

**INDEPENDENT AUDITOR'S 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, 2016, 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 thereunder.

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2016, 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



f. 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

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

V. 

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



Place: Chennai

Date: 6/5/2016

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 2016, 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. The Company has not granted/taken loans to any bodies corporate or parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- iv. The company has no outstanding loans, investments or guarantees as provided in Sec.185 and Sec.186 of the Companies Act, 2013.
- 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 2016 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. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year
- ix. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- x. The Company did not have any term loans outstanding during the year.
- xi. 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
- xii. All the transactions entered into by the company during the year with the related parties are in compliance with Sec.188 and Sec.177 of the Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the Accounting Standards and Companies Act, 2013.
- xiii. During the year the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- xiv. 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.

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



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



Place: Chennai.

Date : 6 / 5 / 2016

APOLLO NELLORE HOSPITALS LIMITED

BALANCE SHEET AS AT 31.03.2016

	NOTES	31-03-2016	31-03-2015
		Rs.	Rs.
I EQUITY AND LIABILITIES			
1 Shareholders' Fund			
Share Capital	B-1	13,970,860	13,970,860
Reserves and Surpluses	B-2	(8,328,555)	(14,507,415)
2 Non Current Liabilities			
Other Long Term Liabilities	B-3	7,500,000	7,500,000
3 Current Liabilities			
Other Current Liabilities	B-4	335,875	334,270
Short Term Proviions	B-5	754,132	823,561
		14,232,312	8,121,276
II ASSETS			
1 Non Current Assets			
a. Fixed Assets (Tangible)	B-6	1,002,749	1,002,749
2 CURRENT ASSETS			
Cash & Cash Equivalentents	B-7	570,968	570,968
Trade Receiables	B-8	10,940,631	4,829,595
Short Term Loans and Advances	B-9	1,717,964	1,717,964
		13,229,563	7,118,527
		14,232,312	8,121,276

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.(FRN.591S)

For and on behalf of the Board of Directors

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



DIRECTOR

DIRECTOR

Place:Chennai
Date: 6th May 2016

APOLLO NELLORE HOSPITALS LIMITED

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31.3.2016**

	NOTES	2015-16 Rs.	2014-15 Rs.
I INCOME			
Revenue from Operation			
Rent received	B-10	8,014,735	7,424,894
Other income -Interest			
		8,014,735	7,424,894
II EXPENDITURE:			
Other Expenses	B-11	85,875	87,270
Depreciation		-	
		85,875	87,270
Profit Before Income Tax from Operation		7,928,860	7,337,624
Less:			
Provision for Income Tax - Current		(1,750,000)	(1,675,000)
Deferred			
Profit/(Loss) for the year		6,178,860	5,662,624
Earnings Per Share		5.32	4.96

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

As per our report of evend date attached:

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

For and on behalf of the Board of Directors

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




DIRECTOR


DIRECTOR

Place:Chennai
Date: 6th May 2016

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 Revised Schedule VI to the Companies Act, 1956.

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

	31/03/2016	31/03/2015
NOTES B-1	Rs.	Rs.
SHARE CAPITAL	50,000,000	50,000,000
Authorised - (5000000 Equity Shares of Rs.10/- each)		
Issued, Subscribed and Paid Up: (13,97,092 Equity shares of Rs.10/ each)	13,970,860	13,970,860
	<u>13,970,860</u>	<u>13,970,860</u>

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

	As at 31.3.2016		As at 31.3.2015	
	No. of Shares	Amount	No. of shares	Amount
Equity Capital				
At the Beginning of the period	1,397,086	13,970,860	1,397,086	13,970,860
Issued during the year		-		-
At the end of the period	1,397,086	13,970,860	1,397,086	13,970,860

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

	As at 31.3.2016		As at 31.3.2015	
	No. of shares	% of holding	No. of shares	% of holding
Apollo Hospitals Enterprises Limited-Holding Company	1,109,842	79.44	1,109,842	79.44

NOTES B-2

RESERVES & SURPLUSES

Securities Premium Reserve

Opening Balance		
Received during the year	37,641,140	37,641,140
	<u>37,641,140</u>	<u>37,641,140</u>

Profit and Loss Account

Opening Balance(Loss)	(52,148,555)	(44,365,912)
Add: Profit/(Loss) for the period	6,178,860	(7,782,643)
	<u>(8,328,555)</u>	<u>(14,507,415)</u>

NOTES B-3

Other Long Term Liabilities

Rent Deposit	7,500,000	7,500,000
	<u>7,500,000</u>	<u>7,500,000</u>

NOTES B-4

Other Current Liabilities

Other Liabilities	335,875	334,270
	<u>335,875</u>	<u>334,270</u>



NOTES B-5**Short Term Provisions**

Provision for Income Tax , net of TDS	754,132	823,561
Provision for Service Tax		
	<u>754,132</u>	<u>823,561</u>

NOTES B-7**CURRENT ASSETS****Cash & Cash Equivalents**

Cash in hand		
Balance in Bank Account	<u>570,968</u>	<u>570,968</u>
	570,968	570,968

NOTES B-8

Trade Receivables -Less than six months	10,940,631	4,829,595
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NOTES B-9**Short Term Loans and Advances**

(recoverable in cash, kind or value to be received)	<u>1,717,964</u>	<u>1,717,964</u>
	<u>2,288,932</u>	<u>2,288,932</u>

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

Gross Rent Received	9,176,872	8,342,611
Less: Service Tax	<u>1,162,137</u>	<u>917,717</u>
	<u>8,014,735</u>	<u>7,424,894</u>

NOTES B-11**Other Expenses**

Rates & Taxes	-	
Audit fees	85,875	84,270
Miscellaneous Exp.		<u>3,000</u>
	<u>85,875</u>	<u>87,270</u>



NOTES B-6				(Rs.)
FIXED ASSETS:				
	LAND	BUILDING	TOTAL	
COST				
As at 01.04.2015	1,002,749	18,802,248		19,804,997
Additions	-	-		-
As at 31.12.2016	1,002,749	18,802,248		19,804,997
DEPRECIATION				
Provided upto 31.03.2015	-	18,802,248		18,802,248
Provided for the year	-	-		-
Provided upto 30.06.2015	-	18,802,248		18,802,248
WRITTEN DOWN VALUE				
As at 30.06.2015	1,002,749	-		1,002,749
As at 31.03.2015	1,002,749	-		1,002,749



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 31.3.2015 – 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:

a. List of related parties	Relation
Apollo Hospitals Enterprises Limited	Holding Company.
Nature of Transaction	Rent received
Amount of Transaction (Gross)	Rs.80,14,735/-(Rs.74,24,894/-)
Closing balance	Rs.1,09,40,631/-(Rs.48,29,595/-)

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


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



DIRECTOR 

**Place : Chennai
Date : 6th May 2016**

DIRECTOR 

APOLLO NELLORE HOSPITALS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st. MARCH 2016

	2015-16	2014-15
A CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.
Net Profit before tax and Extraordinary items	7,928,860	(6,107,643)
Add:		
Depreciation	-	13,447,237
Preliminary Expenses Written off	-	-
Interest Deducted	-	-
Interest received	-	1,970
Operating Profit before Working Capital charges	7,928,860	7,337,624
Adjustments for		
Trade & Other Receivables	(6,111,036)	(3,916,218)
Trade payments	(67,824)	(1,746,406)
Cash Generation from Operation	1,750,000	1,675,000
Deduct		
Interest paid		
Income tax paid	1,750,000	1,675,000
Net Cash Flow from Operating Activities	-	
B CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	-	1,970
Capital work in progress - Reduction		
Cash Generatin from Investing Activities	-	1,970
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in unsecured loan	-	-
Increase in Share Capital and Premium Account	-	
Net cash flor from Financing Activities	-	
Net increase in cash and Cash equivalents	-	1,970
Opening Cash and Cash Equivalents	570,968	568,998
Closing Cash and Cash Equivalents	570,968	570,968

The accompanying notes are an integral part of these financial státements.
As per our report of even date attached.

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

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

Place:Chennai
Date: 6th May 2016



FOR AND BEHALF OF THE
BOARD OF DIRECTORS

DIRECTOR

DIRECTOR