

APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



13th May 2019

To
Saurabh Singh
Deputy Manager - Listing Compliance Department
National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Mumbai - 400 051
NSE Scrip Code: APOLLOHOSP

Dear Sir,

Ref: Letter dated May 08, 2019 received from the National Stock Exchange of India Limited

Sub: Requirements for in principle approval to Scheme of Arrangement between Apollo Hospitals Enterprise Limited ('AHEL' or 'Transferor Company') and Apollo Pharmacies Limited ('Transferee Company') and their respective shareholders (the Scheme).

Further to your letter dated May 08, 2019, we furnish the below documents/ details:

Sr. No	List of Documents/ details to be submitted	Remarks
1	Valuation Report as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 along with the Computation of Fair Share Exchange Ratio as mentioned in the format enclosed in Annexure A (Kindly clarify how the disinvestment business is not listed on any exchanges.)	Please refer the explanation annexed as Appendix -1
2	Brief details of the transferee/resulting and transferor/demerged companies as per format enclosed at Annexure E (Kindly confirm why the pre net worth figure of APL is different from net worth certificate.)	The figures mentioned in the pre net-worth certificate of APL are denominated in millions whereas the figures stated in the annexure pertaining to the brief details of the transferee/ resulting company are in crores and have been rounded off for the difference of Rs. 20,000.

For Apollo Hospitals Enterprise Ltd.

S.M. KRISHNAN

Vice President - Finance & Company Secretary

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Regd. Office :
19, Bishop Gardens,
Raja Annamalaipuram,
Chennai - 600 028.

General Office :
"Ali Towers", III Floor,
#55, Greams Road,
Chennai - 600 006.

Tel : 044 - 28290956 / 3896 / 6681
Telefax : 044 - 2829 0956
Email : apolloshares@vsnl.net
Website: www.apollohospitals.com

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We trust the above documents/ clarifications meet with your requirements and accordingly request you to provide necessary "**No Objection**" at the earliest to enable us to file the Scheme with the NCLT.

If you require any further clarifications/ information, we would be happy to provide the same.

Thanking you,

Yours faithfully,
For **Apollo Hospitals Enterprise Limited**

S M Krishnan
Company Secretary and Compliance Officer

Encl.: As above

B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

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The Manager
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Mumbai - 400 051.

Date: 13 May 2019

Ref: Letter dated 8 May 2019 received from the National Stock Exchange of India Limited

Sub: Requirements for in principal approval to Scheme of Arrangement between Apollo Hospitals Enterprise Limited ('AHEL' or 'Company') and Apollo Pharmacies Limited ('Transferee Company') and their respective shareholders (the Scheme)

Dear Sir,

With respect to AHEL's submission dated 3 May 2019 and further to your letter dated 8 May 2019, we clarify the following:

Query:

Kindly clarify how the disinvestment business is not listed on any exchanges

Clarification/Response to the query:

AHEL is listed on the National Stock Exchange and the Bombay Stock Exchange in India.

It provides healthcare services internationally and in India. The Company's healthcare facilities comprise primary, secondary, and tertiary care facilities. As of 30 September 2018, it operated 69 hospitals with 9,834 beds ("hospital business"). In addition, the Company operates retail pharmacy business which consisted of 3,167 retail pharmacy stores as of 30th September 2018, having a presence in +400 cities, 24 states including 4 Union territories across India which dispense multi brand pharmacy products. Accordingly, AHEL as a whole, constitutes of two businesses, namely the hospital business and the pharmacy business.

The Board of Directors of AHEL ("Management") is contemplating a transfer of the front-end retail operations of AHEL's pharmacy business ("Target" or "Divestment Business") to a newly formed



For Apollo Hospitals Enterprise Ltd.


S.M. KRISHNAN
Vice President - Finance & Company Secretary

B S R & Associates (a partnership firm with Registration No. BA59226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office
5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011

company (hereinafter referred as the "Transaction"). Accordingly, only a part of the AHEL business is proposed to be transferred.

Under the Market price method (as described in the valuation report), the price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in. Value of the Divestment business forms only a part of the overall value of AHEL's equity shares that are listed on the stock exchanges. The share price is available but only for AHEL as a whole.

Further, scientifically, there is no internationally acceptable approach to split the value of the listed price of equity shares of the company into the Divestment business and other businesses based on the segmental information available in the annual report or to the fact any other approach. This is so because, there is no direct and proportionate relationship between segment sales/profitability/assets/liabilities and AHEL share price. A share price depends on a number of factors and deriving a split of AHEL's share price based on limited segment information will be highly subjective and ambiguous. Further, the information available in the segment report is of the pharmacy business as a whole and not separately of the Divestment business.

To conclude, though the front-end retail operations of AHEL's standalone pharmacy business forms part of AHEL which is listed on stock exchanges, there is no direct observable share price attributable to the Divestment business. Hence, the market price method could not be used.

Respectfully submitted.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No: 116231W



Mahek Vikamsey

Partner

Membership No: 108235



Dated: 13 May 2019