presented as a primary statement.	Similar to IFRS. The information may be included in the notes.	No separate statement required. However, any changes to equity and

SUBJECT	IFRS	US GAAP	INDIAN GAAP
	The statement shows capital transactions with owners, the movement in accumulated profit and a reconciliation of all other components of equity.		reserve account are shown in the schedules/notes accompanying the financial statements.
Changes in accounting policy	Restate comparatives and prior-year opening retained earnings.	Generally include effect in the current year income statement through the recognition of a cumulative effect adjustment. Disclose pro forma comparatives. Retrospective adjustments for specific items.	Include effect in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.
Contents of financial statements — Disclosures	In general, IFRS has extensive disclosure requirements. Specific items include, among others: the fair values of each class of financial assets and liabilities, customer or other concentrations of risk, income taxes and pensions. Other disclosures include amounts set aside for general risks, contingencies and commitments and the aggregate amount of secured liabilities and the nature and carrying amount of pledged assets.	In general, US GAAP has extensive disclosure requirements. Areas where US GAAP requires specific additional disclosures include, among others; concentrations of credit risk, segment reporting, significant customers and suppliers, use of estimates, income taxes, pensions, and comprehensive income.	Generally, disclosures are not extensive as compared to IFRS and US GAAP. Disclosures are driven by the requirements of the Companies Act and the accounting standards.
Revenue recognition — General Criteria	Based on several criteria, which require the recognition of revenue when risks and rewards have been transferred and the revenue can be measured reliably.	Revenue is generally realised or realisable and earned when all of the four revenue recognition criteria are met: • persuasive evidence of an arrangement exists; • delivery has occurred or services have been rendered; • the seller's price to the	Similar to IFRS.

SUBJECT	IFRS	US GAAP	INDIAN GAAP
		buyer is fixed or determinable; and • collectibility is reasonably assured. US GAAP generally requires title transfer prior to revenue recognition and provides extensive detailed guidance for specific transactions.	
Depreciation and Amortisation	Allocated on a systematic basis to each accounting period over the estimated useful life of the asset. Estimated useful life should be reviewed every year. Intangible assets with indefinite life are not amortised but are tested for impairment annually.	Similar to IFRS. However, no revaluation of assets as per US GAAP. Hence there is no concept of depreciation on revalued value of assets.	Depreciation is provided at the rates specified in Schedule XIV. of the Companies Act. Depreciation can also be provided on estimated useful life of the assets, based on some technical evaluation of assets. however, such rates cannot be less than the rates as prescribed in schedule XIV above. There is no concept of indefinite life intangible assets. Depreciation on revalued value of assets is allowed.
Foreign currency transactions	Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Foreign currency assets and liabilities are restated at the year-end exchange rates.	Similar to IFRS.	Similar to IFRS, except for the following: • exchange difference arising on repayment/restatement of liabilities incurred prior to 1 April 2004 for the purposes of acquiring fixed assets, is adjusted in the carrying amount of the respective fixed assets; and • exchange difference arising on repayment/restatement of liabilities incurred on or after 1 April 2004 but before 1 April 2011 for the purposes of acquiring fixed assets is adjusted in the carrying amount of

SUBJECT	IFRS	US GAAP	INDIAN GAAP
			the respective fixed assets. The amounts so adjusted are depreciated over the remaining useful life of the respective fixed assets.
Prior Period Items	Material prior period errors are corrected retrospectively in the first financial statements issued after their discovery.	Material prior period errors are corrected retrospectively in the first financial statements issued after their discovery.	Adjust the error or omission in the period in which it is discovered and corrected with appropriate disclosure.
Extraordinary Items	No concept of Extraordinary items.	Disclosure of individual extraordinary items; including gains or losses from the early extinguishments of debt, if material, net of taxes, is made either on the face of the income statement or in the notes, provided the total of all such items is shown on the face of the income statement. Disclosure of tax impact is either on the face of income statement or in the notes to financial statements.	Extraordinary items of such size and nature that requires separate disclosure to explain the performance of the entity are disclosed separately, on the face of the statement of Profit & Loss A/c or in the notes, provided the total of all such items is shown on the face of the income statement. Exceptional items usually shown on the face of the income statement or in the notes.
Provisions	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated. Discounting required if effect is material.	Similar to IFRS Rules for specific situations (including employee termination costs, environmental liabilities and loss contingencies). Discounting required only when timing of cash flows is fixed.	Similar to IFRS. Discounting is not permitted.
Employee Benefits/Retirement Benefit	The long term employee benefits are accounted for on actuarial valuation basis. Actuarial gains/ losses are subject to corridor approach and actuarial gains/ losses beyond the corridor are recognised over the average working life of the employees. However, Immediate recognition of actuarial gains and losses is permitted through other comprehensive Income.	The long term employee benefits are accounted for on actuarial valuation basis. Actuarial gains/ losses are subject to corridor approach and actuarial gains/ losses beyond the corridor are recognised over the average working life of the employees.	The long term employee benefits are accounted for on actuarial valuation basis. Actuarial gains/ losses are fully recognized in the year they accrue.
Contingent Assets	A possible asset that arise	Contingent assets are	Similar to IFRS, except

SUBJECT	IFRS	US GAAP	INDIAN GAAP
	from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. The item is recognised as an asset when the realisation of the associated benefit such as an insurance recovery, is virtually certain.	recognised, when realised, generally upon receipt of consideration. However, there are very strict rules under FASB 5 that govern contingent gains. Usually such gains are disallowed.	that certain disclosures as specified in IFRS are not required.
Contingent liability	A possible obligation whose outcome will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control. It can also be a present obligation that is not recognised because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be reliably measured. Contingent liabilities are disclosed unless the probability of outflows is remote.	An accrual for a loss contingency is recognised if it is probable (defined as likely) that there is a present obligation resulting from a past event and an outflow of economic resources is reasonably estimable. If a loss is probable but the amount is not estimable, the low end of a range of estimates is recorded. Contingent liabilities are disclosed unless the probability of outflows is remote.	Similar to IFRS. Disclosure may be limited compared to US GAAP and IFRS.
Dividends	Dividends are recorded as liabilities when declared.	Similar to IFRS.	Dividends are recorded as provisions when proposed.
Deferred income taxes	Use full provision method (some exceptions), driven by balance sheet temporary differences. Recognise deferred tax assets if recovery is probable. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.	Deferred income tax assets and liabilities are determined using the balance sheet method. The net deferred tax asset or liability is based on temporary differences between the book and tax bases of assets and liabilities, and recognises enacted changes in tax rates and laws. US GAAP permits deferred tax assets to be recognised for any operating loss carry forwards to the extent that it is more likely than not that they will be realised. A valuation allowance should be recorded against deferred tax assets when it is determined that	Deferred tax assets and liabilities should be recognised for all timing differences subject to consideration of prudence in respect of deferred tax assets. Where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets are reassessed at

SUBJECT	IFRS	US GAAP	INDIAN GAAP
		realisation of the deferred tax asset is less than more likely than not. The FASB recently issued FIN 48, "Accounting for Uncertainty in Income Taxes." FIN 48 which establishes the criteria than an individual tax position would have to meet for recognition in the financial statements. FIN 48 applies to all tax positions that are accounted for under FAS 109. The term tax position includes, but is not limited to the following: • a decision not to file a tax return in a jurisdiction • the allocation of income between jurisdiction • the characterization of income in the tax return • decision to exclude taxable income in the tax return • decision to classify a transaction, entity, or other position as tax-exempt in the tax return. A separate measurement step is to be taken to determine the amount of tax benefit to be recorded for financial statement purposes, but only if the more-likely-than-not recognition threshold is met, and the recorded tax benefit will equal the largest amount of tax benefit that is greater than 50% likely being realized upon ultimate settlement with a tax authority.	each balance sheet date and are recognised to the extent that it is certain that such previously unrecognised deferred tax assets will be realised. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

SUBJECT	IFRS	US GAAP	INDIAN GAAP
Functional currency definition	Currency of primary economic environment in which entity operates.	Similar to IFRS.	Does not define functional currency. Assumes an entity normally uses the currency of the country in which it is domiciled in presenting its financial statements.
Financial currency - determination	If indicators are mixed and functional currency is not obvious, use judgement to determine the functional currency that most faithfully represents the economic results of the entity's operations by focusing on the currency of the economy that determines the pricing of transactions (not the currency in which transactions are denominated).	Similar to IFRS; however, no specific hierarchy of factors to consider. Generally the currency in which the majority of revenues and expenses are settled.	Does not require determination of functional currency. Assumes an entity normally uses the currency of the country in which it is domiciled in presenting its financial statements. If a different currency is used, requires disclosure of the reason for using a different currency.
Earnings per share diluted	Use weighted average potential dilutive shares as denominator for diluted EPS. Use 'treasury share' method for share options/warrants.	Similar to IFRS	Similar to IFRS
Post balance sheet events	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non- adjusting events.	Similar to IFRS	Similar to IFRS. However, non-adjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Directors' Report.

SUBJECT	IFRS	US GAAP	INDIAN GAAP
Related Party Disclosures	There is no specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement.	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved. Unlike IFRS, all material related party transactions (other than compensation arrangements, expense allowances and similar items) must be disclosed in the separate financial statements of wholly-owned subsidiaries, unless these are presented in the same financial report that includes the parent's consolidated financial statements (including those subsidiaries).	Similar to IFRS. The scope of parties covered under the definition of related party could be less than under IFRS or US GAAP. Unlike IFRS, the name of the related party is required to be disclosed.
Segment reporting	Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.	Report based on operating segments and the way the chief operating decision-maker evaluates financial information for purposes of allocating resources and assessing performance. Use internal financial reporting policies (even if accounting policies differ from group accounting policy).	Similar to IFRS
Intangible Assets	Requires that an intangible asset be ammortised over its useful life.	No ceiling used for determining useful life of intangible asset.	Corresponding Rebuttable presumption that the life of an intangible asset will not exceed 10 years.

FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF APOLLO HOSPITALS ENTERPRISE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF APOLLO HOSPITALS ENTERPRISE LIMITED.

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, 2010 and 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on those dates annexed thereto and the accompanying Notes and schedules (together comprising the ―Financial Statements) expressed in Indian Rupees. 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.
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.

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.

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(for FY 2009-10 and FY 2010-11 only) and Alliance Medicorp (India) Limited(for FY 2010-11 only), 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(for FY 2009-10 and FY 2010-11 only), Apollo Lavasa Health Corporation Limited(for FY 2009-10 and FY 2010-11 only) and Apollo Hospitals International Limited) which in the aggregate represents total assets (net) as at 31st March 2011 of ₹ 4684.25 Million (31st March 2010: ₹ 3178.09 Million and 31st March 2009: ₹ 2691.98 Million) and total revenues (net) for the year ended on the respective dates of ₹ 5641.59 Million as of 31st March 2011 (31st March 2010: ₹ 3782.93 Million and 31st March 2009: ₹ 2718.89 Million) and of Associates (Indraprastha Medical Corporation Limited, Apollo Health Street Limited, British American Hospitals Enterprise Limited(for FY 2008-09 and FY 2009-10 only), Family Health Plan Limited and Stemcyte India Therapautics Private Limited(for FY 2009-10 and 2010-11 only)) which reflect the Group's share of profit of ₹ 83.77 Million for the year ended 31st March 2011 (31st March 2010: ₹ 39.09 Million and 31st March 2009: ₹115.24 Million) for the year, and upto 31st March 2011 profit of ₹ 1347.34 Million(31st March 2010: ₹ 1141.55 Million and 31st March 2009: ₹ 1298.60 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 ₹ 254.19 Million(31st March 2010: ₹ 257.16 Million, 31st March 2009: ₹ 271.96 Million)resulting in the Group's share of loss of ₹ 170.42 Million for the year ended 31st March 2011(31st March 2010: ₹ 218.07 Million, 31st March 2009: ₹ 156.72 Million) and profit upto 31st March 2011 will be less by ₹ 254.19 Million(31st March 2010: ₹ 257.16 Million, 31st March 2009: ₹ 271.96 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's share of loss of ₹ 2.70 Million for the year ended 31st March 2011 (31st March 2010: ₹ 0.83 Million) for the year, and upto 31st March 2011 profit***

of ₹ 8.82 Million (31st March 2010: ₹ 11.84 Million) of Stemcyte India Therapautics Private Limited, an associate, is based only on the unaudited management report submitted 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 for the years ended on 31st March 2010 and 2009 and whose accounts have not been included as an associate for the year ended 31st March 2011.

e) In the case of Apollo Health Street Limited, an associate, as discussed more fully in Note 29(l)(iv) of Schedule J of Consolidated Financial Statements, the Company has not recorded mark-to-market losses as at 31st March 2011, 2010 and 2009 on outstanding interest rate swaps executed by its overseas subsidiary aggregating to ₹ 645.48 Million for the year ended 31st March 2011 (31st March 2010: ₹ 651.69 Million and 31st March 2009: ₹ 597.72 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 for the year ended 31st March 2011(31st March 2010: ₹ 651.69 Million and 31st March 2009: ₹ 597.72 Million) and the reported profit is higher by ₹ 645.48 Million for the year ended 31st March 2011 (31st March 2010: ₹ 651,69 Million and 31st March 2009: ₹ 597.72 Million).

f) 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 ₹ 6917.08 Million as of 31st March 2011 (31st March 2010: ₹ 6992.90 Million and 31st March 2009: ₹ 8174.90 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.

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 for all the Three years under review. Hence, no opinion is given on cess unpaid or payable, as per the provisions of Section 227(3)(g) of the Companies Act, 1956.

For the year ended 31st March 2009, in the case of the Joint Venture Universal Quality Services LLC, Dubai, in the absence of any business activity, the effect of the operations has not been included in the Consolidated Financial Statements. The Company is in the process of being liquidated after obtaining necessary statutory permissions. The whole of the amounts in the form of investments and advances, have been written off in 2004-05 the books of Apollo Hospitals Enterprise Limited.

In the case of the Apollo Lavasa Health Corporation Limited, the Company has paid share application money for which shares have been allotted to the Company subsequent to 31st March 2009. Therefore the accounts of Apollo Lavasa Health Corporation Limited have not been in the Consolidated Financial Statements for the year ended 31st March 2009.

Subject to the matters specified in (v)(a), (v)(b) and read with our comments in paragraph (iv), (iv)(a) and (iv)(b) 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, 2010 and 2009 ;

(b) In the case of the Consolidated Profit and Loss Account, of the results of operations of the Group for the years ended on those dates; and

(c) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on those dates.

We are independent firm of Chartered Accountants with respect to the Company pursuant to the rules promulgated vide Clause 4, Part I, The Second Schedule, The code of ethics of the Institute of Chartered Accountants of India and within the meaning of the Companies Act, 1956.

This report is for inclusion in the Offer Document being issued by the Company in connection with the proposed placement of Equity shares under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

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

APOLLO HOSPITALS ENTERPRISE LIMITED

CONSOLIDATED BALANCE SHEET

₹ in million

Sl. No	Particulars	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹	As at 31.03.2009 ₹
I	**SOURCES OF FUNDS**				
	(1)Share holder's Funds:				
	(a) Share capital	**A**	623.55	617.85	602.36
	(b) Preferential issue of equity share warrants Refer Clause 14 of Schedule (J)		685.07	-	77.10
	(c) Reserves & Surplus	**B**	17,521.53	15,786.24	13,878.54
	(d) Capital Reserve on Consolidation		159.26	130.68	130.80
			18,989.41	**16,534.77**	**14,688.80**
	(2)Minority Interest		248.76	241.42	265.41
	(3)Loan Funds:				
	(a)Secured Loans	**C**	7,439.99	6,764.68	6,401.41
	(b) Unsecured Loans	**D**	2,144.76	2,367.29	304.49
			9,584.75	**9,131.97**	**6,705.90**
	(4)Deferred Tax Liability		1,100.74	776.26	651.85
	TOTAL		**29,923.66**	**26,684.42**	**22,311.95**
II	**APPLICATION OF FUNDS**				
	(1)Goodwill on Consolidation		676.50	499.80	293.78
	(2)Fixed Assets:	**F**			
	(a) Gross Block		19,767.05	16,950.40	13,657.34
	(b)Less depreciation		5,148.47	4,230.59	3,512.97
	(c)Net Block		14,618.58	12,719.81	10,144.37
	(d)Capital Work in progress		3,609.96	3,037.07	2,445.58
			18,228.54	**15,756.88**	**12,589.95**
	(2)Investments	**G**	5,020.06	4,165.78	5,914.32
	(3)Deferred Tax Asset		255.93	240.25	205.39
	(4)Current Assets,Loans and advances	**H**			
	(a) Inventories		1,584.44	1,412.24	1,161.64
	(b)Sundry Debtors		3,003.14	2,228.38	1,744.14
	(c)Cash and bank balances		1,780.51	3,116.72	876.04
	(d) Loans & Advances		5,729.90	5,237.66	3,663.10
			12,098.00	**11,995.00**	**7,444.92**
	Less :				
	Current Liabilities & Provisions	**E**			
	(a)Liabilities		3,635.25	3,357.76	2,148.19
	(b)Provisions		2,720.12	2,615.64	1,988.68
			6,355.37	**5,973.40**	**4,136.87**
	Net Current Assets		5,742.63	6,021.60	3,308.06

Sl. No	Particulars	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹	As at 31.03.2009 ₹
	(5) Miscellaneous Expenditure to the extent not written off or adjusted	**I**	-	0.12	0.46
	TOTAL		**29,923.66**	**26,684.42**	**22,311.95**

Schedules 'A' to 'I' and notes in schedule (J) form part of the Balance sheet

APOLLO HOSPITALS ENTERPRISE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

₹ in million

	SCHEDULE	31.03.2011	31.03.2010	31.03.2009
		₹	₹	₹
INCOME				
(a) Income from Operations		24,636.56	19,206.51	15,310.73
Add: Share of Joint Ventures		1,416.94	1,058.14	831.33
(b) Other Income	**I**	186.52	322.39	207.99
TOTAL		**26,240.02**	**20,587.04**	**16,350.04**
EXPENDITURE				
(a) Operative Expenses	**II**	13,886.42	10,725.99	8,728.01
(b) Payments and Provisions for Employees	**III**	4,151.16	3,307.93	2,594.34
(c) Administration and Other Expenses	**IV**	3,827.41	3,217.64	2,545.29
(d) Financial Expenses	**V**	814.35	602.06	458.79
(e) Preliminary Expenses		0.09	1.07	2.22
(f) Deferred Revenue Expenditure		5.72	6.41	5.31
TOTAL		**22,685.15**	**17,861.09**	**14,333.96**
PROFIT BEFORE DEPRECIATION & TAX		**3,554.88**	**2,725.95**	**2,016.08**
Less : Depreciation		941.70	749.51	632.17
PROFIT BEFORE EXTRAORDINARY ITEM & TAX		**2,613.18**	**1,976.44**	**1,383.91**
Extraordinary item		-	-	40.19
PROFIT BEFORE TAX		**2,613.18**	**1,976.44**	**1,343.72**
Less :Fringe Benefit Tax		-	-	28.62
Less :Provision for Taxation - Current		580.42	582.69	483.53
Less :Provision for Taxation - Previous		(13.58)	0.75	(0.04)
Less :Deferred Tax Liability		328.32	128.62	32.87
Less : Deferred Tax Asset		(22.21)	(35.91)	(55.04)
PROFIT AFTER TAX		**1,740.23**	**1,300.29**	**853.78**
Less :Minority Interest		(15.23)	(36.30)	(55.92)
PROFIT AFTER MINORITY INTEREST		**1,755.46**	**1,336.59**	**909.70**
Add :Share in Associates		83.77	39.09	115.24
PROFIT AFTER SHARE IN ASSOCIATES		**1,839.22**	**1,375.68**	**1,024.94**
Add :Surplus in Profit & Loss Account brought forward		520.69	399.34	594.26
AMOUNT AVAILABLE FOR APPROPRIATIONS		**2,359.92**	**1,775.02**	**1,619.19**
APPROPRIATIONS				
Dividend		467.67	432.49	401.60
Dividend tax payable		75.87	71.83	68.25
Transfer to general reserve		1,000.00	750.00	750.00
Transfer to Debenture Redemption reserve		100.00	-	-
Balance of profit in Profit & loss a/c		716.39	520.69	399.34
TOTAL		**2,359.92**	**1,775.02**	**1,619.19**
Earnings Per Share (Refer Clause 30 in Schedule J)				

	SCHEDULE	31.03.2011	31.03.2010	31.03.2009
		₹	₹	₹
Before Extraordinary Item				
Basic earnings per share of face value ₹ 5/- (2009-10 : ₹ 5) each		14.84	11.15	8.82
Diluted earnings per share of face value ₹ 5/- (2009-10 : ₹ 5) each		14.37	11.10	8.51
After Extraordinary Item				
Basic earnings per share of face value ₹ 5/- (2009-10 : ₹ 5) each		14.84	11.15	8.60
Diluted earnings per share of face value ₹ 5/- (2009-10 : ₹ 5) each		14.37	11.10	8.30

Schedules 'I' to 'V' and notes in Schedule (J) Form part of the Profit and Loss Account

Schedules to Consolidated Balance Sheet

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE (A)			
Share Capital			
Authorized			
200,000,000 Equity Shares of ₹ 5/- each	1,000.00	750.00	750.00
(2009-10 : 75,000,000 Equity Shares of ₹ 10/- each; 2008-09 : 75,000,000 Equity Shares of ₹ 10/- each)			
10,00,000 Preference Shares of ₹ 100/- each	100.00	100.00	100.00
(2009-10 : 1,000,000 Preference Shares of ₹ 100/-each; 2008-09 : 1,000,000 Preference Shares of ₹ 100/-each)			
	1,100.00	**850.00**	**850.00**
Issued			
a) 125,243,728 Equity Shares of ₹ 5/-each	626.22	620.51	605.02
(2009-10 : 62,051,368 equity shares of ₹ 10/- each; 2008-09 : 60,502,211 equity shares of ₹ 10/- each)			
	626.22	**620.51**	**605.02**
Subscribed and Paid up			
b) 124,710,710 Equity Shares of ₹ 5/- each fully paid up	623.55	617.85	602.36
(2009-10 : 61,784,859 Equity Shares of ₹ 10/- each fully paid up; 2008-09: 60,235,702 Equity Shares of ₹ 10/- each fully paid up)			
	623.55	**617.85**	**602.36**

Notes:
Subscribed and paid up capital:

(a) Includes 1,836,596 Equity shares of ₹ 5/- each (2009 - 10 and 2008 - 09: 918298 Equity Shares of ₹ 10/- 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 ₹ 5/- each (2009 - 10 and 2008 - 09: 20812231 Equity Shares of ₹ 10/- each) fully paid up allotted to the shareholders of amalgamated companies for consideration other than cash

(b) Includes 4,159,860 Equity shares of ₹ 5/- each (2009 - 10 and 2008 - 09: 2079930 Equity Shares of ₹ 10/- each) fully paid up allotted on preferential basis during the year 2004-05

(c) Includes 3,062,800 underlying Equity shares of ₹ 5/- each (2009-10 : 4663000 Equity Shares of ₹ 10/- each; 2008 - 09 : 4687800 Equity Shares of ₹10/- 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 ₹ 5/- each full paid up (2009 - 10 and 2008 - 09: 1039965 Equity Shares of ₹ 10/- each) 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 ₹ 5/- each (2009 - 10 and 2008 - 09: 7047119 Equity Shares of ₹ 10/- each) fully paid up were allotted to Apax Mauritius FDI One Limited during the year 2007 - 08 on preferential basis

(f) Includes 3100000 Equity shares of ₹ 5 /-each (2009 - 10 and 2008 - 09: 1550000 Equity Shares of ₹ 10/- each) fully paid up allotted during the year 2009-10 on conversion of Equity share warrants issued on preferential basis during the year 2006-07

(g) Includes 3,098,314 Equity shares of ₹ 5 /-each (2009 - 10 and 2008 - 09: 1549157 Equity Shares of ₹ 10/- 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 ₹ 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(IFC), Washington

Equity shares of face value of ₹ 10/- each subdivided into 2 shares of ₹ 5/- each on 3rd September 2010.

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE (B)			
Reserves & Surplus			
A. CAPITAL RESERVE			
(1)Capital reserve	17.85	17.85	17.85
(2) Profit on forfeited shares	0.41	0.41	0.41
B. CAPITAL FUND	2.61	2.61	2.61
C. CAPITAL REDEMPTION RESERVE	60.02	60.02	60.02
D. SECURITIES PREMIUM ACCOUNT:			
As per last account	10,490.73	9,735.22	9,064.77
Add : Premium received during the year#	339.45	-	-
Add : Premium received from Promoter's issue	-	755.51	670.45
Add: Share Premium from Group Companies	418.84	467.52	188.05
	11,249.02	**10,958.25**	**9,923.28**
E. GENERAL RESERVE			
As per last account	2,749.03	1,999.03	1,249.03
Add: Transfer During the year	1,000.00	750.00	750.00
Add: Share of Associates	1,078.93	1,060.10	1,152.57
Add: Share of Profits / (loss) Subsidiaries	176.47	174.16	172.84
Add: Profit From Joint Venture	362.71	235.22	143.13
	5,367.14	**4,218.51**	**3,467.56**
F. Foreign Currency Translation Reserve	0.02	0.05	0.02
G. Other Reserve			
Fair value change Account	0.26	0.03	(0.37)
Investment Allowance Reserve	7.63	7.63	7.63
Foreign Exchange Fluctuation Reserve	0.19	0.19	0.19
Debenture redemption reserve	100.00	-	-
Profit and Loss Account	716.39	520.69	399.34
Total	**17,521.53**	**15,786.24**	**13,878.54**

Refer clause 10 of Schedule J

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
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	219.11
(II) Jammu & Kashmir Bank	269.72	270.09	270.09
(III) Indian Bank	609.52	904.76	1,000.00
(IV) Bank of India	761.90	952.38	1,000.00
(V) Canara Bank	1,503.60	2,160.00	2,160.00
(VI) Hire purchase Loans	3.19	0.05	9.53
(VII) Canara Bank	388.00	388.00	388.00
(VIII) Indian Overseas Bank	227.00	227.00	227.00
Add : Interest accrued and due	-	-	36.64
C. OTHER LOANS AND ADVANCES			
IFC Loan (External Commercial Borrowings)	1,608.79	697.16	-
	6,482.76	**5,690.92**	**5,310.36**
Add : Share of Joint Ventures	957.23	1,073.76	1,091.05
Refer clause 2 (C) (3) of Schedule J			
Total	**7,439.99**	**6,764.68**	**6,401.41**

Refer clause 9 of schedule J for Details & security

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE (D)			
Unsecured Loans			
i) FIXED DEPOSITS	570.14	498.50	130.99
ii) SHORT TERM LOANS AND ADVANCES:			
a) From Banks	1,000.00	1,021.16	-
b) From Directors	0.18	0.18	11.18
OTHER LOANS AND ADVANCES			
Foreign Currency Convertible Bonds	334.88	678.05	-
	1,905.20	**2,197.88**	**142.17**
Add : Share of Joint Ventures	239.56	169.41	162.32
Refer clause 2 (C) (3) of Schedule J			
Total	**2,144.76**	**2,367.29**	**304.49**

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE (E)			
Current Liabilities & Provisions :			
A) Current Liabilities			
(1)Acceptances	358.40	302.35	284.92
(2)Sundry Creditors *			
a) For goods	1,165.75	986.04	466.50
b) For Expenses	268.78	499.14	256.87
c) For Capital Goods	129.56	173.61	57.13
d) For others	362.80	308.60	127.84
	1,926.89	1,967.39	908.35
(3) Advances			
a) Inpatient deposits	100.99	97.79	76.60
b) Rent	48.68	21.79	25.37
c) Others	2.03	13.61	24.27
	151.70	133.19	126.25
(4) Investor Education and Protection Fund shall be credited by the following:			
a) Unpaid Dividend	18.28	16.36	15.18
b) Unpaid Deposits	-	3.15	6.86
(5) Other liabilities			
a)Tax Deducted at source	94.42	83.28	64.57
b)Retention money on capital contracts	0.96	1.38	1.70
c)Outstanding expenses	334.19	278.35	307.76
	429.57	363.01	374.03
(6) Interest accrued but not due	65.84	46.98	11.34
	2,950.68	2,832.43	1,726.93
Add : Share of Joint Ventures	684.57	525.33	421.26
Refer clause 2 (C) (3) of Schedule J			
	3,635.25	**3,357.76**	**2,148.19**
(B) Provisions			
(a) For Taxation	2,102.18	2,067.02	1,480.83
(b) For Dividend	467.67	432.49	401.60
(c) Bonus	141.22	116.02	93.68
(d) Staff benefits	-	-	6.22
	2,711.06	2,615.53	1,982.34
Add : Share of Joint Ventures	9.06	0.11	6.34
Refer clause 2 (C) (3) of Schedule J			
	2,720.12	**2,615.64**	**1,988.68**
Total	**6,355.37**	**5,973.40**	**4,136.87**
* Refer clause 35 of Schedule J			

SCHEDULE F

FIXED ASSETS

SI. No	Name of the Assets	Gross Block As at 31st March			Depreciation Block As at 31st March			Net Block As at 31st March		
		2011	2010	2009	2011	2010	2009	2011	2010	2009
	Tangible Assets									
1	Land	1,317.55	1,307.97	1,249.18	-	-	-	1,317.55	1,307.97	1,249.18
2	Building	3,884.41	3,450.50	2,251.34	371.23	317.56	251.83	3,513.19	3,132.93	1,999.51
3	Leasehold Building*	528.08	373.86	299.68	118.29	74.11	68.50	409.78	299.75	231.17
4	Medical Equipment &Surgical instruments	6,828.48	5,902.13	4,868.72	2,394.02	2,009.12	1672.34	4,434.45	3,893.00	3,169.39
5	Electrical Installation &Generators	1,083.82	945.82	684.18	335.80	301.46	251.81	748.03	644.36	432.37
6	Airconditioning Plant &Airconditioners	499.29	347.45	208.85	141.36	92.21	77.47	357.93	255.24	131.38
7	Office Equipment	905.13	745.48	565.60	424.58	334.66	272.32	480.55	410.82	293.27
8	Furniture & Fixtures	1,533.85	1,294.53	1,056.97	460.55	364.17	287.07	1,073.28	930.36	769.90
9	Fire Fighting equipment	34.00	32.73	18.79	5.58	4.76	4.45	28.42	27.97	14.34
10	Library	0.18	0.18	0.18	0.18	0.18	0.18	-	-	-
11	Boilers	1.87	1.87	1.87	1.12	1.00	1.00	0.75	0.87	0.87
12	Kitchen equipment	44.41	38.10	37.20	10.90	10.12	9.39	33.51	27.98	27.81
13	Refrigerators	30.82	27.80	24.88	6.97	6.09	5.32	23.85	21.71	19.56
14	Vehiles	315.15	228.84	207.37	105.65	86.81	72.56	209.50	142.03	134.81
15	Wind electric generator	26.85	26.85	26.85	11.60	10.32	8.55	15.25	16.53	18.30
	Intangible Assets									
1	Software	32.56	10.02	5.68	14.63	4.52	2.06	17.93	5.50	3.63
2	Trademark and concepts rights	29.10	29.10	29.10	6.40	6.40	6.40	22.70	22.70	22.70
		1 78	1 78					1 78	1 78	
	Total	17,097.32	14,765.01	11,536.45	4,408.87	3,623.51	2,991.26	12,688.45	11,141.51	8,545.19
	Less : Depreciaton Written Back	-	-	-	0.28	0.28	0.28	0.28	0.28	0.28
	Total	17,097.32	14,765.01	11,536.45	4,408.59	3,623.23	2,990.99	12,688.73	11,141.78	8,545.47
	Share of Joint Ventures #	2,669.73	2,185.39	2,120.89	739.89	607.36	521.98	1,929.85	1,578.03	1,598.91
	Total	19,767.05	16,950.40	13,657.34	5,148.47	4,230.59	3,512.97	14,618.58	12,719.81	10,144.37
	Capital work in Progress"' *							3,609.96	3,037.07	2,445.58
	Total							18,228.54	15,756.88	12,589.95

* Refer Clause 3D(v> of schedule I **Refer Clause 3F(b1 of schedule T # refer Clause 2fc1 3 of schedule 1

SCHEDULE (G)

Investments	*31.03.2011*		*31.03.2010*		*31.03.2009*	
Description	*Numbers*	*Book Value (₹ In million)*	*Numbers*	*Book Value (₹ In million)*	*Numbers*	*Book Value (₹ In million)*
Investment in Government Securities						
Current Investments(lower of cost and market value)						
A) Unquoted						
National Savings Certificate		*0.29*		*0.29*		*0.26*
TRADE INVESTMENTS :						
LongTerm Investments (at cost)						
A) Quoted						
In fully paid up Equity Share Capital						
ASSOCIATES						
Indraprastha Medical Corporation Limited fully paid up of ₹ 10 each	*19,306,041*	*289.58*	*19,023,541*	*295.06*	*18,705,907*	*275.95*
Market Value as on 31.03.2011 ₹ 34.15/- per share; Market Value as on 31.03.2010 ₹ 45.20/-; Market Value as on 31.03.2009 - ₹ 28.67/-)						
Goodwill on Acquisition = ₹ 140,611,881/-; 31.03.2010: ₹ 121,734,543; 31.03.2009 - ₹121,734,543						
B) Unquoted						
i) ASSOCIATES						
Stemcyte India Therapautics Private Limited fully paid up of ₹ 1 each	*88,303*	*58.82*	*88,303*	*61.84*	-	-
(Goodwill on Acquisition = ₹ 49,911,697/-; 31.03.2010 - ₹ 49,911,697)						
ii)LONG TERM - OTHERS :						
British American Hospitals Enterprise Limited fully paid of 100 MUR each	*1,393,079*	*203.82*	*1,393,079*	*135.10*	*1,393,079*	*194.17*

Investments	31.03.2011		31.03.2010		31.03.2009	
Description	Numbers	Book Value (₹ In million)	Numbers	Book Value (₹ In million)	Numbers	Book Value (₹ In million)
Kurnool Hospitals Enterprises Limited fully paid up of ₹ 10 each	157,500	1.73	157,500	1.73	157,500	1.73
FutureParking fully paid up of ₹ 10 each	4,900	0.05		-	-	-
Health Super Hiway fully paid up of ₹ 10 each	200	0.00		-		
Health Super Hiway Preference shares fully paid up of ₹ 54.10 each	406,514	22.00		-		
NON TRADE INVESTMENTS :						
LongTerm Investments (at cost)						
A) Quoted						
In fully paid up Equity Share Capital						
The Karur Vysya Bank Limited fully paid up of ₹ 10 each	12,811	2.21	6,537	1.94	6,537	1.94
Market Value as on 31.03.2011 ₹ 399.05/. Per Share; 31.03.2010 - ₹ 460.35 per share and 31.03.2009 - ₹ 200.05 per share						
Cholamandalam DBS Finance Limited fully paid up of ₹10 each	1,000	0.16	1,000	0.16	1,000	0.16
Market Value as on 31.03.2011 Rs 174.90/. Per Share; 31.03.2010 - ₹93.70 per share and 31.03.2009 - ₹ 25.55 per share						
Carol Info Services Limited fully paid up of ₹ 10 each	-	-	-	-	5000	0.30
i)Unquoted						
DEBENTURES						
* *Debentures of Apollo Health Street Limited Optionally Redeemable Convertible Debentures fully paid up of ₹160 each	3,682,725	589.24	3,682,725	589.24	-	-
Debentures of Citi Corp Finance (India) Limited CFIL NCD Series 214 Non Convertible Redeemable					250	250.00

Investments	*31.03.2011*		*31.03.2010*		*31.03.2009*	
Description	***Numbers***	***Book Value (₹ In million)***	***Numbers***	***Book Value (₹ In million)***	***Numbers***	***Book Value (₹ In million)***
Debentures fully paid of ₹ 10,00,000 each						
ASSOCIATES :						
Family Health Plan Limited fully paid up of ₹ 10 each	*490,000*	*24.73*	*490,000*	*22.06*	*490,000*	*20.30*
(Capital Reserve on Consolidation: ₹ 4,245,685/-; 31.03.2010: ₹ 4,245,685/-; 31.03.2009 : ₹4,245,685)						
** * Apollo Health Street Limited fully paid up of ₹10 each*	*11,181,360*	*2,458.24*	*11,181,360*	*2,428.91*	*11,181,360*	*2,466.70*
(Goodwill on Acquisition = ₹ 1,071,125,975/-; 31.03.2010: ₹ 1,071,015,460; 31.03.2009 - ₹1062,677,518)						
OTHERS:						
Sunrise Medicare Private Limited fully paid up of ₹10 each	*250,000*	*0.39*	*250,000*	*0.39*	*250,000*	*2.50*
Unquoted						
CURRENT INVESTMENT - OTHERS :						
Current Investment (lower of cost and market value)						
Certificate of Deposit - HDFC Bank						
Non-Cumulative Fixed Deposits						*100.00*
OTHERS - MUTUAL FUND						
Reliance Income Fund Retail Plan - Growth Plan - Growth Option - face value of ₹ 10 each	*30,231*	*0.70*	*30,231*	*0.70*	*30,231*	*0.70*
Net Asset Value as on 31.03.2011 ₹ 32.2872 per unit; 31.03.2010 - ₹30.8515 per unit and in 31.03.2009 - ₹ 29.0575 per unit						
Reliance Monthly Interval Fund Series II Institutional dividend plan - face value of ₹ 10 each	*14,006,385.75*	*140.13*	-	-	-	-
Canara Robeco Floating	*13,179,311*	*200.00*	-	-	-	-

Investments	*31.03.2011*		*31.03.2010*		*31.03.2009*	
Description	*Numbers*	*Book Value (₹ In million)*	*Numbers*	*Book Value (₹ In million)*	*Numbers*	*Book Value (₹ In million)*
Rate Short term Growth Fund face value of ₹ 10 each						
HDFC FMP 100D March 2011 (2) Dividend Series XVII face value of ₹ 10 each	*18,000,000*	*180.00*	-	-	-	-
HDFC Quarterly Interval Fund - Plan C face value of ₹ 10 each	*8,995,233*	*90.00*	-	-	-	-
HDFC FMP 35D March 2011 (2) face value of ₹ 10 each	*12,000,000*	*120.00*	-	-	-	-
DSP Black Rock Money Manager Fund - Institutional Plan - Daily Dividend face value of ₹ 1,000 each	*151,626*	*151.75*	-	-	-	-
Reliance Income Fund - Retail Plan - Quarterly dividend Plan - face value of ₹ 10 each					*11,546,810*	*150.00*
Reliance Fixed Time horizon Fund VII-series 5 Institutional Dividend plan - face value of ₹ 10 each					*75,000,000*	*750.00*
HDFC Cash Management Fund -Treasury Advantage Plan-Wholesale-Daily Dividend, Option: Reinvest- face value of ₹ 10 each					*15,266,101*	*153.14*
HDFC FMP 370D March2008 (vii) (2) Whole sale plan Growth payout option - face value of ₹ 10 each					*50,000,000*	*500.00*
Canara Robeco Floating Rate Short term Growth Plan 2 (13 Months)- face value of ₹ 10 each					*25,000,000*	*250.00*
Kotak FMP 13M series 4 Institutional Growth - face value of ₹ 10 each					*25,000,000*	*250.00*
4. Advance for Investments in shares						
for various projects under construction		*136.48*		*332.20*		*337.75*
		4,670.32		*3,869.61*		*5,705.60*
Add: Share of Joint		*349.74*		*296.16*		*208.71*

Investments	***31.03.2011***		***31.03.2010***		***31.03.2009***	
Description	***Numbers***	***Book Value (₹ In million)***	***Numbers***	***Book Value (₹ In million)***	***Numbers***	***Book Value (₹ In million)***
Ventures						
Refer clause 2 (C) (3) of Schedule J						
Total Investments		***5,020.06***		***4,165.78***		***5,914.32***
# 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 ₹ 664,588,430/- (31.03.2010 ₹ 848,610,004/- and 31.03.2009 ₹ 799,066,131/-)		*291.95*		*297.15*		*528.34*
Aggregate amount of Unquoted Investment		*4,591.63*		*3,536.42*		*5,048.22*
Advance for Investments in shares		*136.48*		*332.20*		*337.75*
Total		***5,020.06***		***4,165.78***		***5,914.32***

The following Long Term Investment were purchased:

In 2010 – 11

1) *282,500 Equity shares of Indraprastha Medical Corporation Limited*
2) *200 Equity Shares of Health Super Hiway*
3) *406,514 Preference shares Health Super Hiway*

The following Current Investment were purchased and sold

During 2010 – 11

1) *14,006,385.75 units - Reliance Monthly Interval Fund Series II Institutional dividend plan purchased during the year*
2) *13179311 units - Canara Robeco Floating Rate Short term Growth Fund purchased during the year*
3) *18000000 units - HDFC FMP 100D March 2011 (2) Dividend Series XVII purchased during the year*
4) *8995233 units - HDFC Quarterly Interval Fund - Plan C purchased during the year*
5) *12000000 units - HDFC FMP 35D March 2011 (2) purchased during the year*
6) *199,840.13 units of DSP BlackRock Money Manager Fund - Institutional Plan - Daily Dividend purchased during the year, 1746.14 units cumulated during the year and 49,960.03 units sold during the year*
7) *16,355,770.7248units of Kotak Liquid (Institutional Premium)-Daily Dividend Plan purchased during the year. 1,508.76 units cumulated during the year. 16,357,279.49 units sold during the year*

8) *19,907,285.326units of Kotak Flexi Debt Scheme Institutional-Daily Dividend purchased during the year 54,906.19 units cumulated during the year 19,962,191.52 units sold during the year*
9) *19,989,805.199 units purchased during the year. 1,868.35 units cumulated during the year. 19,991,673.553 units sold during the year)*
10) *199,744.743 units of Reliance Money Management Fund Institutional Option-Daily Dividend plan purchased during the year. 2,086.363 units cumulated during the year. 201,831.106 units sold during the year)*
11) *12,565,632.99 units of Reliance Liquid Fund Cash plan daily dividend option purchased during the year. 12,017.18 units cumulated during the year. 12,577,650.17units sold during the year)*
12) *47,008,386.36 units of HDFC Cash Management Fund-Savings Plan-Daily Dividend Reinvestment Option purchased during the year. 5,126.71units cumulated during the year. 47,013,513.01 units sold during the year)*
13) *36,885,877.854 units of HDFC Cash Management Fund-Treasury Advantage Plan purchased during the year. 323,282.4829 units cumulated during the year. 37,209,160.337 sold during the year)*
14) *30,003,384.604 units of HDFC Short term Opportunities Fund Dividend Payout Option purchased during the year.30,003,384.604 units sold during the year)*
15) *82,581,912.33 units of HDFC Floating Rate Income fund Short term Plan purchased during the year. 40,075,201.73 units cumulated during the year. 122,657,114.0592 units sold during the year)*
16) *19,978,024.173 units of AIG Treasury Fund Super Institutional Plan-Daily Dividend Reinvestment Option purchased during the year. 270,151.081 units cumulated during the year. 20,248,175.254 units sold during the year)*
17) *10,000,000units of Canara Robeco InDigo quarterly dividend fund purchased during the year. 10,000,000units sold during the year)*
18) *1,999,558.098 units of ICICI Prudential Liquid Plan - Super Institutional- Daily Dividend Reinvestment Option purchased during the year. 217.7 units cumulated during the year.1,999,775.798 units sold during the year)*
19) *1,891,727.194 units of ICICI Prudential Flexible Income Plan Premium- Daily Dividend Reinvestment Option purchased during the year. 17,144.005 units cumulated during the year 1,908,871.20 units sold during the year)*

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE (H)			
Current Assets, Loans & Advances			
A. CURRENT ASSETS			
(1) Inventories (at cost)**			
i) Medicines	1,238.02	1,060.88	858.35
ii) Stores, spares	56.41	68.52	47.65
iii) Lab Materials	14.30	26.36	16.66
iv) Surgical Instruments	147.26	144.04	103.16
v)Other Consumables	100.98	86.43	111.52
	1,556.98	**1,386.23**	**1,137.34**
Add : Share of Joint Ventures	27.46	26.01	24.29
Refer clause 2 (C) (3) of Schedule J			
	1,584.44	**1,412.24**	**1,161.64**
(As taken, certified, and valued by management)			
(2) Sundry Debtors			
Refer clause 24 of schedule J			
a) Debtors Outstanding for a period exceeding six months	960.28	422.05	567.58
Less : provision for Bad debts	24.95	13.49	5.59
b) Other debts	1,865.18	1,684.27	1,080.24
	2,800.51	**2,092.84**	**1,642.22**
Add : Share of Joint Ventures	202.63	135.54	101.92
Refer clause 2 (C) (3) of Schedule J			
	3,003.14	**2,228.38**	**1,744.14**
(3) Cash and Bank Balances			
a) Cash Balance on hand	51.57	35.92	34.04
b) Bank Balance:			
(i) with schedule Banks :			
a) On current account	1,008.19	1,752.01	515.07
b) On deposit account	519.85	1,126.68	141.65
(ii) with non-scheduled Banks :	10.30	46.26	1.95
	1,589.91	**2,960.87**	**692.71**
Add : Share of Joint Ventures	190.61	155.85	183.33
Refer clause 2 (C) (3) of Schedule J			
	1,780.51	**3,116.72**	**876.04**
(B) Loans and Advances			
Refer clause 24 of schedule J			
(4) Advances:			
i) For capital items	185.68	202.94	78.88
ii) To suppliers	407.76	124.32	64.80
iii) Other advances	1,472.57	1,501.93	1,075.14
iv) Staff advances	36.20	38.01	35.08
	2,102.21	**1,867.19**	**1,253.89**
(5) Advance tax	1,586.53	1,754.76	1,239.43
(6) Deposits:			
a) With Government	57.39	51.28	42.31
b) With others	718.90	611.86	508.37
	776.29	**663.14**	**550.68**
(7) Prepaid expenses	88.62	70.84	63.83

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
(8)Rent receivables	2.48	4.33	4.42
(9)Service charges receivables	-	2.83	1.79
(10)Tax deducted at source	1,018.29	748.34	458.71
(11)Franchise Fees Receivable	11.10	6.57	4.08
(12)Royalty Receivable	-	-	2.14
	5,585.52	**5,117.99**	**3,578.98**
Add : Share of Joint Ventures	144.38	119.66	84.12
Refer clause 2 (C) (3) of Schedule J			
	5,729.90	**5,237.66**	**3,663.10**
Total of Current Assets, Loans & Advances (A+B)	**12,098.00**	**11,995.00**	**7,444.92**

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE (I)			
Miscellaneous Expenditure			
[To the extent not written off or adjusted)			
(a) Deferred Revenue Expenditure	-	0.12	0.22
(b) Preliminary Expenditure	-	-	0.24
	-	0.12	0.46

Schedules to Consolidated Profit and Loss Account

₹ *in million*

Particulars	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE - I			
OTHER INCOME			
Interest earned	*100.25*	*95.88*	*20.61*
Dividend	*18.84*	*94.66*	*146.72*
Income from Treasury operations	*11.77*	*31.35*	*11.29*
Profit on sale of Investment	*0.03*	*81.72*	*10.09*
Profit on sale of Asset	*0.13*	*0.60*	*0.32*
Exchange gain	*41.86*		-
	172.88	***304.21***	***189.03***
Add : Share of Joint Ventures	*13.64*	*18.18*	*18.96*
Refer clause 2 (C) (3) of Schedule J			
TOTAL	***186.52***	***322.39***	***207.99***

Particulars	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE - II			
OPERATIVE EXPENSES			
MATERIALS CONSUMED			
Opening stock	*1,389.76*	*1,106.23*	*800.86*
ADD :			
Purchases	*12,907.32*	*10,051.86*	*8,186.39*
Customs Duty	*0.31*	*1.39*	*4.99*
Freight Charges	*11.85*	*17.33*	*10.58*
	14,309.24	*11,176.81*	*9,002.83*
LESS			
Closing stock	*1,556.98*	*1,386.23*	*1,086.12*
	12,752.27	*9,790.58*	*7,916.72*
Fees to Consultants	*-*	*6.37*	*4.15*
Power & Fuel	*429.05*	*343.92*	*285.62*
House Keeping expenses	*188.06*	*201.44*	*189.68*
Water charges	*44.81*	*38.68*	*33.82*
	13,414.18	*10,380.99*	*8,429.99*
Add : Share of Joint Ventures	*472.24*	*345.00*	*298.02*
Refer clause 2 (C) (3) of Schedule J			
TOTAL	***13,886.42***	***10,725.99***	***8,728.01***

Particulars	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE - III			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries& Wages	*3,260.62*	*2,586.20*	*2,042.05*
Contribution to Provident Fund	*161.13*	*135.00*	*108.73*
Employee State Insurance	*23.14*	*17.79*	*13.46*
Provision on retirement obligation	*82.12*	*60.21*	*1.54*
Staff Welfare expenses	*188.27*	*174.50*	*146.29*
Staff Education & Training	*14.11*	*10.90*	*13.07*
Bonus	*141.22*	*116.00*	*94.14*
	3,870.61	*3,100.60*	*2,419.28*
Add : Share of Joint Ventures	*280.55*	*207.33*	*175.06*
Refer clause 2 (C) (3) of Schedule J			
TOTAL	***4,151.16***	***3,307.93***	***2,594.34***

Particulars	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE - IV			
ADMINISTRATIVE & OTHER EXPENSES			
Rent	*797.45*	*679.18*	*546.76*
Rates & Taxes	*55.58*	*53.23*	*52.06*
Printing & Stationery	*163.82*	*162.22*	*151.04*
Postage& Telegram	*26.97*	*25.40*	*13.30*
Insurance	*37.85*	*34.07*	*27.90*
Directors Sitting Fees	*2.31*	*1.79*	*1.88*
Advertisement, Publicity & Marketing	*436.26*	*273.75*	*251.14*
Travelling & Conveyance	*220.69*	*173.20*	*176.30*
Subscriptions	*9.08*	*7.95*	*2.58*
Security charges	*69.79*	*55.59*	*44.82*
Legal & professional fees	*244.66*	*173.32*	*127.15*
Continuing Medical Education & Hospitality Expenses	*9.24*	*11.22*	*4.75*
Hiring charges	*39.24*	*30.09*	*31.55*
Seminar expenses	*4.18*	*2.33*	*4.69*
Telephone expenses	*79.49*	*72.03*	*69.84*
Books & Periodicals	*7.36*	*6.93*	*5.97*
Miscellaneous Expenses	*88.92*	*74.82*	*53.53*
Investment Written off	-	*5.56*	-
Bad Debts Written off	*60.13*	*94.85*	*36.48*
Provision for Bad Debts	*14.24*	*7.89*	*4.62*
Donations	*13.64*	*4.05*	*5.90*
Royalty paid	*0.67*	*1.23*	*1.07*
Repairs & Maintenance			
i)Buildings	*119.35*	*130.87*	*109.99*
ii)Equipments	*198.10*	*196.16*	*151.09*
iii) Vehicles	*26.14*	*20.51*	*20.35*
iv) Office maintenance & others	*175.81*	*112.14*	*96.69*
Loss on sale of assets	*31.84*	*20.14*	*16.77*
Loss on sale of Current Investment	*1.66*	*0.43*	*4.12*
Outsourcing expenses	*413.94*	*333.49*	*206.30*
	3,348.41	*2,764.44*	*2,218.64*
Add : Share of Joint Ventures	*479.00*	*453.20*	*326.65*
Refer clause 2 (C) (3) of Schedule J			
TOTAL	***3,827.41***	***3,217.64***	***2,545.29***

	31.03.2011	31.03.2010	31.03.2009
	₹	₹	₹
SCHEDULE V			
FINANCIAL EXPENSES			
a. Interest on			
i)Fixed Loans	*557.25*	*405.32*	*244.30*
ii) Fixed Deposits	*50.31*	*29.90*	*12.89*
iii) Debentures	*14.96*	*-*	*-*
b. Bank charges	*37.16*	*31.94*	*32.72*
c. Brokerage & commission	*2.09*	*2.63*	*1.47*
d. Foreign Exchange Loss	*35.87*	*17.58*	*31.09*
	697.64	*487.37*	*322.46*
Add : Share of Joint Ventures	*116.71*	*114.69*	*136.33*
Refer clause 2 (C) (3) of Schedule J			
TOTAL	***814.35***	***602.06***	***458.79***

APOLLO HOSPITALS ENTERPRISE LIMITED

Consolidated Cash Flow Statement

₹ in million

		31.03.2011	31.03.2010	31.03.2009
		₹	₹	₹
A	**Cash Flow from operating activities**			
	Net profit before tax and extraordinary items	2,613.18	1,976.44	1,383.91
	Adjustment for:			
	Depreciation	941.70	749.51	632.17
	Profit on sale of assets	(0.13)	(0.60)	4.12
	Profit on sale of investments	(5.74)	(81.72)	(10.09)
	Loss on sale of Investments	4.05	0.43	-
	Loss on sale of assets	34.74	40.63	17.32
	Interest paid	778.44	587.01	427.70
	Foreign Exchange Loss	(6.26)	(7.91)	31.09
	Misc. Exp. written off	5.81	7.48	6.71
	Provision for bad debts	17.30	12.11	17.22
	Dividend received	(20.69)	(103.94)	(176.21)
	Interest received	(106.03)	(104.77)	(34.98)
	Income from Treasury operations	(11.77)	(31.35)	-
	Bad debts written off	63.95	102.75	35.90
	Liability & sundry balances Written back	(6.05)	(2.61)	(5.28)
		1,689.32	1,167.02	945.68
	Operating profit before working capital changes	4,302.51	3,143.45	2,329.59
	Adjustment for:			
	Trade or other receivables	(919.51)	(666.26)	(502.22)
	Inventories	(165.83)	(250.50)	(297.94)
	Trade payables	380.82	1,341.16	371.15
	Others	(338.31)	(718.55)	(360.39)
		(1,042.83)	(294.16)	(789.39)
	Cash generated from operations	3,259.68	2,849.29	1,540.19
	Foreign Exchange (Loss)/Gain	6.26	7.91	(30.94)
	Taxes paid (including Fringe Benefit Tax)	(675.11)	(864.71)	(594.53)
	Adjustments for Misc. Exp. written off	(3.15)	(6.23)	(3.19)
	Net cash from operating activities	**2,587.67**	**1,986.26**	**911.53**
B	**Cash flow from Investing activities**			
	Purchase of fixed assets (Including Capital Work in Progress) #	(3,334.98)	(3,938.43)	(3,723.94)
	Pre-operative expenses	(53.99)	(20.92)	(5.89)
	Purchase of investments	(3,922.68)	(3,052.14)	(6,920.39)
	Sale of investments	2,615.96	4,716.61	7,683.33

		31.03.2011	31.03.2010	31.03.2009
		₹	₹	₹
	Sale of fixed assets	178.07	46.70	85.71
	Interest received	52.00	99.31	46.01
	Dividend received	50.97	131.99	167.28
	Cash flow before extraordinary item	**(4,414.65)**	**(2,016.89)**	**(2,667.88)**
	Extraordinary Item	-	-	(40.19)
	Net cash used in Investing activities	**(4,414.65)**	**(2,016.89)**	**(2,708.07)**
C	**Cash flow from financing activities**			
	Membership fees	-	-	-
	Proceeds from issue of share premium	35.03	818.39	783.35
	Proceeds from issue of share capital	71.52	50.58	27.66
	Proceeds from advance against share capital	685.31	14.52	-
	Proceeds from long term borrowings	1,949.50	2,716.86	1,410.34
	Proceeds from short term borrowings	181.70	383.29	36.69
	Repayment of finance/lease liabilities	(1,254.54)	(732.12)	(113.06)
	Interest paid	(780.36)	(613.33)	(398.77)
	Income from Treasury operations	11.77	31.35	-
	Dividend paid	(432.49)	(401.60)	(352.11)
	Net cash from financing activities	**467.44**	**2,267.94**	**1,394.09**
	Net increase in cash and cash equivalents	**(1,359.54)**	**2,237.31**	**(402.44)**
	(A+B+C)			
	Cash and cash equivalents	3,140.06	879.42	1,278.49
	(opening balance)			
	Cash and cash equivalents	1,780.52	3,116.73	876.05
	(Closing balance)			
	Component of Cash and cash equivalents			
	Cash Balances	55.37	38.94	37.16
	Bank Balances*			
	i) Available with the company for day to day operations	1,706.87	3,058.27	816.85
	ii) Amount available in unpaid dividend and unpaid deposit payment accounts	18.28	19.52	22.04

Notes :

2. Figures in the bracket represents outflow

3. #Purchase of Fixed Asset includes and interest paid excludes ₹ 154.42 million (31.03.2010 ₹ 198.68 million and 31.03.2009 ₹ 254.64 million) of interest capitalized.

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 judgments and estimates made are reasonable and prudent. The financial statements have been prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

Quintiles Phase One Clinical Trials India Private Limited – F.Y - 2010-2011

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 – F.Y - 2010-2011

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.

Family Health Plan (TPA) Limited – F.Y - 2010-2011

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.

British American Hospitals Enterprise Limited – F.Y - 2008-2009 & F.Y - 2009-2010

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on historical cost basis. Family Health Plan (TPA) Limited.

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.

Apollo Hospitals Enterprise Limited

A. Investment in Subsidiaries

1. The Subsidiary Companies considered for the purpose of consolidation are:

Name of the Subsidiary	Country of Incorporation	% of holding	% of holding	% of holding
		As on 31.03.11	As on 31.03.10	As on 31.03.09
Unique Home Health Care Limited.	India	100	100	100
AB Medical Centres Limited.	India	100	100	100
##Apollo Health and Lifestyle Limited.	India	100	86.95	86.95
Samudra Healthcare Enterprise Limited.	India	100	100	100
#Imperial Hospital & Research Centre Limited	India	51	51	51
Apollo Hospital (UK) Limited	United Kingdom	100	100	100
**Pinakini Hospitals Limited	India	74.94	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	@	-	-

\# Formerly Imperial Cancer Hospital & Research Centre Limited
100% subsidiary of Apollo Hospitals Enterprise Limited during the year.
* 100% subsidiary of Apollo Health and Lifestyle Limited.
@ Subsidiary of Alliance Medicorp (India) Limited.
@@ During 2008-09, shown under advance for investment. Shares allotted on October 7, 2009.
** Became subsidiary of Apollo Hospitals Enterprise Limited during 2008-2009.

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

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 fiscal 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	Proportion of ownership interest (%) as on 31st March 2009
*Indraprastha Medical Corporation Limited.	India	21.06	20.75	*20.40
Family Health Plan Limited.	India	49	49	49
**Apollo Health Street Limited	India	**39.38	**39.46	**45.50
#Stemcyte India Therapautics Private Limited	India	13.05	13.05	-
@British American Hospitals Enterprises Limited	Mauritius	-	19.72	19.72

* For the year ended 31st March 2009 Apollo Hospitals Enterprise Limited directly holds 18.25% in Indraprastha Medical Corporation Limited and a further 2.15% through its wholly owned subsidiary Unique Home Health Care Limited

** Apollo Hospitals Enterprise Limited directly holds 38.69% as of 31st March 2011; 38.77% as of 31st March 2010 and 44.70% as of 31st March 2009 in Apollo Health Street Limited (formerly Apollo Health Street Private Limited) and a further 0.69% as of 31st March 2011; 0.69% as of 31st March 2010 and 0.80% as of 31st March 2009 through its wholly owned subsidiary Unique Home Health Care Limited

@ 31st March 2009 - Apollo Hospitals Enterprise Limited had a stake of 26% in British American Hospitals Enterprise Limited as on 31st December 2008, which is the date of latest available Balance sheet used for consolidation purposes as per Clause 24 of Accounting Standard 23-"Accounting for investments in Associates". The Company has reduced its stake in British American Hospitals Enterprise Limited between 31st December 2008 and 31st March 2009 from 26% to 19.72%. The Company has consolidated the accounts of British American Hospitals Enterprise Limited based on the reduced stake as per Clause 15 of Accounting Standard 23-"Accounting for investments in Associates" issued by the Institute of Chartered Accountants of India.

Shares were allotted on 18th July 2009.

2. The financial statements of all associates are drawn upto 31st March of each year. In the case of British American Hospitals Enterprise Limited, the account is drawn upto 31st December 2009 and 31st December 2008. The effect of significant events or transactions between the Company and British American Hospitals Enterprise Limited that occurred between the date of the associate's financial statements and the Company's consolidated financial statements has been considered in the preparation of consolidated financial statements in accordance with Accounting Standard 23 'Accounting for Investment in Associates' issued by the Institute of Chartered Accountants of India.

3. The Board of Directors at its meeting held on 24th April 2011 has approved divestment of the Company's investment in British American Enterprise 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 Private Limited an associate, unaudited Management report has 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	Proportion of ownership interest (%) as on 31st March 2009
Apollo Gleneagles Hospitals Limited	India	50	50	50
#Apollo Gleneagles PET – CT Private Limited	India	50	50	50
**Apollo Hospitals International Limited	India	**50.00	**50.00	**50.00
Western Hospitals Corporation Private Limited	India	40	40	40
Apollo Munich Health Insurance Company Limited*	India	11.01	16.71	20.12
***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% as of 31st March 2011; 7.91% as of 31st March 2010 and 0.52% as of 31st March 2009 in Apollo Hospitals International Limited and a further 42% as of 31st March 2011; 42.09% as of 31st March 2010 and 49.48% as of 31st March 2009 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. Shares were allotted on 12th May 2009.

Entered into Joint Venture Agreement with Apollo Hospitals Enterprise Limited during 2009-10.

In respect of Universal Quality Services LLC, Dubai, in the absence of any business activity during the years 2009-10 and 2008-2009, the effect of the operations has not been included in the Consolidated Financial Statements. The Company is in the process of being liquidated after obtaining necessary Statutory permissions. The whole of the amounts in the form of investments have been written off in the books of Apollo Hospitals Enterprise Limited in the FY 2004-05.

In respect of Apollo Lavasa Health Corporation Limited, Apollo Hospitals Enterprise Limited has been allotted shares subsequent to 31st March 2009 only and hence not been considered for the purpose of consolidation in the Consolidated Financial Statements. The amount has been shown as advance for investment in shares.

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

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

ASSETS	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
	(₹ In million)	(₹ In million)	(₹ In million)
1.Net Fixed Assets	2,145.10	1,576.39	1,597.26
2. Capital Work-in-Progress	29.00	294.20	72.93
3.Investments	349.74	296.16	208.71
4.Current Assets, Loans and Advances			
a) Inventories	27.46	26.01	24.29
b) Sundry Debtors	202.63	135.53	101.92
c) Cash and Bank Balances	190.61	155.86	183.33
d) Loans and Advances	144.38	119.66	84.12
5. Deferred Tax Asset	107.46	99.34	101.18
LIABILITIES			
1.Secured Loans	957.23	1,073.76	1,091.05
2.Unsecured Loans	239.56	169.41	162.32
3.Current Liabilities and Provisions	-	-	-
a) Liabilities	684.57	518.37	421.26
b) Provisions	9.06	7.07	6.34
4. Deferred Tax Liability	1.48	-	-
	-	-	-
INCOME			
1.Income from Healthcare Services	1,416.94	1,058.14	831.33
2.Other Income	13.64	18.18	18.96
EXPENSE			
1.Operating Expenses	472.24	345.00	298.02
2.Payment and provisions to employees	280.55	207.33	175.06
3. Administrative and other expense	479.00	453.20	326.65
4. Financial expense	116.71	114.69	136.33
5.Depreciation / Amortisation	139.12	117.90	110.90
6.Profit Before Taxation	(57.04)	(165.83)	(196.67)
7.Provision for Taxation	3.80	2.66	2.09
(Including Deferred Tax Liability and Fringe Benefit Tax)	-	-	-
8.Deferred Tax Asset	9.82	-	1.55
9.Proft after taxation before minority interests	(51.02)	(168.50)	(195.12)
10.Minority interests	-	-	-
11.Net Profit	(51.02)	(156.20)	(195.12)
OTHER MATTERS			
1. Contingent Liabilities	178.65	153.67	118.09
2. Capital Commitments	17.00	84.56	48.03

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.

Based on the Accounting Standard Interpretation (ASI) 15, the Company has not disclosed policies and procedures which are common and that which do not affect the truth and fairness of the accounts.

F. 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 for all the three years- FY 2010-11, 2009-10 & 2008-09. 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 rates 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 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 – F.Y - 2010-2011

Inventories are stated at lower of cost or net realisable value. Cost of inventory comprises cost of purchase of inventories. Net realisable value represents 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 realizable value. Costs have been calculated on first- in, first- out basis. Items such as surgical instruments/tools etc. are charged out over a period of 36 months

from the month of their purchase.

Indraprastha Medical Corporation Limited – F.Y - 2010-2011

(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 fiscal year.

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

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

Apollo Hospitals Enterprise Limited

v. Amortization:

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

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

For the year ended 31st March 2011 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 – F.Y - 2010-2011

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 Asset 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 as on 31st March 2011	Rates of Depreciation as on 31st March 2010	Rates of Depreciation as on 31st March 2009
Furniture & Fittings	6.33%	6.33%	6.33%
Leasehold Improvements	20.00%	20.00%	20.00%
Leasehold Improvements – Furniture	6.33%	6.33%	6.33%
Office Equipment	4.75%	4.75%	4.75%
Air Conditioners	4.75%	4.75%	4.75%
Electrical Installation	4.75%	4.75%	4.75%
Computers & Software	16.21%	16.21%	16.21%
Broadband Connections	16.21%	-	-
Vehicles	9.50%	-	20.00%
Medical Equipments	7.07%	-	-

Fixed Assets having an original cost less than ₹ 5, 000/- individually are fully depreciated in the year of purchase or installation. For the years ended 31st March 2010 and 31st March 2009 Assets under finance lease are amortised over the useful life or lease term, as appropriate.

Alliance Medicorp (India) Limited – F.Y - 2010-2011

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	Rates of Depreciation as on 31st March 2011	Rates of Depreciation as on 31st March 2010	Rates of Depreciation as on 31st March 2009
Information Technology Equipment	25%	25%	25%
Computer Software	20%	20%	20%
Office equipments	25%	25%	25%
Furniture & Fixtures	25% or on the	25% or on the	25% or on the

Asset class	Rates of Depreciation as on 31st March 2011	Rates of Depreciation as on 31st March 2010	Rates of Depreciation as on 31st March 2009
	basis of lease term of premises, whichever is higher	basis of lease term of premises, whichever is higher	basis of lease term of premises, whichever is higher
Vehicles	20%	20%	20%
Media Films	33%	33%	-

Assets individually costing up to ₹ 20,000/- are fully depreciated in the year of purchase.

Depreciation on assets purchased / disposed off during the year is provided on pro- rata basis with reference to the date of addition / deletion.

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 – F.Y - 2010-2011

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 Equipments	15%
Hospital Equipments	15%
Vehicles	20%

Fixed Assets Costing less than ₹ 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 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 has been provided at the rates applicable from the date of its acquisition to the end of the fiscal year.

Apollo Health Street Limited

Depreciation and amortisation is provided using the Straight Line Method ("**SLM**"), at the rates based on useful lives 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:

F.Y - 2010-2011

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 lives of such assets

Individual assets costing 5,000/- or less are fully depreciated in the year of purchase.

F.Y - 2009-2010

a. Depreciation and amortization is provided using the Straight Line Method ("**SLM**"), except as stated in the Note (b), at the rates based on useful lives 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	Useful lives	Rates Considered	Schedule XIV Rates
Computers and computer equipment	3 years	33.34%	16.21%
Office equipment	5 years	20%	4.75%
Furniture and fixtures	5 years	20%	6.33%
Vehicles	5 years	20%	9.75%
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets		

Individual assets costing 5,000/- or less are fully depreciated in the year of purchase.

During the year, Apollo Heath Street International has acquired certain second hand fixed assets in the nature of computer equipment, office equipment and furniture and fixtures for which the useful life is estimated as one year.

b. In the current year, three of the subsidiaries of the Company viz. Apollo Health Street International, Zavata Incorporated and Zavata India Private Limited have re-estimated useful lives and changed accounting policy for certain category of assets with effect from April 1, 2009. The new rates and policy are as follows:

Description	New Useful life	Old Useful life
Computers	3 years	5 years
Vehicles	5 years	3-7.4 years
Furniture and Fittings	5 years	3-10.5 years

Had the Company continued to use the earlier basis of providing depreciation, the depreciation for the current year would have been lower by ₹ 9.93 million, and profit and net block for the current year would have been higher by ₹ 9.93 million.

F.Y - 2008-2009

(a) Depreciation and amortization is provided using the Straight Line Method ("**SLM**"), except as stated in the Note (b), at the rates based on useful lives 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	Useful lives
Computers and computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets

Individual assets costing 5, 000/- or less are fully depreciated in the year of purchase.

(b) Depreciation on certain fixed assets of subsidiaries is provided at rates, which are different from the rates used by the Parent Company. The name of the subsidiary, estimate of useful life and quantum of assets on which different rates are followed are as follows:

Asset Description	AHSI		Zavata Inc.		ZIPL	
	Useful life	Net Block	Useful life	Net Block	Useful life	Net Block
Computers and computer equipment	5 years	4.06	-	-	5 years	15.47
Office equipment	-	-	3 years	1.70	7.4 years	0.56
Furniture and fixtures	7 years	1.33	3 years	8.69	10.5 years	7.99

(c) In the current year, one of the subsidiaries of the Company viz. Armanti Financial Services LLC, has re-estimated useful lives and changed accounting policy for certain category of assets with effect from April 1, 2008. The new rates and policy are as follows:

Description	New Useful life	Old Useful life
Computers	3 years	6 years
Vehicles	5 years	7 years
Furniture and Fittings	5 years	10 years

Had the Company continued to use the earlier basis of providing depreciation, the depreciation for the current year would have been lower by ₹ 11.46 million and profit and net block for the current year would have been higher by ₹ 11.46 million.

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 ₹ 5, 000/- 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 – F.Y - 2010-2011

(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.

British American Hospitals Enterprise Limited– F.Y - 2008-2009 and F.Y - 2009-2010

Depreciation is charged to the Income Statement so as to write off the cost or valuation of equipment. No depreciation is charged on assets work-in-progress.

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.

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

F.Y - 2010-2011

The Company has recognized revenue as follows.

<u>One Time License Fees:</u>

With reference to Clinics the One Time License fee is recognized 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 recognized 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 recognizing the revenues on basis of the services rendered on cash or on accrual basis whichever is earlier

Corporate services Fee:

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

Other Incomes:

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

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

F.Y - 2009-2010

The Company has recognized revenue as follows.

One Time License Fee:

(A) With reference to clinics, the onetime license fee is recognized 70% on signing the MOU and 15% on completion of 3 months from the date of signing MOU and the balance 15% on commencing of operation.

(B) With reference to cradles, the onetime license fee is recognized based on percentage of completion method.

Operating License Fee:

Operating License Fee income has been recognized based on the percentage of the gross sales of operational clinics and for the clinics or cradles which became operational during the year from the date of commencement till 31st March 2010.

F.Y - 2008-2009

The Company has recognized revenue as follows.

(A) With reference to the License fee, 100% on operational clinics. On others, on a pro-rata basis, based upon progress of work and date of signing the agreements.

(B) Operating License Fee income has been recognized based on the percentage of the gross sales of operational clinics and for the clinics opened during the year from the date of commencement till 31st March 2009.

Unique Home Health Care Limited

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

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

Alliance Medicorp (India) Limited – F.Y - 2010-2011

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

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

Quintiles Phase One Clinical Trials India Private Limited – F.Y - 2010-2011 and F.Y – 2009-2010

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 recognized as income over the contract period or period of risk, whichever is appropriate. Any subsequent revision or cancellation of premium is accounted for in the year in which they occur.

ii. *Commission on Reinsurance Premium*

Commission on reinsurance ceded is recognized as income in the year of cession of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognized inthe year of final determination of the profits and as intimated by the reinsurer.

iii. *Premium Deficiency*

Premium deficiency is recognized whenever the ultimate amount of expected claims, related expenses and maintenance costs exceeds related sum of premium carried forward to the subsequent accounting period as reserve for unexpired risk.

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 recognized on accrual basis. Accretion of discounts and amortization of premium relating to debt securities is recognized over holding /maturity period.

Family Health Plan 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 prorated till the end of the fiscal year. Income from Third Party Agreement (TPA) operations is recognized inclusive of applicable service tax.

Indraprastha Medical Corporation Limited

(i) Revenue is recognized on accrual basis. Hospital revenue comprises of income from services rendered to the out-patients and in-patients. Revenue also includes value of services rendered pending billing in respect of in-patients undergoing treatment as of 31st March 2011; 2010 and 2009.

(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 recognized 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 recognizes 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 miles tones 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.

British American Hospitals Enterprise Limited – F.Y - 2008-2009 and F.Y – 2009-2010

Equipments:

Recognition and Measurement:

Items are stated at cost less accumulated depreciation and any identified impairment losses. When parts of an item of equipment have different useful lives, they are accounted for as a separate item (major components) of equipment.

Subsequent Cost:

The cost of replacing part of an item of equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day to day servicing of equipment is recognised in profit or loss as incurred.

Indraprastha Medical Corporation Limited – F.Y - 2008-2009

In respect of new/ major expansion of units, the indirect expenditure incurred during construction period up to the date of commencement of business, which is attributable to the construction of the project, is capitalised on various category of fixed assets on proportionate basis.

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 – F.Y - 2009-2010 and F.Y – 2010 - 2011

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.

StemCyte India Therapautics Private Limited – F.Y - 2009-2010

a. *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 the exchange rate on the date of the transaction.

b. *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 on the date of the transaction.

c. *Exchange Differences*

Exchange differences arising on settlement of monetary items not covered above, or on reporting such items of Company at rates different from those at which they were initially recorded during the period, are recognized as income or expense in the period in which they arise.

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 Lifestyles Limited – F.Y - 2010-2011

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 fiscal year 2010-11 and the present book value of the investment is ₹ 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 amortization of premium and/or accretion of discount over the maturity period of securities on straight line basis. Listed and actively traded securities are measured at fair value as at the Balance Sheet date. For the purpose of calculation of fair value, the lowest value of the last quoted closing price of the stock exchanges is considered wherever the securities are listed. Unrealized gain/ losses due to change in fair value of listed securities is credited / debited to 'Fair Value Change Account'. Investments in Units of Mutual funds are stated at fair value being the closing Net Asset Value (NAV) at Balance Sheet date. Unrealized gains/losses are credited /debited to the 'Fair Value Change Account'.

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 and 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.

Apollo Health Street Limited

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 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.

iii. Fringe Benefit Tax

2009-2010

The Fringe Benefit Tax is provided in respect of benefits, defined under Section 115WB of the Income Tax Act 1961, provided to the employees during this year at the prescribed rates. The Advance Tax paid in respect of Fringe Benefit Tax for the Assessment Year 2010-11 has been treated as Advance Tax paid for the assessment year 2010-11 vide Circular No. 2/2010 dated January 29, 2010 due to the abolition of Fringe Benefit Tax with effect from the Assessment year 2010-11.

2008-2009

Fringe Benefit Tax is provided in respect of benefits, defined under Section 115WB of the Income Tax Act 1961, provided to the employees during this year at the prescribed rates. Fringe Benefit Tax (FBT) payable under the provisions of section 115WC of the Income Tax Act, 1961, is in accordance with the Guidance Note on 'Accounting for Fringe Benefits Tax' issued by the Institute of Chartered Accountants of India regarded as an additional income tax and considered in determination of profits for the year.

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 recognized 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.

British American Hospitals Enterprise Limited – F.Y 2009-2010 and F.Y 2008-2009:

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of prior year.

Deferred tax is recognized using balance sheet method providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

StemCyte India Therapautics Private Limited – F.Y - 2009-2010

In terms of Accounting Standard 22 'Accounting for taxes on income', the Company has net deferred tax asset, primarily comprising of unabsorbed depreciation under tax laws. However, considering the majority of expenditure is of capital nature and which are not allowable otherwise, the management is of the view that it is prudent not to recognize a deferred tax asset. Accordingly, no deferred tax asset has been recognized in the financial statements.

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.

British American Hospitals Enterprise Limited – F.Y - 2008-2009 and F.Y – 2009-2010

Financial Assets

A financial Asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present Value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.
Individually significant financial assets are tested for impairment on an individual basis.
All impairment losses are recognized in Profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized directly in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Non-financial asset

The carrying amounts of the Company's non financial assets, other than inventories, and deferred tax assets, are reviewed at each reporting dates to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. In respect of other assets, impairment losses recognized in prior period are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that

the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

Apollo Health Street Limited – F.Y - 2008-2009

The Company had a policy of providing in full for debtors outstanding for a period of more than one year and in half for debtors outstanding for a period of more than six months as at Balance Sheet date. In the current year, the Company revised its estimate to provide for only those debts that are outstanding for more than a year as at Balance Sheet date. The impact of change in estimate is not material on current year financial statements.

P. Miscellaneous Expenditure

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

Imperial Hospital & Research Centre Limited
Preliminary and pre-operative expenses are amortized 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.

Apollo Gleneagles Hospital Limited – F.Y - 2008-2009

Balance of deferred revenue as on 01.04.04 has been expensed over originally contemplated period of 5 years.

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 ₹ 29.10 million the Company has a policy of amortizing a fixed proportion of this license amount each time a clinic comes into operation.

Imperial Hospital & Research Centre Limited

Intangible assets are initially recognized at cost and amortized 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 amortization.

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. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates. 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 recognized 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. Compensation cost relating to the Parent Company's options granted to employees of the Company's subsidiary are accounted for in the books of the Parent Company.

V. Financial Instruments

British American Hospitals Enterprise Limited – F.Y - 2008-2009 and F.Y – 2009-2010

Financial assets and financial liabilities are recognized on the Company's Balance Sheet when the Company has become a party to the contractual provisions of the instrument. These assets and liabilities approximate their fair values.

The Company's accounting policies in respect of the main financial instruments are set out below.

Cash and cash equivalents:

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of 3 months or less.

Share capital:

Ordinary shares are classified as Equity. Where the Company purchases its Equity Share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from Equity attributable to the Company's Equity holders until the shares are cancelled or reissued. When such shares are subsequently reissued, any net consideration received, is included in Equity attributable to the Company's Equity holders.

Other receivables are stated at cost less impairment.

Other payables are stated at cost.

Derivative Instruments:

Apollo Health Street Limited

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 realization. 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 & Loss Account and Revenue Account in the ratio of average of shareholder's funds and policyholders funds at the end of each month.

g. *Fair Value Change Account*

'Fair Value Change Account' represents unrealized gains or losses due to change in fair value of traded securities and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholder's funds and not available for distribution as dividend.

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 recognized 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:

S.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	
7	#Shri. P. Obul Reddy	
8	*PCR Investments Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
9	*Indian Hospitals Corporation Limited	
10	#Alliance Medicorp (India) Limited	
11	Apollo Sindoori Hotels Limited	
12	*PPN Power Generating Company Private Limited	
13	*Health Super Hiway Private Limited	
14	[1]Faber Sindoori Management Services Private Limited	
15	*Ashok Birla Apollo Hospitals Private Limited	
16	Apollo Mumbai Hospital Limited	
17	Lifetime Wellness Rx International Limited	
18	*Apollo Clinical Excellence Solutions Limited	
19	*PPN Holding Private Limited	
20	*Preetha Investments Private Limited	
21	PPN Power Generation (Unit II) Private Limited	
22	*PDR Investments Private Limited	
23	*TRAC India Private Limited	
24	*PPN Holdings (Alfa) Private Limited	
25	*Aircel Limited	
26	Aircel Cellular Limited	
27	*Dishnet Wireless Limited	
28	*Apollo Infrastructure Project Finance Company Limited	
29	*Vasumathi Spinning Mills Limited	
30	*Kalpatharu Infrastructure Development Company Private Limited	
31	@Sindya Power Generating Company Private	

S.No.	Name of Related Parties	Nature of Relationship
	Limited	
32	#Sindya Aqua Minerals Private Limited	
33	@Sindya Holdings Private Limited	
34	@Sindya resources pte. Limited Singapore	
35	@Garuda Energy Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
36	**Prescient Consulting India Private Limited	
37	**FSM Lab Services Private Limited	
38	**Sindya Securities & Investments Company Private Limited	
39	*Deccan Digital Networks Private Limited	
40	*Kalpatharu Enterprises Private Limited	
41	**Marakkanam Port Company Private Limited	
42	@Sirkazhi Port Private Limited	
43	*Sindya Builders Private Limited	
44	*Energy India Private Limited	
45	#Sindya Properties Private Limited	
46	*KAR Auto Private Limited	
47	#Nippo Batteries Company Limited	
48	#Panasonic Carbon India Company Limited	
49	#Panasonic Home Appliances India Company Limited	
50	*Sindya Infrastructure Development Company Private Limited	
51	**Zodiac Travels Private Limited	
52	**M/s. Apex Agencies	
53	**Obul Reddy Investments Private Limited	
54	**Keesara Plastics Private Limited	
55	**Safe Corrugated Containers Private Limited	
56	*Associated Electrical Agencies	
57	P. Obul Reddy & Sons	
58	*Apex builders	
59	*Apex Construction	
60	*Kei Energy Private Limited	
61	*Kamineni Builders Private Limited	
62	*Primetime Recreations Private Limited	
63	*Kiddy Concepts Private Limited	
64	*Kei Vita Private Limited	
65	*Kei Rajamahendri Resorts Private Limited	
66	*KEI-RSOS Petroleum and Energy Private Limited	
67	*KEI-RSOS Shipping Private Limited	
68	*Peninsular Tankers Private Limited	
69	*Kei Health Highway Private Limited	
70	Keimed Limited	
71	Medvarsity Online Limited	
72	*Spectra Clinical Laboratory	
73	*Kamineni Builders	
74	@Universal Quality Services LLC	
75	Apollo Health Resources Limited	
76	[2]Apollo Energy Company Limited	
77	Health Net Global Private Limited	
78	*Mr.Antony Jacob	Key management personnel of Apollo Munich Health Insurance Company

S.No.	Name of Related Parties	Nature of Relationship
		Limited [##]
79	[#]Eleanor Holdings, Mauritius	Holding Company of Western Hospitals Corporation Private Limited
80	Cadila Pharmaceuticals Limited	Significant Control (Apollo Hospital International Limited)
81	[@]Apollo Hospitals Educations Research Foundation	Significant Influence (Apollo Hospital International Limited)
82	**Gleneagles Developement Pte Limited (GDPL)	Holding Company of Apollo Gleneagles Hospital Limited
83	**Gleneagles Management Services Pte Limited	Subsidiary of Gleneagles Developement Pte Limited (GDPL) (Holding Company of Apollo Gleneagles Hospital Limited)
84	Munchener Ruckversicherung Gesellschaft	Associates of Apollo Munich Health Insurance Company Limited[##]
85	*Emed Life Insurance Broking Services Limited	
86	[@]Indo German Chamber of Commerce	
87	[@]Lavasa Corporation Limited	Parent Company Company of Apollo Lavasa Health Corporation Limited
88	[@]Full Spectrum Adventure limited	Fellow subsidiaries of Apollo Lavasa Health Corporation Limited
89	[@]My City Technology Limited	
90	[@]Reasonable Housing Limited	
91	[@]Hindustan construction Company limited (HCC)	Ultimate Parent Company of Apollo Lavasa Health Corporation Limited
92	*Quintiles Mauritius Holding Inc	Parent Company of Quintiles Phase One Clinical Trials India Private Limited
93	*Quintiles Transnational, USA	Ultimate Parent Company of Quintiles Phase One Clinical Trials India Private Limited
94	[@]Quintiles,Pacific,Inc.,USA	Subsidiaries of Quintiles Phase One Clinical Trials India Private Limited
95	[@]Quintiles,Limited,UK	
96	[@]Quintiles,East Asia Pte, Limited,Singapore	
97	*Trinitron healthcare private limited	Significant Control (Alliance Medicorp (India) Limited)
98	Family Health Plan Limited	Associates
99	Apollo Health Street Limited	
100	Indraprastha Medical Corporation Limited	
101	*Stemcyte India Therapautics Private Limited	
102	[#]British American Hospitals Enterprise Limited	

[##] (Formerly Apollo DKV Insurance Company Limited)

* From 01.04.2010
** Only for FY 2009-2010
[#] Upto 31.03.2010
[@] From 01.04.2011
[1] Significant Influence (Imperial)
[2] Holding Company of Apollo Munich Health Insurance Company
[3] Associate of Apollo Munich Health Insurance Company Limited

(₹ In million)

Sl No	Name of related parties	Nature of Transaction	Mar-11	Mar-10	Mar-09
1	Family Health Plan Limited	a) Receivables as at year end	-	-	1.03
		b) Transaction during the year	-	4.13	-

Sl No	Name of related parties	Nature of Transaction	Mar-11	Mar-10	Mar-09
		c) Payables as at year end	0.53	1.19	-
		d) Premium Income	2.17	1.31	-
		e) Claim Payments	2.38	0.24	-
		f) TPA Fees	61.78	31.19	-
		g) Reimbursement of Expenses	-	3.17	-
2	Apollo Health Street Limited	a) Rent received	19.92	18.72	21.27
		b) Receivables as at year end	-	5.24	7.91
		c) Premium Income	0.66	-	-
3	British American Hospitals Enterprises Limited	a) Receivables as at year end	0.00	-	45.26
		b) Fees	0.00	76.52	45.60
		c) Reimbursement of Expenses	-	(31.25)	5.05
4	Indraprastha Medical Corporation Limited	a) Receivables as at year end	144.18	79.39	30.26
		b) Transaction during the year	0.12	0.00	-
		c) Dividend Received	30.60	20.66	-
		d) Pharmacy Income	1,052.02	926.10	834.95
		e) Commission on Turnover	40.85	30.84	27.55
		f) Payables as at year end	-	-	-
		g) Reimbursement of expenses	-	0.58	-
		h) Payment for services rendered	-	0.67	-
		i) License Fees	9.48	9.48	8.70
		j) Premium Income	26.19	20.03	-
		k) Claim Payments	29.31	24.70	-
		l) Expenses towards services rendered	0.02	0.66	-
		m) Advance premium received	-	24.90	-
		n) Deputation Charges	0.53	4.88	-
5	Stemcyte India Therapautics Private Limited	a) Payable as at year end	-	20.00	-
		b) Unsecured Loan	4.05	-	-
6	Dr. Prathap.C.Reddy	a) Remuneration paid	137.12	109.44	86.21
7	Smt. Preetha Reddy.	a) Remuneration paid	54.85	43.78	34.49
8	Smt. Suneeta Reddy.	a) Remuneration paid	34.28	27.36	21.55
9	Smt. Sangita Reddy.	a) Remuneration paid	13.71	10.94	8.62
10	Smt. Shobana Kamineni	a) Remuneration paid	13.71	1.82	-
		b) Expenses towards services rendered	4.80	4.80	-
11	Alliance Medicorp (India) Limited	a) Receivables as at year end	-	3.86	-
		b) Advance for Investment	-	50.00	10.00
12	Apollo Sindoori Hotels Limited	a) Payables as at year end	6.58	11.20	9.28
		b) Receivables as at year end	-	-	-
		c) Transactions during the year	133.24	141.57	129.25
		d) F&B Services	27.71	2.92	(0.38)
		e) Others	-	-	0.01
		f) Other Debits	-	-	0.09
		g) Reimbursement of Expenses	6.96	-	-
13	Health Super Hiway Private Limited	a) Advance for Investment	-	28.43	26.98
		b) Investment in Equity	24.01	2.01	-
		c) Receivables as at year end	3.50	-	-
		d) Payables as at year end	-	0.37	-
		e) Consultancy Charges	2.32	-	-
14	Faber Sindoori Management	a) Payables as at year end	12.08	12.11	-
		c) Transactions during the year	126.01	118.95	-

Sl No	Name of related parties	Nature of Transaction	Mar-11	Mar-10	Mar-09
	Services Private Limited	d) Housekeeping services availed	54.74	12.14	-
		e) Reimbursement of Expenses	0.91	-	-
		f) Premium Income	2.00	-	-
15	Lifetime Wellness Rx International Limited	a) Payables as at year end	0.24	0.42	0.11
		b) Payment for services rendered	-	5.84	26.28
		c) Transactions during the period	4.90	1.83	-
		d) Expenses towards service rendered	1.83	4.01	-
16	Panasonic Home Appliances India Company Limited	a) Receivables as at year end	-	0.09	0.09
17	P. Obul Reddy & Sons	a) Payables as at year end	2.21	0.17	1.13
		b) Transaction during the year	13.88	17.50	18.90
		c) Receivables as at year end	-	0.14	0.05
		d) Reimbursement of Expenses	0.12	-	-
18	Keimed Limited	a) Receivables as at year end	-	-	0.61
		b) Payables as at year end	0.76	48.58	79.03
		c) Pharmacy Income	0.31	-	0.14
		d) Purchases	2,635.08	1,648.30	1,436.69
		e) Transaction during the year	-	31.24	-
19	Medvarsity Online Limited	a) Rent received	0.86	0.78	0.71
		b) Transaction during the year	-	0.01	0.01
20	Nippo Batteries Company Limited	a) Payables as at year end	-	0.61	-
		b) Transaction during the year	-	1.27	-
		c) Receivables as at year end	-	-	0.07
21	Apollo Health Resources Limited	a) Receivables as at year end	11.75	11.77	11.77
		b) Transaction during the year	0.31	0.11	-
22	Apollo Mumbai Hospital Limited	a) Receivables as at year end	6.23	6.13	4.73
		b) Pharmacy Income	3.12	-	5.28
		c) Reimbursement of Expenses	8.88	12.98	10.10
23	Aircell Cellular Limited	a) Payables as at year end	0.88	0.20	-
		b) Transaction during the year	3.26	2.26	0.03
24	Dishnet Wireless Limited	a) Payables as at year end	0.14	0.06	-
		b) Transaction during the year	0.25	0.16	-
		c) Expenses towards service rendered	1.42	-	-
25	Cadila Pharmaceuticals Limited	a) Payables as at year end	0.38	-	-
		b) Transactions during the period	1.65	-	-
		c) Unsecured Loan	109.26	10.23	-
26	Gleneagles Development Pte Limited (GDPL)	a) Payables as at year end	-	124.39	124.39
		b) Share Capital received during the year	-	100.00	30.00
		c) Outstanding	-	546.76	446.76
27	Gleneagles Management Services Pte Limited	a) Payables as at year end	-	48.10	43.58
		b) Transaction during the year	-	4.45	-
28	Quintiles Mauritius Holding Inc	a) Share Capital issued	90.00	61.20	-
29	Quintiles Transnational, USA	a) Payables as at year end	6.05	0.22	-
		b) Computer Supplies and Maintanance	4.68	-	-
		c) Legal & Professional Fees	1.37	0.22	-
30	Health Net Global Private Limited	a) Payment for services rendered	-	1.19	-
		b) Expenses towards for services	1.14	1.54	-

Sl No	Name of related parties	Nature of Transaction	Mar-11	Mar-10	Mar-09
		rendered			
		c) Premium Income	0.18	-	-
31	Munchener Ruckversicherung Gesellschaft	a) Premium on cessions to re insurers	17.16	17.85	12.93
		b)Re insurance commission earned	-	0.05	3.26
		c)Losses recovered from re insurers	5.91	4.48	0.58
		d) Payables as at year end	3.53	37.00	-
32	Emed Life Insurance Broking Services Limited	a) Payables as at year end	0.00	3.14	-
		b) Payment for services rendered	2.61	10.06	-
33	Ashok Birla Apollo Hospitals Private Limited	a)Advance for Investment	5.00	5.00	-
34	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	73.56	0.22	-
		e) Expenses towards services rendered	-	72.85	-
		f) Interest paid on inter corporate deposit	8.45	5.46	-
		g) Project and other services received	3.87	124.58	-
		h) Inter Corporate Deposit outstanding	48.36	48.69	-
		i) Interest Accured and due on above	11.03	3.43	-
		j) Equity Share Capital	7.60	5.89	-
		k) Payable as at year end	0.43	-	-
35	Full Spectrum Adventure Limited	a) Operating Income	0.30	-	-
36	My City Technology Limited	a) Purchase of Fixed Assets	1.39	-	-
		b) Payable as at year end	1.37	-	-
37	Reasonable Housing Limited	a) Included in Loans & Advances	0.29	-	-
38	Hindustan Construction Company	a) Included in Loans & Advances	0.33	-	-
39	Gulabchand Foundation	a) Included in Loans & Advances	6.50	-	-
40	Mr.Antony Jacob	a) Premium Income	0.01	-	-
		b) Expenses towards services rendered	11.44	1.19	-
41	Apollo Hospitals Education Research Foundation	a) Reimbursement of Expenses	0.77	-	-
42	Trinitron Healthcare Private Limited	a) Purchase of Plant & Machinery	1.87	-	-
		b) Purchase of Consumables	0.17	-	-

5. **Contingent Liabilities**

a. Claims against the Group not acknowledged as debts- ₹ 511.62 million in FY 2010-11, ₹ 436.45 million in FY 2009-2010 and ₹ 928.87 million in FY 2008-2009.

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 ₹ 8,230.69 million in FY 2010-11, ₹ 4,542.70 million in FY 2009-2010 and ₹ 6,098.16 million in FY 2008-2009.

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 ₹ 1,404.38 million in FY 2010-11, ₹ 905.45 million in FY 2009-2010 and ₹ 884.19 million in FY 2008-2009. The amount of duty saved for the year ended 31st March 2011 was ₹ 52.18 million for the year ended 31st March 2010 was ₹ 37.00 million and for the year ended 31st March 2009 was ₹ 65.52 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 equipments amounts to ₹ 145.03 million in FY 2010-11, ₹ 175.50 million in FY 2009-2010 and ₹ 312.03 million in FY 2008-2009.

(ii) Bank Guarantees for the Group as on- 31st March 2011 is ₹ 217.57 million as on 31st March, 2010 is ₹ 224.76 million and as on 31st March, 2009 is ₹ 168.57 million.

(iii) Corporate Guarantees with respect to the Parent Company:

(₹ In Million)

Particulars	In Favour of	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
By Apollo Hospitals Enterprise Limited on behalf of Apollo Hospitals International Limited	IDBI	50	50	50
	IDFC	157.5	157.5	157.5
TOTAL		207.5	207.5	207.5

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 ₹ 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 all the three years ended 31st March 2009, 31st March 2010 and 31st March 2011.

- The Company has to pay a sum of ₹ 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 $ 7.5 million into 1.14 million equity shares of ₹ 5 each. For the balance $ 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 ₹ 99.70 million in FY 2010-11, ₹ 99.70 million in FY 2009-2010 and ₹ 99.70 million in FY 2008-2009.

- This is subject to the result of writ petition pending in the Madras High Court with respect to the Chennai Hospital division ₹ 73.71 million in FY 2010-11, ₹ 73.71 million in FY 2009-2010 and ₹ 73.71 million in FY 2008-2009.

- 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 ₹ 14.83 million in FY 2010-11, ₹ 14.83 million in FY 2009-2010 and ₹ 14.83 million in FY 2008-2009.

- The Company has executed bonds in favour of the President of India to the extent of ₹ 11.16 million in FY 2010-11, ₹ 11.16 million in FY 2009-2010 and ₹ 11.16 million in FY 2008-2009 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 ₹ 2.27 million in FY 2010-11, ₹ 1.27 million in FY 2009-2010 and ₹ 1.27 million in FY 2008-2009.

- Additional liability for payment of sales tax on work orders pursuant to court proceedings between contractors and the State governments amounts to ₹ 0.21 million in FY 2010-11, ₹ 0.21 million in FY 2009-2010 and ₹ 0.21 million in FY 2008-2009.

- In respect of the claim for sales tax made by the Commercial Tax Department for ₹ 1.65 million in FY 2010-11, ₹ 1.01 million in FY 2009-2010 and ₹ 1.04 million in FY 2008-2009 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 ₹ 0.31 million. For rest of India services they assessed CST of ₹ 12.6 million for the period from 01st 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 5.6 million in 30 days.

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 ₹ 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

(₹ in million)

Particulars	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Guarantees given by or on behalf of the Company	2.10	1.30	1.30

Particulars	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
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

FY 2010-11

- In respect of other matters ₹ 45.64 million (Previous Year FY 2009-10: Nil)

Apollo Health Street Limited

FY 2010-11

- City of Chicago has raised a claim for US$ 1.86 million (₹ 83.05 million) [including US$ 0.83 million (₹ 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 (₹ 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 ₹ 11.70 million (31st March 2010 ₹ 11.70 million) under protest.

FY -2009-2010

- Performance Security issued to Commissionerate of Health Medical Services & Medical education/ Health and family welfare Department, Government of Gujarat is Rs 0.64 million (FY 2008-09: ₹ 0.64 million).

- St Anthony Health Center (SAHC) has filed claim for US$ 11.80 million (INR 532.65 million) (FY 2008-09: US$ 11.80 million (INR 601.21million)) against the Zavata Inc for damages suffered by SAHC for breach of certain terms and condition of the agreement by the Company. The Company believes as per the agreement claim is capped at maximum liability of US$ 3.2 million (INR 144.45 million) (FY 2008-09: US$ 3.2 million (INR 163.04 million)). Any terms and conditions of the agreement have not been breached. However, on a conservative basis, a provision of US$ 1.2 million (FY 2008-09: INR 56.90 million) has been made during the year.

FY -2008-2009

- Accordis Incorporated has received a notice dated 6th April 2009, from Internal Revenue Services(IRS) which asserts an outstanding tax liability of US$ 2.29 million (INR 116.67 million) for the tax period ending 31st December 2006. Accordis Incorporated has been acquired by Zavata Inc commencing September 26, 2006, pursuant to which the employees of the Accordis Inc were transferred to Zavata Inc payroll and the payroll processing from November 2006 was done through Zavata Inc payroll service provider and necessary forms and returns for the employees were filed with the department. Further, the Payroll service provider of Accordis Inc also erroneously filed the forms and returns with the IRS for the fourth Quarter and for the year ending 2006, based on which the IRS determined the above liability. Zavata Inc has submitted relevant documents to IRS to support the above facts. The Company has obtained a legal opinion based on which it believes that the matter would be resolved in its favour and as such no liability in this regard has been provided.

Family Health Plan 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 fiscal 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 fiscal 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 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 in FY 2010-11 is ₹ 325.02 million ;FY 2009-10: ₹ 170.60 million)*.

* Includes Interest on Borrowings Capitalised for the year ended 31st March 2011 is ₹ 154.42 million (31st March 2010: ₹ 198.68 million).

8. Details of utilization of funds received on preferential allotment of equity share warrants. FY 2010-11

₹ 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. **Capital commitments**

FY 2008-09

British American Hospital Enterprise Limited

- The Company has contracted a loan of MUR 211 Million (₹ 352 Million) from Banque Des Mascareignes for the purchase of additional plant and equipment. As at 31st December, 2008 part of the loan amounting to MUR 75 Million (₹ 125 Million) has been disbursed at 11.25% interest per annum.

- The Company has contracted another loan of MUR 100 Million (₹ 167 Million) from The Mauritius Leasing Company to finance the purchase of various medical equipments. An amount of MUR 3.13 million (₹ 5.22 million) was disbursed as at 31st December 2008. The loan bears interest rate at 4.5% p.a, repayable over a period 9 years.

10. **Arbitration Award**

FY 2008-09

The Arbitration award against the Company was enforced by a party in Dubai based on the settlement between the parties. The claim made by the party in Dubai to the extent of ₹ 40.19 million was settled during the year.

11. **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. *Bank of Bahrain and Kuwait BSC.*

FY 2008-09:

Loan from Bank of Bahrain and Kuwait BSC has been repaid during the year FY 2008-09.

e. *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 a sum of 15 million US$ as of 31st March, 2010 and 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 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.

f. *10.3% Non Convertible Debentures*

FY 2010-11

The Parent Company has issued 500 Nos. 10.3% Non Convertible Debentures of ₹ 1 million each on 28th December 2010 and 500 Nos. 10.3% Non Convertible Debentures of ₹ 1 million each on 21st 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.

g. 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.

h. The Parent Company's Fixed Deposit Receipts amounting to ₹ 45.95 million in FY 2010-11, ₹ 24.44 million in FY 2009-2010 and ₹ 21.54 million in FY 2008-2009 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 thereof 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;

1. 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 $ 7.5 million into 1.14 million equity shares of ₹ 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 = ₹ 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.

2. 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.

Apollo Hospitals Enterprise Limited

Particulars	as at 31st March 2011		as at 31st March 2010		as at 31st March 2009	
	Gratuity	Earned Leave	Gratuity	Earned Leave	Gratuity	Earned Leave
Assumptions						
Discount Rate	8.00%	8.00%	8.00%	8.00%	7.50%	7.50%
Rate of Increase in Salaries	6.00%	8.00%	6.00%	8.00%	7.50%	11.00%
Mortality pre- retirement	LIC 1994-96 Ultimate					
Disability	Nil	Nil	Nil	Nil	Nil	Nil
Attrition	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%
Estimated rate of return on plan assets	8.00%	8.00%	8.00%	8.00%	7.50%	7.50%
Investment details on plan assets	100% of the plan Assets are invested on debt instruments					

₹ *in million*

Particulars	as at 31st March 2011			as at 31st March 2010			as at 31st March 2009		
	Gratuity	Earned Leave	Total	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	171.28	125.00	296.28
Interest Cost	11.96	7.12	19.08	13.18	9.62	22.80	12.71	9.24	21.95
Current Service Cost	20.24	10.64	30.88	18.64	9.45	28.09	12.66	12.63	25.29
Benefit Paid	(1.52)	(4.22)	(5.74)	(2.25)	(3.56)	(5.81)	(3.52)	(3.65)	(7.17)
Actuarial (gain) / Loss on obligation	6.65	(6.55)	0.10	(45.22)	(46.44)	(91.66)	(27.22)	(21.23)	(48.45)
Present Value of Obligation as on 31st March, 2011	187.59	98.05	285.64	150.26	91.06	241.32	165.91	121.99	287.90
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	116.83	71.45	188.28
Expected return on plan assets	12.52	5.98	18.50	10.31	5.42	15.73	8.82	4.97	13.79
Contributions	30.00	40.00	70.00	30.00	-	30.00	-	-	-
Benefits paid	(1.52)	(4.22)	(5.74)	(2.25)	-	(2.25)	(3.52)	(3.65)	(7.17)
Actuarial gain / (loss)	(6.95)	(41.00)	(47.95)	(16.85)	7.85	(9.00)	(3.84)	(11.65)	(15.49)
Fair Value of Plan Assets as on 31st March, 2011	173.55	75.15	248.70	139.50	74.39	213.89	118.29	61.12	179.41
Reconciliation of present value of the obligation and the fair value of the plan assets									

Particulars	as at 31st March 2011			as at 31st March 2010			as at 31st March 2009		
	Gratuity	Earned Leave	Total	Gratuity	Earned Leave	Total	Gratuity	Earned Leave	Total
Fair value of the defined benefit obligation	187.59	98.05	285.64	150.26	91.06	241.32	165.91	121.99	287.90
Fair value of plan assets at the end of the year	(173.55)	(75.15)	(248.70)	(139.50)	(74.39)	(213.89)	(118.29)	(61.12)	(179.41)
Liability / (assets)	14.04	22.90	36.94	10.76	16.67	27.43	47.62	60.87	108.49
Unrecognised past service cost	-	-	-	-	-	-	-	-	-
Liability / (assets) recognised in the balance sheet	14.04	22.90	36.94	10.76	16.67	27.43	47.62	60.87	108.49
Gratuity & Leave Encashment cost for the period									
Service Cost	20.24	10.64	30.88	18.64	9.45	28.09	12.66	12.63	25.29
Interest Cost	11.96	7.12	19.08	13.18	9.62	22.80	12.71	9.24	21.95
Expected return on plan assets	(12.52)	(5.98)	(18.50)	(10.31)	(5.42)	(15.73)	(8.82)	(4.97)	(13.79)
Actuarial (gain) / loss	13.60	34.46	48.06	(28.37)	(54.29)	(82.66)	(23.39)	(9.58)	(32.96)
Past Service Cost	-	-	-	54.45	49.99	104.44	-	-	-
Net gratuity cost	33.28	46.24	79.52	47.59	9.35	56.94	(6.84)	7.32	0.48
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	4.98	(6.68)	(1.70)

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 ₹ 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 ₹ 066 million.

14. **Foreign Exchange Gain/Loss**:

Apollo Hospitals Enterprise Limited

a) 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) is amounting to ₹ 8.87 million in FY 2010-11; ₹ 15.05 million in FY 2009-10; ₹ 31.09 million in FY 2008-09.

b) The Foreign Exchange gain arising out of the restatement of the monetary items as on 31st March 2011 is ₹ 14.51 million; as on 31st March 2010: ₹ 22.20 million. The above Exchange differences 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.

15. **Leases**

Finance Lease:

a. *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:

Particulars	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**
Total minimum lease payments at the year end	10.06	25.70	41.12
Less: Unearned finance income	0.38	2.66	5.62
Present value of total minimum lease payments	9.67	23.04	34.99
[Rate of Interest 0% to: 11.49% for FY 2010-11 13.47% for FY 2008-09 & FY 2009-10]			
Not later than one year [Present value ₹ 9.45 million as on 31st March 2011, ₹ 12.55 million as on 31st March 2010 and ₹ 12.92 million as on 31st March 2009 respectively]	9.84	14.63	16.38
Later than one year but not later than 5 years [Present value ₹ 0.22 million as on 31st March 2011, ₹ 10.49 million as on 31st March 2010 and ₹ 22.07 million as on 31st March 2009 respectively]	0.22	11.07	24.75

b. British American Hospitals Enterprise Limited.

FY 2009-10

Particulars		**Payments**	**Interest**	**Principal**	**Payments**	**Interest**	**Principal**
		31.12.2009	**31.12.2009**	**31.12.2009**	**31.12.2008**	**31.12.2008**	**31.12.2008**
Less than one year	MUR	23.15	14.66	8.49	0.23	0.10	0.13
	₹	0.38	0.17	0.21	0.38	0.17	0.21
Between one and five years	MUR	0.90	0.09	0.70	0.90	0.09	0.70
	₹	1.50	0.15	1.17	1.50	0.15	1.17
More than five years	MUR	55.92	7.47	48.46	-	-	-
	₹	89.71	11.98	77.73	-	-	-

Non- cancellable Operating Leases:

Lease payments recognised in the Profit and Loss Account is ₹ 797.45 million in FY 2010-11; ₹ 679.18 million in FY 2009-10 and ₹ 736.36 million in FY 2008-09).

Minimum Lease Payments	**31st March 2011**	**31st March 2010**	**31st March 2009**
	(₹)	**(₹)**	**(₹)**
Not later than one year	565.68	611.17	453.89
Later than one year and not later than five years	1,226.16	1,206.97	1,068.89

Minimum Lease Payments	31st March 2011	31st March 2010	31st March 2009
	(₹)	(₹)	(₹)
Later than five years	1,734.52	1,821.60	1,522.69

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 ₹ 9.14 million in FY 2010-11; ₹ 12.34 million in FY 2009-10, ₹ 8.54 million in FY 2008-09.

16. **Preferential Issue of Warrants**

FY 2010-11

The Parent Company has issued and allotted 1.54 million equity warrants convertible into equity shares of nominal value of ₹ 10/- each at premium of ₹ 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 ₹ 10 equity share into two ₹ 5 equity shares the warrants outstanding as on 31st March 2011 is 3.09 million.

The Parent Company has issued and allotted 3.27 million equity warrants convertible into equity shares of nominal value of ₹ 5/- each at premium of ₹ 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 ₹ 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.

FY 2009-10

The 1.54 million Share warrants issued to Dr. Prathap C. Reddy on 19th October 2007 was converted into 1.54 million Equity shares of ₹ 10/-each fully paid up at a price of ₹ 497.69 per Equity share including premium of ₹ 487.69/- per Equity Share on 18th April 2009.

FY 2008-09

The 1.55 million equity share warrants issued to Ms. Sangita Reddy during the year 2006-08 at the minimum price of ₹ 442.55/-as fixed in accordance with the guidelines for preferential issues of the

Securities and Exchange board of India (Disclosure and Investor Protection) Guidelines 2000 has been converted into Equity shares of ₹ 10/- each fully paid on 22nd August 2008.

17. **Issue of Global Depository Receipts**

The Parent Company had issued 9 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, on 31st March 2010 is 0.02 million and on 31st March 2009 is 0.17 million. The total GDR's converted upto 31st March 2011 is 7.46 million, upto 31st March 2010 is 4.33 million and upto 31st March 2009 is 4.31 million. Consequent to the splitting of shares into ₹ 5 shares the total converted Global Depository Receipts converted to shares as on 31st March, 2011 is 14.93 million.

18. **Non-Convertible Debentures**

FY 2008-09

The Parent Company has invested in Non-Convertible Debentures of Citicorp Finance (India) Limited. These Debentures are secured by way of mortgage and charge over movable financial assets and immovable assets as identified by the Company.

19. **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.

20. Directors travelling included in travelling and conveyance amounts to ₹ 20.54 million for FY 2010-11, ₹ 6.58 million for FY 2009-10 and ₹ 8.39 million for FY 2008-09.

21. **Deferred Tax**

The deferred tax for the year recognized in the Profit and Loss Account of the group comprises:

(₹ In million)

Particulars	2010-11	2009-10	2008-09
Deferred Tax Liability for the year	328.32	128.62	53.99
Deferred Tax Asset for the year	22.21	35.91	67.69

The accumulated deferred tax liability / (asset) of the group comprises:

(₹ In million)

Particulars	2010-11	2009-10	2008-09

Particulars	2010-11	2009-10	2008-09
On account of depreciation	1,014.91	760.07	401.63
On account of Deferred Revenue Expenditure (Deferred Tax Asset)	(69.63)	(39.05)	(1.97)
On account of unabsorbed losses and depreciation (Deferred Tax Asset)	(205.98)	(185.00)	(109.36)
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
(Formerly Apollo DKV 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 ₹ 877.83 million for FY 2010-11, ₹ 639.47 million for FY 2009-10 and ₹ 348.20 million for FY 2008-09 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.

Apollo Gleneagles Hospital Limited

FY 2009-10 and FY 2008-09

Company has significant amount of carried forward unabsorbed losses and depreciation under the Income Tax Act, 1961. However, as a matter of prudence net deferred tax assets of ₹ 68.66 million (FY 2008-09: ₹ 74.69 million) has not been recognized in the accounts.

22. **External Commercial Borrowings**

Apollo Hospitals Enterprise Limited

FY 2009-10

International Finance Corporation has granted a External Commercial Borrowings of US$ 35 million during the FY 2009-10. During the year 09-10 the Company has drawn a sum of US$15 million of the sanctioned amount of US$ 35 million and the Company had entered into a forward contract with HDFC Bank for draw down and hedged the loan for interest rate and foreign currency fluctuation risk. The tenure of this derivative contract matches with the tenure of the loan outstanding as of 31st March 2010. Gain/loss on these are accounted for in the Profit and Loss Account is ₹ 31.35 million (as on 31st March 2009: Nil).

FY 2010-11

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 India 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 ₹ 110Crores. 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 ₹ 11.77 million (₹ 31.35 million during the year ended 31st March 2010).

23. **Apollo Health Street Limited**

Reversal of Impairment losses

FY 2010-11

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.

FY 2009-10

Impairment losses

During the year 09-10, Apollo Health Street Limited has resumed the construction work at the land and project officer of SIPCOT has intimated general manager of SIPCOT that construction activity is in progress and the Apollo Health Street Limited would commence operations by April 2010. Since the conditions giving rise to impairment loss no longer exists, the entire impairment loss recognised during the previous year amounting to ₹ 48.23 million has been reversed and credited to profit and loss account during the current year.

FY 2008-09

a. Impairment losses

During the year, Apollo Health Street Limited had recognised impairment loss in respect of capital expenditure incurred at Chennai project. The impairment loss was recognised as the commercial activity as required by State Industrial promotion corporation of Tamil Nadu (SIPCOT) (Government authority) was not commenced by June 2008.

b. Initial Public Offering

The Company has incurred certain expenditure during the current year and previous year on Initial Public Offering (IPO) process undertaken in India. The Company filed Draft Red Herring Prospectus with stock exchanges; however IPO was subsequently withdrawn due to poor stock market conditions. Based on legal opinion, the Company has adjusted all expenses other than filing fees incurred in connection with proposed issue against securities premium account.

24. **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.

25. **Prior period items**

Apollo Health Street Limited

FY 2009-10

The erstwhile partners of Armanti Financial Services LLC sold their entire stake to Apollo Group effective August 1, 2006. The terms of the securities purchase agreement dated July 31, 2006 (including supplemental agreements thereto) required the acquirer to pay contingent consideration up to US$ 15 million. During the FY 2008-09, the Company vide an amendment dated September 14, 2007 determined the final additional consideration to be US$ 11.17 million (₹ 569.37 million). The amount has been recorded as goodwill. A deferred payment liability of US$ 2.33 million (₹ 105.33 million) has been converted into unsecured loan during this year. Per terms of agreement, the erstwhile partners have an option to demand payment of loan including interest or convert it into equity shares of Apollo Heath Street Limited based on an agreed formula upon occurrence of triggering event. Triggering event is earlier of September 15, 2015, date of change of control of AHSL, date of repayment/refinancing of term loan or public issue of securities by Apollo Heath Street Limited.

Imperial Hospital & Research Centre Limited:-FY-2010-11
The following expenses/items of prior periods totalling to ₹ 0.34 million have been debited to Profit and Loss Account.

(₹ In million)

S.No.	Nature of Expense/ Item	Amount(₹)	Account head Debited
1	Laboratory material	0.09	Material
2	Professional Charges	0.01	Property Establishment
3	Repairs and maintenance	0.01	Engineering
4	Standees	0.01	Material
5	Linen & Uniform	0.21	Material
Grand total		0.34	

26. **Power Generation**

The Electricity charges incurred in respect of the Parent Company is net of ₹ 6.94 million in FY 2010-2011; ₹ 7.47 million in FY 2009-10 and ₹ 8.08 million in FY 2008-09 [units qualified KWH – 1.39 million in FY 2010-2011; 1.59 million in FY 2009-10 and 1.61 million in FY 2008-09, being the rebate received from TNEB for Wind Electric Generators owned & run by the Company.

27. The Parent Company has been exempted by the Ministry of Corporate Affairs, vide Order No: 46/115/2011 for 2011, *No:46/66/2010 for 2010*, 46/69/2009 for 2009 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 each year and hence the same is not disclosed for this fiscal 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.

28. In the process of acquiring Apollo Gleneagles Hospitals Limited (AGHL) in Kolkata, Apollo Hospitals Enterprise Limited had initially invested ₹ 30 million [₹ 5 million towards equity and ₹ 25 million to discharge other liabilities of AGHL, erstwhile Duncan Gleneagles Hospital Limited (DGHL)] to acquire 50.26% holding in the DGHL (subsequently reduced to 49%, now increased to 50%). AGHL assigned an unsecured debt of ₹ 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.

29. **General Information**

a) *Apollo Hospitals Enterprise Limited*

(i) The hospital collections of the Company are net of discounts of ₹ 37.09 million for FY-2010-11, ₹ 60 million for FY-2009-10 and ₹ 20.52 million for FY-2008-09.

(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 ₹ 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 ₹ 28.31 million ₹ 31.46 million as on 31st March 2010 and ₹ 34.60 million as on 31st March 2009

b) In case of Unique Home Healthcare Limited in FY-2009-10 and FY-2008-09 and in case of Western Hospitals Corporation Private Limited in FY-2009-10 the Company is still in the process of appointing the whole time Managing Director as per sec. 269 of the Companies Act, 1956.

c) *Pinakini Hospitals Limited-FY 2009-10*

During the year the Company has settled a claim of APIDC towards the overdue interest of ₹ 5 million on the term loans sanctioned and fully repaid under One Time Settlement Scheme. The entire amount of ₹ 5 million has been written off as expense as the same was not accounted in the earlier years.

d) *Western Hospitals Corporation Private Limited-FY-2008-09*

The Company was incorporated on 16th October 2006. The Company has not commenced its commercial operations as at 31st March 2009. Hence no profit & loss account has been prepared. Instead a schedule of preoperative expenses has been prepared.

Joint Venture with Birla Wellness and Healthcare Private Limited

On 21st January 2008, the Company has entered into a 50:50 Joint Venture agreement with Birla Wellness and Healthcare Private Limited to set up a joint venture Company, namely, Ashok Birla Apollo Hospital Private Limited, for setting up a super specialty hospital facility with a capacity of 200 beds in Thane, Maharashtra. In this regard, as per the JV agreement, the Company has to initially contribute an amount of ₹ 100 million towards the share capital. No amounts were contributed by the Company to this proposed joint venture as at 31st March 2009. However, subsequent to the year end, an amount of ₹ 5 million has been contributed towards Share capital during April 2009.

e) *Apollo Cosmetic Surgical Centre Private Limited-FY 2010-11*

Number of employees of the Company who are in receipt of or entitled to received emoluments amounting in the aggregate to ₹ 0.20 million or more per month or ₹ 2.40 million per annum including perquisites is NIL.

f) *A.B. Medical Centers Limited* -FY 2010-11

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 do not applicable.

The Share capital includes a sum of ₹ 0.90 million allotted for consideration other than cash.

g) *g) Apollo Gleneagles Hospital Limited*

In view of the nature of activities carried out by the Company, it is not practicable to furnish quantitative and other details other than those given above in respect of consumption, purchase, sales as required in terms of Para 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

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 other impairment loss/reversal of impairment loss recognised in earlier years. In view of the management no such indications exist as on each year

Buildings of ₹ 18.93 million (Net) in FY-2010-11; and ₹ 19.17 million (Net) in FY-2009-10; and ₹ 19.59 million (Net) in FY-2008-09 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 ₹ 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.

The Company has substantial accumulated losses at the year end. However these accounts have been prepared on the assumption that it will be able to continue as a going concern considering the financial and technical support from its promoters, expected growth in its performance and profitability in future years.

h) *Quintiles Phase One Clinical Trials India Private Limited-FY 2010-11*

The Company is in process of appointing whole-time secretary as required under section 383A of the Companies Act, 1956.

i) *Apollo Health & Lifestyle Limited-FY 2008-09*

Contrary to Clause (A) of policy E (Apollo Health & Lifestyle Limited) regarding 100% recognition of license fees on operational clinics, the Company in the year under review has recognized an income of ₹ 2.03 million from unexpired obligations account. This amount being part of non refundable license fee for non-operational clinics now being time barred is recognized as income.

j) *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:

(₹ In million)

Particulars	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Loans	Nil	Nil	Nil
Investments	Nil	Nil	Nil
Fixed Assets	3.92	2.93	11.58

(iii) Claims, less reinsurance paid to claimants:

(₹ In million)

Class of Business	In India			Outside India		
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Miscellaneous	828.75	497.64	166.64	3.33	3.46	0.36

(iv) Age-wise breakup of claims outstanding:

act(₹ In million)

Class of Business	Outstanding for more than six months			Outstanding for six months or less		
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Miscellaneous	10.14	1.15	0.14	109.50	104.30	50.12

(v) Claims Settled and remaining unpaid for a period of more than six months:

(₹ In million)

Class of Business	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Miscellaneous	Nil	Nil	Nil

(vi) Premium less reinsurance written during the year:

(₹ In million)

Class of Business	Outstanding for more than six months			Outstanding for six months or less		
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Miscellaneous	2,286.66	992.43	414.25	nil	nil	nil

No premium income is recognized on "varying risk pattern" basis.

(vii) Extent of risk retained and reinsured:

(₹ In million)

Class of Business	Risk Retained			Risk Reinsured		
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Miscellaneous	81%	87%	85%	19%	13%	15%

(viii) Value of Contracts in relation to Investments:

(₹ In million)

Particulars	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
Purchase where deliveries are pending	Nil	Nil	20.00
Sales where payments are overdue	Nil	Nil	Nil

(ix) All the investments held by the Company are performing assets.

(x) The Company does not have any investment property.

(xi) The investments as at period-ending 31st March 2011, 31st March 2010 and 31st March 2009 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 ₹ 164.19 million for FY-2011, ₹ 92.62 million for FY-2010, 47.42 million for FY-2009.

(xiii) Investments made pursuant to section 7 of Insurance Act, 1938, are as follows-FY 2010-11 & FY 2009-10

(₹ In million)

Particulars	As at 31st March 2011	As at 31st March 2010
6.25% GOI CDSS 02-01-2018	74.13	73.27
6.01% GOI CDSS 25-03-2028	5.31	5.24

Particulars	As at 31st March 2011	As at 31st March 2010
95% GOI CDSS 28-08-2032	19.46	19.42
8.20% GOI CDSS 15-02-2022	2.01	2.01
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:

(₹ In million)

Operating expenses	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2009
Outsourcing Expenses	197.16	134.99	86.25
Marketing Support	188.94	171.95	101.52
Business Promotion	65.12	83.96	20.11

(xv) Sector wise business

Disclosure of Sector wise business based on gross direct written premium (GWP) is as under:

(₹ In million)

Business Sector	Year ended 31st March 2011			Year ended 31st March 2010			Year ended 31st March 2009		
	GWP (₹)	No. of Lives	% of GWP	GWP (₹)	No. of Lives	% of GWP	GWP (₹)	No. of Lives	% of GWP
Rural	154.43	14,715	5.46%	45.36	46,441	3.96%	0.29	1,041	0.06%
Social	5.07	27,893	0.18%	14.81	36,344	1.29%	0.30	207	0.06%
Urban	2,667.35	1,054,183	94.36%	1,086.43	484,733	94.75%	480.86	516,838	99.88%

(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:

(₹ In million)

S. No.	Particulars	2010-2011	2009-2010	2008-2009
	Operating Results:			
1	Gross Premium Written	2,834.63	1,146.69	489.79
		-	-	-
2	Net Earned Premium Income	1,487.39	699.58	216.39
		-	-	-
3	Income from Investments (net)	66.96	30.02	9.62
4	Other Income	-	-	-
		-	-	-

S. No.	Particulars	2010-2011	2009-2010	2008-2009
5	Total Income	1,554.35	729.59	226.01
6	Commission (Net of Reinsurance)	1,777.42	105.64	35.90
7	Brokerage	53.42	52.16	33.65
8	Operating Expenses	1,332.59	983.04	723.78
9	Claims Incurred	921.54	597.36	247.29
10	Operating Profit/Loss	(877.20)	(956.44)	(780.96)
11	Total Income under Shareholders Account	82.87	59.46	62.72
12	Profit /(Loss) before tax	(794.33)	(896.98)	(718.24)
13	Provision for Tax	(0.08)	-	(3.59)
14	Profit/(Loss) after tax	(794.41)	(896.98)	721.83
	Miscellaneous:			
	Policy holders' Account:	Not applicable being Non – Life Insurance Co.		
15	Total Fund Total Investments Yield on investments			
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	1,073.70
		-	-	-
18	Net Worth	1,050.70	895.44	960.44
		-	-	-
19	Total Assets	3,600.01	1,914.21	1,453.94
		-	-	-
20	Yield on total investments	0.08	0.09	0.11
21	Earnings Per Share (₹)	(5.66)	(8.11)	(7.09)
22	Book value per Share(₹)	5.36	6.80	(8.95)
23	Total Dividend	Nil	Nil	Nil
24	Dividend Per share	Nil	Nil	Nil

(xviii) Accounting Ratios are provided as under:

Performance Ratios	2010-2011 (in times)	2009-2010 (in times)	2008-2009 (in times)
Gross Premium Growth Rate	2.47	2.34	16.51
Gross Premium to Shareholders Funds Ratio	2.70	1.28	0.51
Growth Rate of Shareholders Funds	1.17	0.93	1.33
Net Retention Ratio	0.81	0.87	0.85
Net Commission Ratio	0.08	0.11	0.09
Expenses of Management to Gross Direct Premium	0.47	0.86	1.5
Combined Ratio	0.90	1.35	1.89
Technical Reserves to Net Premium Ratio	0.69	0.70	0.73
Underwriting Balance Ratios	(0.38)	(0.96)	(1.89)
Operating Profit Ratio	(0.34)	(0.90)	(1.73)
Liquid Assets to Liability Ratio	0.31	0.15	0.79
Net Earnings Ratio	(0.35)	(0.90)	(1.74)
Return on Net Worth	(0.76)	(1.00)	(0.75)
Reinsurance Ratio	0.19	0.13	0.15

k) *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 ₹ 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 ₹ 83.69 million. This has resulted in writing back of provision to P&L Account amounting to ₹ 22.13 million.

Further the Company has provided ₹ 3.46 million for the year ended 31st March 2011; ₹ 2.97 million as of 31st March 2010 and 31st March 2010 against property tax liability for the period ended each year 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 ₹ 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; 31st March 2010 & 31st March 2009, the aforesaid fund, together with interest thereon amounting to ₹ 192.36 million have been utilized towards progress payments to contractors, advances to contractors, payments for materials, etc. The ownership of the building between Government of NCT of Delhi and the Company will be decided at a future date keeping in view the lease agreement.

(iii) FY-2010-11 & FY 2008-09:

The Company had filed application for determination of question of law under section 84 of the Delhi Value Added Act, 2004 (VAT) before the Commissioner, Trade and Taxes, Delhi (CTT) regarding the applicability of VAT to the hospital, inter alia, in respect of medicines and consumables administered by the hospitals in the course of medical treatment to its patients.

The CTT has vide its order dated 17th March 2006 in this regard held that VAT would be applicable to the hospitals in respect of the aforesaid. The Company has preferred an appeal against aforesaid order of the CTT before Delhi VAT Tribunal. The matter is now pending before the Delhi VAT Tribunal.

(iv) FY-2010-11 AND FY- 2009-10

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 & medical consumables from patients referred by the Govt. of Delhi for free treatment in Hospital.

(v) FY-2010-11

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 ₹ 98.51 million received in this regard in the current year form 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 ₹ 55.56 million and written down value on the date of loss was ₹ 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.

l) *Apollo Health Street Limited-*

i) Zavata Incorporated had entered into an agreement on December 28, 2007 with Saint Anthony Health center (SAHC) to purchase certain accounts receivables for US$ 6 million (₹ 270.84 million) in FY-2009-10 and US$ 6 million (₹ 305.70 million)in FY-2008-09. During the year Zavata Incorporated had filed a law suit against SAHC stating that accounts receivables delivered by SAHC could never reasonably have been valued at US$ 6million (₹ 270.84 million) in FY-2009-10, US$ 6million (₹ 305.70 million) in FY-

2008-09 and has claimed the deference between US$ 6 million (₹ 270.84) (₹ 270.84 million) in FY-2009-10, US$ 6million (₹ 305.70 million) in FY-2008-09 and realizable value of accounts receivable at the time they were delivered. The Company is carrying US$ 2.54 million (₹ 111.04million) in FY-2009-10 and US$ 2.54 million (₹ 129.41million) in FY-2008-09 and as receivable in the books. Based on a legal opinion, the Company believes to obtain a judgment against SAHC and as such no provision has been made in the books of accounts.

(ii) Employee stock option plan

(A) Employee stock option plan 2005

The Company had instituted an employee stock plan in the fiscal 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 10years 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 outstanding	Date	Number of options		
		31st March 2011	31st March 2010	31st March 2009
	30th September 2005	17,300	17,300	28,700
	31st March 2006	700	5,500	17,100
	31st March 2007	48,000	56,400	65,400
	31st March 2008	19,400	33,000	36,000
		85,400	112,200	147,200

Stock options:

	31st March 2011	**31st March 2010**	**31st March 2009**
Outstanding at the beginning of the year	112,200	147,200	151,400
Granted during the year	-	-	-
Forfeited/ surrendered during the year	2,000	3,200	1,800
Exercised during the year	24,800	31,800	2,400
Expired during the year	-	-	-

	31st March 2011	31st March 2010	31st March 2009
Exercisable at the end of the year	85,400	112,200	147,200
Outstanding at the end of the year	85,400	112,200	147,500
Weighted average remaining contractual life	*	2.01 years	2.84

* 10 years from date of vesting or IPO whichever is earlier

b) Pricing of option

Particulars	31st March 2011	31st March 2010	31st March 2009
Fair value of option at grant date	1.9	2.53	2.53
Option pricing model used	Black Scholes Model	Black Scholes Model	Black Scholes Model
Inputs to the model:			
a) Average share price	160	10	10
b) Exercise price	10	10	10
c) Expected volatility- Unlisted Company	0%	0%	0%
d) Risk free interest rate	8%	6%	6%
e) Weighted average option life	5 years	5 years	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 ₹ 0.16 million 31st March 2010 and 31st March 2009 is Nil and the profit for the year ended 31st March 2011 have been lower by ₹ 0.16 million 31st March 2010 and 31st March 2009 is 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

Date	Number of options		
	31st March 2011	31st March 2010	31st March 2009
19th October 2007	358,990	391,863	398,287
19th October 2008	186,548	188,326	194,542
19th October 2009	283,435	284,310	320,170
	828,973	864,499	912,999

Stock options:

	31st March 2011	31st March 2010	31st March 2009
Outstanding at the beginning of the year	864,499	912,999	1,051,887
Granted during the year	-	-	-
Forfeited/ surrendered during the year	1,751	48,500	136,387
Exercised during the year	33,775	-	2,500
Expired during the year	-	-	-
Exercisable at the end of the year	828,973	864,499	592,829
Outstanding at the end of the year	828,973	864,499	912,999
Weighted average remaining contractual life	*	3.43 years	4.47 years

* 10 years from date of vesting or IPO whichever is earlier

b) Pricing of option

Particulars	31st March 2011	31st March 2010	31st March 2009
Fair value of option at grant date	32.7	32.7	32.7
Option pricing model used	Black Scholes Model	Black Scholes Model	Black Scholes Model
Inputs to the model:			
a) Average share price	160	108	108
b) Exercise price	98	98	98
c) Expected volatility - Unlisted Company	0%	0%	0%
d) Risk free interest rate	7.50%	6.81%	6.81%

Particulars	31st March 2011	31st March 2010	31st March 2009
e) Weighted average option life	5 years	4 years	4 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 would have been higher by ₹ 7.49 million as of 31st March 2011, ₹ 0.53 million as of 31st March 2010 and ₹ 2.37 million as of 31st March 2009 and the profit for the period would have been lower by ₹ 7.49 million as of 31st March 2011, ₹ 0.53 million as of 31st March 2010 and ₹ 2.37 million as of 31st March 2009.

(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	5 years from date of vesting			
Vesting schedule of outstanding	**Date**	**No of options**		
		31st March 2011	**31st March 2010**	**31st March 2009**
	15th March 2008	4,920	4,920	5,560
	15th March 2009	9,840	9,840	11,120
	15th March 2010	34,440	34,440	38,920
		49,200	49,200	55,600

Stock options:

	31st March 2011	31st March 2010	31st March 2009
Outstanding at the beginning of the year	49,200	55,600	75,950
Granted during the year	-	-	-
Forfeited/ surrendered during	-	6,400	20,350

	31st March 2011	31st March 2010	31st March 2009
the year			
Exercised during the year	-	-	-
Expired during the year	-	-	-
Exercisable at the end of the year	49,200	49,200	16,680
Outstanding at the end of the year	49,200	49,200	55,600
Weighted average remaining contractual life	*	4.56 years	5.56 years

* 10 years from date of vesting or IPO whichever is earlier

b) Pricing of option

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 would have been higher by ₹ 0.20 million as of 31st March 2011; ₹ 0.01 million as of 31st March 2010 and ₹ 0.76 million as of 31st March 2009 the profit for the period would have been lower by ₹ 0.20 million as of 31st March 2011; ₹ 0.01 million in March 2010 and ₹ 0.20 million as of 31st March 2009.

(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 FY-2010-11 on 19th April 2010 exercise period of the opinion was revised from ₹ 250 to ₹ 160.

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

a) *Key features of employee stock option plan*

	31st March 2011	31st March 2010	31st March 2009
Outstanding at the beginning of the year	298,484	298,484	324,500
Granted during the year	-	-	-
Forfeited/ surrendered during the year	-	-	-
Exercised during	-	-	-

	31st March 2011	31st March 2010	31st March 2009
the year			
Expired during the year	-	-	-
Exercisable at the end of the year	298,484	298,484	298,484
Outstanding at the end of the year	298,484	298,484	298,484
Weighted average remaining contractual life	1.40 years	2.32 years	3.32 years
Outstanding at the beginning of the year	298,484	298,484	324,500
Granted during the year	-	-	-
Forfeited/ surrendered during the year	-	-	26,016
Exercised during the year	-	-	-
Expired during the year	-	-	-
Exercisable at the end of the year	298,484	298,484	298,484
Outstanding at the end of the year	298,484	298,484	298,484
Weighted average remaining contractual life	1.40 years	2.32 years	3.32 years

b) *Pricing of option*

Particulars	31st March 2011	31st March 2010	31st March 2009
Fair value of option at grant date	21.92	18.52	18.52
Option pricing model used	Black Scholes Model	Black Scholes Model	Black Scholes Model
Inputs to the model:			
a) Average share price	160	250	250
b) Exercise price	160	250	250
c) Expected volatility - Unlisted Company	0%	0%	0%
d) Risk free	6.50%	8.00%	8.00%

Particulars	31st March 2011	31st March 2010	31st March 2009
interest rate			
e) Weighted average option life	2.34 years	1 year	1 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 would have been higher by ₹ 6.54 million as of 31st March 2011 ; ₹ Nil as of 31st March 2010 and ₹ Nil as of 31st March 2009 and the profit for the period would have been lower by ₹ 6.54 million as of 31st March 2011; ₹ Nil as of 31st March 2010 and ₹ Nil 31st March 2009.

(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	5 years from date of vesting			
Vesting schedule of outstanding				
Options	**Date**	**No of options**		
		31st March 2011	**31st March 2010**	**31st March 2009**
	13th August 2008	-	85,000	127,000
	13th August 2009	-	85,000	85,000
	13th August 2010	-	-	85,000
		-	170,000	297,000

Stock options:

	31st March 2011	31st March 2010	31st March 2009
Outstanding at the beginning of the year	170,000	297,000	297,000
Granted during the year	-	-	-
Forfeited/ surrendered during the year	170,000	127,000	-

	31st March 2011	31st March 2010	31st March 2009
Exercised during the year	-	-	-
Expired during the year	-	-	-
Exercisable at the end of the year	-	170,000	127,000
Outstanding at the end of the year	-	170,000	297,000
Weighted average remaining contractual life	-	3.87 years	5.23 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 would have been higher by ₹ Nil as of 31st March 2011; ₹ 1.38 million as of 31st March 2010 and ₹ 3.55 million as of 31st March 2009 and the profit for the period would have been lower by ₹ Nil as of 31st March 2011; ₹ 1.38 million as of 31st March 2010 and ₹ 3.55 million as of 31st March 2009.

(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:

(₹ In Million)

	31st March 2011	31st March 2010	31st March 2009
Consolidated Net profit/(loss) as reported	48.47	84.95	147.27
Less: Employee stock compensation expense	(14.40)	0.84	(6.69)
Pro forma consolidated net profit/(loss)	34.07	85.79	140.58
Basic EPS(₹)			
-As reported	1.68	3.13	5.89
-Proforma	1.18	3.36	5.62
Diluted EPS(₹)			
-As reported	1.66	3.08	5.22
-Proforma	1.16	3.11	4.99

(iii) Fringe Benefit on stock options:-FY-2008-09

Finance Act 2007 requires payment of Fringe Benefit Tax (FBT) on stock option benefits provided to employees. FBT is payable on the date when stock option is exercised by the employees based on the fair market value on the date of vesting. Management has computed FBT expense of ₹ 0.10 million (31st March 2008: ₹ 4.07 million) for the current year allotments. However, as the money is recoverable from the employees, no provision has been made in the books.

(iv) Derivative instruments

a) Interest rate swap:

i) 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 as of 31st March 2011; US$ 96.15 million as of 31st March 2010 and US$ 110 million as of 31st March 2009 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 ₹ 683.47 million as of 31st March 2011;US$ 15.67 million approximately ₹ 707.34 million as of 31st March 2010 and US$ 11.68 million approximately ₹ 597.72 million as of 31st March 2009. 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 ₹ 38 million) as of 31st March 2011 and US$ 1.2 million (approximately ₹ 55.65 million) as of 31st March 2010 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 ₹ 645.47 million in FY-2011-10; ₹ 651.69 million in FY-2009-10 and ₹ 597.72 in FY-2008-09 as at the date of balance sheet each year 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.

ii) Details of other outstanding derivatives

i) Forward contracts

(₹ In Million)

Particulars of derivatives	**Purpose**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**
Forward contracts outstanding as at Balance Sheet date	Hedge against expected receivables	Sell US$ 9.25 million*	Sell US$ 6 million	Nil
Range forward contracts outstanding as at Balance Sheet date	Hedge against expected receivables	-	Sell US$ 0.5 million	Nil

*Out of above US$ 725,720 represents hedge against inter – Company receivables.

ii) Options-FY-2010-11

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 US$ 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 US$-LIBOR based interest liability. As per the arrangement, if the US$ 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(in million)**
From (and including)	**To (but excluding)**	
29-Aug-12	29-Nov-12	91.10
29-Nov-12	28-Feb-13	89.42
28-Feb-13	29-May-13	86.78
29-May-13	29-Aug-13	84.13

iii) 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

a) 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	Period		Rate
(₹ In million)	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%

31st March 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	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%

31st March 2009

a) Hedge against exposure to variable interest outflow on loans

The Company has entered into interest rate swaps to hedge its risks associated with interest rate fluctuations and the details of the same are mentioned below:

Receive LIBOR plus spread of 2.75% and pay as per the terms mentioned below:

	31st March 2009	31st March 2008
	Payment rate %	

	From 29-Feb-2009 to termination date	29-May-08 to 28-Feb-09	From 29-Nov-07 to 28-May-08
If LIBOR is less than or equal to 3.10%	-	-	5.10% plus spread of 2.75%
If LIBOR is less than or equal to barrier	5.10% plus spread of 3.75%	5.10% plus spread of 2.75%	-
If LIBOR is greater than 3.10% and less than or equal to 6.25%	-	-	LIBOR plus spread of 2.75%
If LIBOR is greater than barrier and less than or equal to 5.25%	LIBOR plus spread of 3.75%	LIBOR plus spread of 2.75%	LIBOR plus spread of 2.75%
If LIBOR is greater than 6.25%	-	-	6.25% plus spread of 2.75%
If LIBOR is greater than 5.25%	5.25% plus spread of 3.75%	5.25% plus spread of 2.75%	-
Notional amount and barrier Schedule:			
From (and including)	To (but excluding)	Notional Amount	Barrier
29-Feb-08	29-Aug-08	40.00	2.20%
29-Aug-08	29-Nov-08	39.44	2.00%
28-Nov-08	28-Feb-09	38.88	2.00%
27-Feb-09	28-May-09	38.23	2.00%

b) Hedge against exposure to variable interest outflow on loans.

31st March 2009	31st March 2008	
Pay: fixed rate of 7.6% from 20th September 2007 to August 29, 2008 and 8.10% thereafter	Pay: fixed rate of 7.6% from 20th September 2007 to August 29, 2008	
and	and	
Receive: LIBOR plus spread of 2.75%.	Receive: LIBOR plus spread of 2.75%.	
From (and including)	To (but excluding)	Notional Amt (US$ In Million)
20-Sep-07	29-Aug-08	22.50
29-Aug-08	28-Nov-08	17.19
28-Nov-08	27-Feb-09	16.87
27-Feb-09	28-May-09	16.50

c) Hedge against exposure to variable interest outflow on loans.

Receive LIBOR plus spread of 2.75% from BOI and pay BOI as per the terms mentioned below:

	31st March 2009		31st March 2008
	Payment rate %		
	From	From 29-Nov-2007 to	From 29-Nov-2007 to
	29-Aug-2009 to termination date	29-Aug-08	29-Aug-08
If LIBOR is less than or equal to 3.10%	5.10% plus spread of 3.00%	5.10% plus spread of 2.75%	5.10% plus spread of 2.75%
If LIBOR is greater than 3.10% and less than or equal to 6.25%	LIBOR plus spread of 3.00%	LIBOR plus spread of 2.75%	LIBOR plus spread of 2.75%
If LIBOR greater than 6.25%	6.25% plus spread of 3.00%	6.25% plus spread of 2.75%	6.25% plus spread of 2.75%

Notional Amount:

From (and including)	To (but excluding)	Notional Amt (US$ In Million)
29-Nov-07	29-Aug-08	40.00
29-Aug-08	29-Nov-08	34.44
29-Nov-08	28-Feb-09	33.88
28-Feb-09	28-May-09	33.23

d) Hedge against exposure to variable interest outflow on loans.

31st March 2009	31st March 2008
Pay: fixed rate of 7.6% from 20th September 2007 to termination date and Receive: LIBOR plus spread of 2.75%.	Pay: fixed rate of 7.6% from 20th September 2007 to termination date and Receive: LIBOR plus spread of 2.75%.

From (and including)	To (but excluding)	Notional Amt (US$ In million)
20-Sep-07	29-Aug-08	22.50
29-Aug-08	28-Nov-08	22.18
28-Nov-08	27-Feb-09	21.87
27-Feb-09	28-May-09	21.50

(i) Particulars of unhedged foreign currency exposure

As at 31st March 2011

	US$	Closing rate	Amount (in million)
Sundry creditors	297,988	44.65	13.31
Cash balances	431,863	44.65	19.28

	GBP	Closing rate	Amount (in million)
Sundry debtors	19,732	71.93	1.42
Cash balances	1,576	71.93	0.11

	EUR	Closing rate	Amount (in million)
Sundry debtors	4,000	63.24	0.25

As at 31st March 2010

	US$	Closing rate	Amount (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	Amount (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	Amount (in million)
Sundry debtors	4,000	60.56	0.24

31st March 2009

	US$	Closing rate	Amount (in million)
Sundry debtors	1,964,889	50.75	708.80
Sundry creditors	303,077	51.19	28.81
Cash balances	31,024	50.75	1.57

	GBP	Closing rate	Amount (in million)
Sundry debtors	19,732	72.51	1.43
Sundry creditors	24,765	73.83	1.83
Cash balances	1,883	72.51	0.14

	EUR	Closing rate	Amount

			(in million)
Sundry debtors	24300	67.1	1.63
Sundry creditors	2627	68.32	0.18

m) *British American Hospitals Enterprise Limited- Upto FY-2009-10*

Financial instruments and associated risks:

Associated risks:

The main risks arising from the Company's financial instruments are as follows:

1. Credit risk

2. Liquidity risk

3. Market risk (which includes currency risk and interest rate risk)

The Directors' reviews and agreed policies for managing each of these risks which are summarized below:

Credit risk:

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of bank balances and trade receivables. Cash balances are held in a number of reputable financial institutions. Accordingly, the Company has no significant concentration of credit risk.

The Company's exposure to credit risk is also influenced mainly by the individual characteristics of each customer. In this regard, management has established a credit policy under which each new credit customer is analysed individually for creditworthiness before the Company's terms and conditions are offered. The Company's review is based on the financial capacity of the customer and other factors.

Transactions with related parties are made at arms' length, on normal commercial terms and in the normal course of business.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at 31 December 2009, as summarised below:

ASSETS	31-Dec-09		31-Dec-08	
	MUR(in millions)	INR(in millions)	MUR(in millions)	INR(in millions)
Trade and other receivables	13.37	21.45	-	-
Amount due from related parties	126.79	203.39	-	-
Cash and cash equivalents	5.23	8.39	19.12	31.86
Total	145.39	233.23	19.12	31.86

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that they have sufficient cash on demand to meet its expected operational expenses for a period of 60 days, including the servicing of any financial obligations. This excludes the potential impact of extreme circumstances which cannot be reasonably predicted, for example, natural disasters.

The maturity profile of the Company's financial liabilities based on contractual cash flows is summarised as follows. The contractual cash flows approximate the carrying amounts.

Particulars	**Less than one year**		**Between one & five years**		**More than five years**	
	MUR (in millions)	**INR (in millions)**	**MUR (in millions)**	**INR (in millions)**	**MUR (in millions)**	**INR (in millions)**
As at 31.12.2009						
Trade and Other payables	203.82	326.96	-	-		-
Amounts due to related parties	565.82	907.68		-		-
Secured borrowings	-	-	337.29	541.07	295.23	473.60
Debentures	-	-	-	-	212.00	340.09
Interest accrued on debentures	6.35	10.18	-	-	-	-
Redeemable preference shares	7.07	11.34	34.73	55.71	269.08	431.65
Dividends on cumulative redeemable preference shares	-	-	-	-	22.78	36.55
Obligation under finance lease	8.49	13.62	90.77	145.61	48.46	77.73
As at 31.12.2008						
Trade and Other payables	437.56	729.27	-	-	-	-
Amounts due to related parties	3.13	5.22	-	-	-	-
Borrowings	0.08	0.13	-	-	-	-
Obligation under finance lease	0.13	0.21	0.70	1.17	-	-

Market risk:

Market risk embodies the potential for both loss and gains and includes interest rate risk and currency risk.

Interest rate risk:

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's only other significant interest- bearing financial assets and liabilities are cash at bank, interest bearing borrowings and obligations under finance lease. Interest income and expense may fluctuate in amount, in particular due to changes in interest rates.

Particulars	31-Dec-09		31-Dec-08	
	Carrying Amount		Carrying Amount	
	MUR (in millions)	INR (in millions)	MUR (in millions)	INR (in millions)
Fixed rate instruments:				
Financial assets	5.23	8.39	19.12	30.67
Variable rate instruments:				
Financial liabilities	(1,141.41)	(1,831.03)	(75.00)	(120.31)

Sensitivity analysis

The following table illustrates the sensitivity of loss to a reasonably possible change in interest rates of +/-1%. A 1% basis point increase or decrease is used and represents management's assessment of the reasonably possible charge in interest rate. The calculations are based on the financial instruments held at that date and which are sensitive to changes in interest rates. All other variables are held constant. The table below depicts the movement in loss given an increase of 1% in the interest rate over one year.

Currency Risk:

Particulars	31-Dec-09			31-Dec-08		
	Increase/(decrease) in interest rate %	Effect on profit after tax		Increase/(decrease) in interest rate %	Effect on profit after tax	
		MUR(in millions)	INR(in millions)		MUR(in millions)	INR(in millions)
Interest expense	1	11.41	18.31	1	0.75	1.25
	-1	(11.41)	(18.31)	-1	(0.75)	(1.25)

The Company is exposed to the risk that the exchange rate to the currencies listed below that may change in a manner which have some material effect on the reported values of the Company's assets and liabilities which are denominated in these currencies.

Particulars	Financial Assets 2009	Financial Liabilities 2009	Financial Assets 2008	Financial Liabilities 2008
US$(in millions)	0.84	207.53	0.87	-
INR(in millions)	1.34	332.92	1.46	-
MUR(in millions)	143.67	1,894.34	18.24	516.52

Particulars	Financial Assets 2009	Financial Liabilities 2009	Financial Assets 2008	Financial Liabilities 2008
INR(in millions)	230.47	3,038.87	30.41	860.88
EUR(in millions)	0.88	-	-	-
INR(in millions)	59.32	-	-	-

Sensitivity analysis

The following table indicates the approximate change in the Company's profit/ loss and equity in response to reasonable possible changes in the foreign exchange rates to which the Company has significant exposure at the balance sheet date. The Company is mainly exposed to the US$ and has limited exposure to the EURO.

A 10% increase and decrease in the US$/EURO against the relevant foreign currency is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

Particulars	31-Dec-09			31-Dec-08		
	Increase/(decrease) in foreign exchange rates %	Effect on profit or loss/equity		Increase/(decrease) in foreign exchange rates %	Effect on profit or loss/equity	
		MUR (in millions)	INR (in millions)		MUR (in millions)	INR(in millions)
US$	10	20.66	33.15	10	0.09	0.15
	-10	(20.66)	(33.15)	-10	(0.09)	(0.15)
EUR	10	0.09	0.14	10	-	-
	-10	(0.09)	(0.14)	-10	-	-

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Company's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. Results of the analysis as presented in the above table represent the effects on the Company's reserves measured in foreign currencies, translated into United States dollars at the exchange rate ruling at the balance sheet date.

The analysis is performed on the same basis for 2008.

Fair values of financial assets and liabilities

At 31 December 2009, the carrying amounts of financial assets and financial liabilities shown on the statement of financial position represent or approximate their fair values.

(Amount in Million)

Particulars	31-Dec-09		31-Dec-08	
	Carrying amount (US$)	Fair values (US$)	Carrying amount (US$)	Fair values (US$)
Financial assets				
Trade and other receivables	13.37	13.37	56.13	56.13
Amounts due from related parties	126.79	126.79	-	-

Particulars	31-Dec-09		31-Dec-08	
	Carrying amount (US$)	Fair values (US$)	Carrying amount (US$)	Fair values (US$)
Cash and cash equivalents	5.23	5.23	19.12	19.12
Total	145.39	145.39	75.25	75.25
Financial liabilities	-	-	-	-
Secured borrowings	632.51	632.51	75.00	75.00
Debentures	212.00	212.00	-	-
Interest accrued on debentures	6.35	6.35	-	-
Redeemable preference shares	310.88	310.88	-	-
Dividends on redeemable preference shares	22.78	22.78	-	-
Obligations under finance lease	147.72	147.72	0.83	0.83
Amounts due to related parties	565.82	565.82	3.13	3.13
Trade and other payables	203.82	203.82	437.56	437.56
Total	**2,101.87**	**2,101.87**	**516.52**	**516.52**

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optional capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ration. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current borrowings) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

Particulars	2009	2009	2008	2008
	MUR(in millions)	INR(in millions)	MUR(in millions)	INR(in millions)
Total borrowings	1,332.24	2,137.15	75.83	126.38
Net debt	1,326.94	2,128.65	56.71	94.52
Total equity	509.31	817.03	643.64	1,072.76
Total capital	1,836.25	2,945.68	700.35	1,167.28
Gearing ratio		72.50%		10.80%

n) *Family Health Plan Limited- FY 2008-09*

- The expenditure on the development of leasehold assets represents expenditure incurred by the Company towards interior and temporary structure in the leased accommodation. The same is being written off over the primary period of lease.

- Float fund closing bank balances as on 31.03.09 in various float fund accounts jointly with FHPL and respective insurance companies is ₹ 12.50 million (Previous Year ₹ 13.50 million) has been considered in the books for the purpose of accounting as balances held in trust.

30. **Earnings per Share**

(₹ In Million)

Particulars	31st March 2011	31st March 2010	31st March 2009
Profit before extraordinary items attributable to equity shareholders (Amount ₹) (A1)	1,839.22	1,375.68	1,051.47
Weighted Average Equity Shares outstanding during the year (Nos) - (B1)	123,922,957	123,425,413	119,256,884
Basic Earnings Per Share before extra-ordinary item - (A1/B1)	14.84	11.15	8.82
Diluted Earnings before extraordinary items attributable to equity shareholders (Amount ₹) (A2)	1,845.25	1,375.68	1,051.47
Foreign Currency Convertible Bond issued (C1)*	1,107,025	2,241,480	-
Weighted Average Equity Shares outstanding for Diluted Earnings Per Share. (Nos) - (D1)	128.00	123.96	123.57
Diluted Earnings Per Share before extra-ordinary item - (A2/D1)	14.37	11.1	8.51
Profit after extraordinary items attributable to equity shareholders (Amount ₹) (A)	1,839.22	1,375.68	1,024.94
Weighted Average Equity Shares outstanding during the year (Nos) - (B)	123,922,957	123,425,413	119,256,884
Basic Earnings Per Share after extra-ordinary item - (A/B)	14.84	11.15	8.59
Diluted Earnings after extraordinary items attributable to equity shareholders (Amount ₹) (A2)	1,845.25	1,375.68	1,024.94
Foreign Currency Convertible Bond issued (C)*	1,107,025	1,120,740	-
Weighted Average Equity Shares outstanding for Diluted Earnings Per Share. (Nos) - (D)	128,003,621	123,956,604	123,569,718
Diluted Earnings Per Share after extra-ordinary item - (A2/D)	14.37	11.1	8.29

* 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 in FY-2010-11 and 1.12 million in FY-2009-10 (computed on the basis of exchange rates prevailing as on the date of 31st March each year) have been considered for the purpose of computing potential number of Equity Shares.

31. **Income Tax**

In respect of the Income Tax claims of ₹ 400.84 Million in FY-2011-10; ₹ 264.87 Million FY-2009-10 and ₹ 296.81 million in FY-2008-09 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.

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

33. **Consolidated Segment Reporting**

(₹ in Million)

Particulars	31st March 2011	31st March 2010	31st March 2009
2. Segment Revenue			
(Net sales / Income from each Segment)			
a) Hospitals	19,295.00	15,511.00	12,884.00
b) Retail Pharmacy	6,614.00	4,850.00	3,345.00
c) Others	362.00	255.00	144.00
Sub – Total	26,271.00	20,616.00	16,373.00
Less :			
Intersegment Revenue	31.00	29.00	23.00
Net sales / Income from operations	26,240.00	20,587.00	16,350.00
3. Segment Results			
(Profit / (Loss) before Tax and interest from each segment)			
a) Hospitals	3,802.00	3,075.00	2,398.00
b) Retail Pharmacy	(43.00)	(158.00)	(223.00)
b) Others	(71.00)	(139.00)	(173.00)
Sub – Total	3,689.00	2,778.00	2,002.00
Less :			
(i) Interest (Net)	814.00	602.00	459.00
(ii)Other un-allocable expenditure net of un-allocable income	261.00	200.00	159.00
Profit Before Tax and Extraordinary item	2,613.00	1,976.00	1,384.00
Less: Extra Ordinary Item	-	-	40.00
Profit Before Tax	2,613.00	1,976.00	1,344.00
Less :			
(i) Current tax	567.00	583.00	484.00
(ii) Tax for earlier years (net)	0.00	1.00	0.00
(iii) Deferred tax liability	328.00	129.00	33.00
(iv) Fringe Benefit tax	-	-	29.00
Add:			
Deferred Tax Asset	22.00	(36.00)	(55.00)
Profit After Tax before Minority Interest	1,740.00	1,300.00	854.00
Less : Minority Interest	(15.00)	(36.00)	(56.00)
Add : Share of Associates' Profits	84.00	39.00	115.00
Net Profit Relating to the Group	1,839.00	1,376.00	1,025.00
4. Segment assets			
a) Hospitals	29,657.00	26,946.00	21,356.00

Particulars	31st March 2011	31st March 2010	31st March 2009
b) Retail Pharmacy	2,423.00	1,999.00	1,563.00
c) Others	1,151.00	575.00	974.00
Total	33,231.00	29,520.00	23,893.00
Unallocated Corporate Assets	2,378.00	2,637.00	2,261.00
Goodwill on consolidation	677.00	500.00	294.00
Deferred Tax Asset	0.00	-	-
Miscellaneous Expenditure	-	-	-
Total Assets as per Balance Sheet	36,286.00	32,658.00	26,449.00
5. Segment liabilities			
a) Hospitals	13,216.00	12,548.00	9,017.00
b) Retail Pharmacy	208.00	188.00	66.00
c) Others	315.00	219.00	212.00
Total	13,738.00	12,955.00	9,295.00
Unallocated Corporate Liabilities	2,209.00	2,150.00	1,548.00
Shareholder's Funds	18,989.00	16,535.00	14,689.00
Minority Interest	249.00	241.00	265.00
Deferred Tax Liability	1,101.00	776.00	652.00
Total Liabilities as per Balance Sheet	36,286.00	32,658.00	26,449.00
6. Segment capital employed			
a) Hospitals	26,279.00	23,585.00	19,372.00
b) Retail Pharmacy	2,215.00	1,811.00	1,497.00
c) Others	328.00	512.00	792.00
Total	28,823.00	25908.00	21,661.00
7. Segment capital expenditure incurred			
a) Hospitals	2,533.00	3133.00	1,674.00
b) Retail Pharmacy	174.00	240.00	323.00
c) Others	77.00	37.00	25.00
Total	2,784.00	3,410.00	2,022.00
8. Segment Depreciation			
a) Hospitals	852.00	677.00	583.00
b) Retail Pharmacy	74.00	56.00	39.00
c) Others	16.00	16.00	11.00
Total	942.00	750.00	633.00
9. Segment Non-cash expenditure (excluding Depreciation)			
a) Hospitals	5.00	5.00	7.00
b) Retail Pharmacy	1.00	2.00	-
c) Others	-	-	-
Total	6.00	7.00	7.00

34. **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 ₹ 500 million to 100 million Equity Shares of ₹ 10 each aggregating to ₹ 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 along with 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 ₹ 500 million.

Apollo Munich Health Insurance Limited

The Authorised Share Capital of the Company has increased to ₹ 1.30 million (130,000 shares of ₹ 10 each) from ₹ 1.20 million (120,000 shares of ₹ 10 each) during the year 2009- 10.

Apollo Hospitals International Limited

The Authorised Share Capital of the Company has increased to ₹ 600 million (60,000,000 shares of ₹ 10 each) from ₹ 450 million (45,000,000 shares of ₹ 10 each) during the year 2009- 10.

35. 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 fiscal year ended 31st March 2011 is ₹ 48.76 million (31st March 2010: ₹ 153.26 million, 31st March 2009: Nil). 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.

36. The figures relating to British American Hospitals Enterprise Limited, Mauritius are translated to Indian Rupees. The exchange rate adopted for conversion of assets and liabilities for the year ended 31st March 2010 is ₹ 1.60418/MUR, which is the closing rate as on 31st December 2009 and for the year ended 31st March 2009 is ₹ 1.66670/MUR as on 31st December 2008. Income and Expenses for the above period are converted using the average rate, which is ₹ 1.63544/MUR for the year ended 31st March 2010 and ₹ 1.5495/MUR for the year ended 31st March 2009.

37. Figures of the current year and previous year have been rounded off to the nearest million.

38. 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

S M Krishnan
Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

V C Krishnan
Partner
(Membership No: 22167)
17, Bishop Wallers Avenue (West)
CIT Colony, Mylapore, Chennai 600004

Suneeta Reddy
Joint Managing Director

Place: Chennai
Date: 24th May 2011

DECLARATION

The Company certifies that all relevant provisions of Chapter VIII read with Schedule XVIII of the SEBI Regulations have been complied with and no statement made in this Placement Document is contrary to the same. The Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

Preetha Reddy
Managing Director

Date: July 18, 2011
Place: Chennai

APOLLO HOSPITALS ENTERPRISE LIMITED
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