

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
M/s APOLLO NELLORE HOSPITALS LIMITED**

We have audited the accompanying financial statements of **APOLLO NELLORE HOSPITALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers



internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its **profit** and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the Internal Control over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B and





g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has no pending litigations which impact the financial statements
- ii. The Company does not foresee any material losses in any long term contracts.
- iii. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8<sup>th</sup>. November 2016 to 30<sup>th</sup>. December 2016.

**For V.CHANDRASEKHARAN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS.(FRN.591S)**

  
**V.CHANDRASEKHARAN**  
**PARTNER.(M.No.024187)**



**Place: Chennai**

**Date: 16-05-2017**

### **Annexure to the Independent Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c. The title deeds of immovable properties owned by the company are held in the name of the company.
- ii. The Company is a service company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Sec.189 of the Act. Accordingly paragraph 3(iii) of the Order is not applicable to the company.
- iv. The Company has not granted any loans or provided any guarantee or security to the parties covered under Sec.185 of the Act. The company has no investment as on 31<sup>st</sup> March 2017
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii.
  - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.



- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, value added tax, wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute
- viii. As the company does not have any loans or borrowings from any financial institution or bank or Government nor has it issued any debentures, as at the balance sheet date the provisions of Clause 3(viii) of the Order are not applicable to the company.
- ix. The company has not raised any money by way of initial public offer, further public offer and term loans during the year. Accordingly the provisions of Clause 3(ix) of the Order are not applicable to the company.
- x. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of records the company has not paid/provided for managerial remuneration during the year.
- xii. In our opinion and according to the information and explanations given us, the Company is not a nidhi company. Accordingly paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act. Where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18 –Related Party Disclosure specified under Sec.133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. According to the information and explanations given to us and based on our examination of the records the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- xv. According to the information and explanations given to us and based on our examination of the records the company has not entered into any non-cash transactions with Directors or persons connected with him as provided in Sec.192 of the Companies Act, 2013.





- xvi. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of Clause 3(xvi) of the Order are not applicable to the company.

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF APOLLO NELLORE HOSPITALS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of M/S. Apollo Nellore Hospitals Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.



Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Inherent Limitations of Internal Financial Controls Over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting:**

Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For V.CHANDRASEKHARAN & ASSOCIATES  
CHARTERED ACCOUNTANTS.(FRN.591S)**



**V.CHANDRASEKHARAN  
PARTNER.(M.No.24187)**



Place: Chennai.

Date : 16.05.2017



**APOLLO NELLORE HOSPITALS LIMITED**

**BALANCE SHEET AS AT 31.03.2017**

	NOTES	31-03-2017	31-03-2016
<b>I EQUITY AND LIABILITIES</b>		Rs.	Rs.
<b>1 Shareholders' Fund</b>			
Share Capital	B-1	139,70,860	139,70,860
Reserves and Surpluses	B-2	(24,24,577)	(83,28,555)
<b>2 Non Current Liabilities</b>			
Other Long Term Liabilities	B-3	75,00,000	75,00,000
<b>3 Current Liabilities</b>			
Other Current Liabilities	B-4	3,36,250	3,35,875
Short Term Proviions	B-5	8,46,558	7,54,132
		<b>202,29,091</b>	<b>142,32,312</b>
<b>II ASSETS</b>			
<b>1 Non Current Assets</b>			
a. Fixed Assets (Tangible)	B-6	10,02,749	10,02,749
<b>2 CURRENT ASSETS</b>			
Cash & Cash Equivalents	B-7	5,70,855	5,70,968
Trade Receivables	B-8	169,37,523	109,40,631
Short Term Loans and Advances	B-9	17,17,964	17,17,964
		<b>192,26,342</b>	<b>132,29,563</b>
		<b>202,29,091</b>	<b>142,32,312</b>

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached.

For V. CHANRASEKHARAN & ASSOCI/

CHARTERED ACCOUNTANTS (FRN.591S)

V. CHANDRASEKHARAN  
PARTNER.(M.No.024187)



For and on behalf of the  
Board of Directors

DIRECTOR

DIRECTOR

Place: Chennai

Date: 16th May 2017

**APOLLO NELLORE HOSPITALS LIMITED**

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED 31.3.2017**

	NOTES	2016-17 Rs.	2015-16 Rs.
<b>I INCOME</b>			
Revenue from Operation			
Rent received	<b>B-10</b>	78,00,341	80,14,735
Other income -Interest			
		<b>78,00,341</b>	<b>80,14,735</b>
<b>II EXPENDITURE:</b>			
Other Expenses	<b>B-11</b>	86,363	85,875
Depreciation		-	
		<b>86,363</b>	<b>85,875</b>
Profit Before Income Tax from Operation		<b>77,13,978</b>	<b>79,28,860</b>
Less:			
Provision for Income Tax - Current		<b>(18,10,000)</b>	<b>(17,50,000)</b>
Deferred			
Profit/(Loss) for the year		<b>59,03,978</b>	<b>61,78,860</b>
Earnings Per Share		<b>5.08</b>	<b>5.41</b>

The accompanying notes are an integral part of these financial statements.

As per our report of evend date attached:

for V. CHANRASEKHARAN & ASSOCIA  
CHARTERED ACCOUNTANTS.(FRN.591S)

V. CHANDRASEKHARAN  
PARTNER.(M.No.024187)



For and on behalf of the  
Board of Directors

DIRECTOR

DIRECTOR

Place:Chennai  
Date: 16th May 2017



## **APOLLO NELLORE HOSPITALS LIMITED**

### **NOTES FORMING PART OF THE ACCOUNTS**

#### **A. Accounting Policies:**

- (a) The accounts have been prepared to comply in all material aspect with applicable accounting principles in India, the applicable Accounting of Sec.133 of the Companies Act, 2013.and the relevant provisions thereof.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Companies Act, 2013.

Financial statements are prepared under historical cost convention and on accrual basis in accordance with the requirements of the Companies Act, 2013.

- (b) The Gross Block of Fixed Assets are stated at cost of acquisition including incidental expenses related to acquisition and installation.
- (c) Depreciation on Fixed Asset are at the new rates prescribed in Schedule II of the Companies Act. Assets which are fully depreciated are recognized at residual value.
- (d) All liabilities are provided for in the accounts except liabilities of a contingent nature, which are disclosed under Notes on Accounts.
- (e) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
- (f) Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax provisions are made as per the Accounting Standard 22 of the Institute of Chartered Accountants of India.



## NOTES ON ACCOUNTS

### NOTES B-1

#### SHARE CAPITAL

Authorised - (5000000 Equity Shares of Rs.10/- each)

	31-03-2017	31-03-2016
	Rs.	Rs.
	500,00,000	500,00,000
Issued, Subscribed and Paid Up:		
(13,97,092 Equity shares of Rs.10/ each)	139,70,860	139,70,860
	<u>139,70,860</u>	<u>139,70,860</u>

#### Reconciliation of the Share outstanding at the beginning and at the end of the Year

	As at 31.3.2017		As at 31.3.2016	
	No. of Shares	Amount	No. of shares	Amount
<b>Equity Capital</b>				
At the Beginning of the period	13,97,086	139,70,860	13,97,086	139,70,860
Issued during the year		-		-
At the end of the period	13,97,086	139,70,860	13,97,086	139,70,860

#### Shares held by the Holding Company and their Shareholders & others holding more than 5%.

	As at 31.3.2017		As at 31.3.2016	
	No. of shares	% of holding	No. of shares	% of holding
Apollo Hospitals Enterprises Limited-Holding Compar	11,09,842	79.44	11,09,842	79.44

### NOTES B-2

#### RESERVES & SURPLUSES

##### Securities Premium Reserve

Opening Balance	376,41,140	
Received during the year		376,41,140
	<u>376,41,140</u>	<u>376,41,140</u>

##### Profit and Loss Account

Opening Balance(Loss)	(459,69,695)	(521,48,555)
Add: Profit/( Loss) for the period	59,03,978	61,78,860
	<u>(24,24,577)</u>	<u>(83,28,555)</u>

### NOTES B-3

#### Other Long Term Liabilities

Rent Deposit	75,00,000	75,00,000
	<u>75,00,000</u>	<u>75,00,000</u>

### NOTES B-4

#### Other Current Liabilities

Other Liabilities	3,36,250	3,35,875
	<u>3,36,250</u>	<u>3,35,875</u>

### NOTES B-5

#### Short Term Provisions

Provision for Income Tax , net of TDS	8,46,558	7,54,132
Provision for Service Tax		
	<u>8,46,558</u>	<u>7,54,132</u>





NOTES B-6				(Rs.)
FIXED ASSETS:				
	LAND	BUILDING	TOTAL	
COST				
As at 01.04.2016	10,02,749	188,02,248	198,04,997	
Additions			-	
Ast at 31.12.2017	10,02,749	188,02,248	198,04,997	
DEPRECIATION				
Provided upto 31.03.2016	-	188,02,248	188,02,248	
Provided for the year	-		-	
Provided upto 31.03.2017	-	188,02,248	188,02,248	
WRITTEN DOWN VALUE				
As at 31.03.2016	10,02,749	-	10,02,749	
As at 31.03.2016	10,02,749	-	10,02,749	



31-03-2017

31-03-2016

**NOTES B-7****CURRENT ASSETS**

Cash &amp; Cash Equivalents

Cash in hand

Balance in Bank Account

5,70,855

5,70,968

5,70,855

5,70,968

**NOTES B-8**

Trade Receivables -Less than six months

169,37,523

109,40,631

**NOTES B-9****Short Term Loans and Advances**

17,17,964

17,17,964

(recoverable in cash, kind or value to be received)

22,88,819

22,88,932

**NOTES B-10****Revenue from Operation-Rent**

Gross Rent Received

91,76,872

91,76,872

Less: Service Tax

13,76,531

11,62,137

78,00,341

80,14,735

**NOTES B-11****Other Expenses**

Bank charges

113

Rates &amp; Taxes

Audit fees

86,250

85,875

Miscellaneous Exp.

86,363

85,875



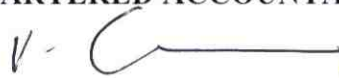


**B. NOTES ON ACCOUNTS:**

12. Contingent Liabilities not provided for – NIL
13. Estimated amount of contracts remaining to be executed on Capital Account and not provided for as on 31.3.2017 – Rs.NIL(NIL)
14. The balances of sundry parties are subject to confirmation.
15. Figures for the previous year have been re-grouped and re-classified to confirm the present presentation.
16. Related Party Disclosure:

<b>a. List of related parties</b>	<b>Relation</b>
Apollo Hospitals Enterprises Limited	Holding Company.
Nature of Transaction	Rent received
Amount of Transaction (Gross)	Rs.91,76,872/-(Rs.91,76,872/-)
Closing balance	Rs.1,69,37,523/-( Rs.1,09,40,631/-)

**For V.CHANDRASEKHARAN & ASSOCIATES  
CHARTERED ACCOUNTANTS (FRN.591S)**

  
**V.CHANDRASEKHARAN  
PARTNER.(M.No.024187)**



**Place : Chennai  
Date : 16<sup>th</sup> May 2017**

  
**DIRECTOR**

  
**DIRECTOR**

**APOLLO NELLORE HOSPITALS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st. MARCH 2017**

	2016-17	2015-16
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>	Rs.	Rs.
Net Profit before tax and Extraordinary items	77,13,978	79,28,860
Add:		
Depreciation	-	-
Preliminary Expenses Written off	-	-
Interest	-	-
Deducted		
Interest received	-	-
Operating Profit before Working Capital charges	77,13,978	79,28,860
Adjustments for		
Trade & Other Receivables	(59,96,892)	(61,11,036)
Trade payments	92,801	(67,824)
Cash Generation from Operation	18,09,887	17,50,000
Deduct		
Interest paid		
Income tax paid		17,50,000
Net Cash Flow from Operating Activities	18,09,887	
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	-	-
Capital work in progress - Reduction	-	-
Cash Generation from Investing Activities	-	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in unsecured loan	-	-
Increase in Share Capital and Premium Account	-	-
Net cash flow from Financing Activities	-	-
Net increase in cash and Cash equivalents	18,09,887	
Opening Cash and Cash Equivalents	5,70,968	5,70,968
Closing Cash and Cash Equivalents	23,80,855	5,70,968

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached.

For V. CHANRASEKHARAN & ASSOCIATES  
CHARTERED ACCOUNTANTS (FIRN 591S)

V. CHANDRASEKHARAN  
PARTNER.(M.No.024187)



DIRECTOR

FOR AND BEHALF OF THE  
BOARD OF DIRECTORS

DIRECTOR

Place: Chennai  
Date: 16th May 2017