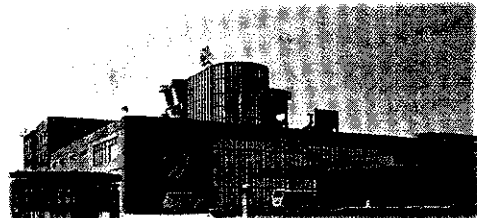
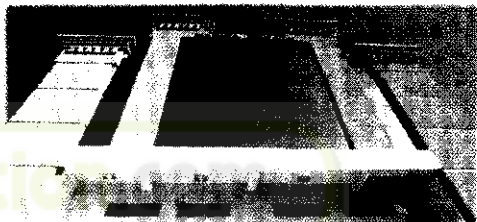
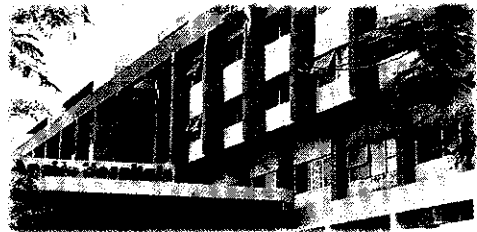
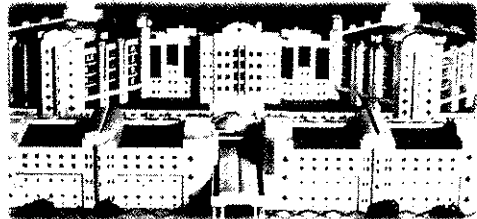




ANNUAL REPORT 1998 -99



APOLLO HOSPITALS
ENTERPRISE LTD.

For APOLLO HOSPITALS ENTERPRISE LTD.



K. VENKATARAMAN NIVARTHI
Sr. General Manager (Finance)
and Company Secretary

"Our mission is to bring
healthcare 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."

Report  junction.com

ANNUAL REPORT 1998 – 99

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN

Dr. Prathap C Reddy

MANAGING DIRECTOR

Smt. Preetha Reddy

DIRECTORS

Shri P. Obul Reddy

Shri T.M. Joseph

Shri Brij Mohan Reddy

Shri Rafeeqe Ahamed

Shri Raj Kumar Menon

Shri S.R. Jivarajka

Shri N.J. Yasaswy

Shri B. Natarajan

Shri K.X.M. John

(Nominee – IDBI)

CHIEF EXECUTIVE

Shri. George Eapen

SR. GENERAL MANAGER (FINANCE) &
COMPANY SECRETARY

Shri K. Venkataraman Nivarthi

DIRECTORS' REPORT TO THE SHARE HOLDERS

Your directors have pleasure in presenting the **EIGHTEENTH ANNUAL REPORT** of your company along with the audited accounts for the year ended 31st March 1999.

FINANCIAL HIGHLIGHTS

(Rs. in Millions)

	Year ended 31 st March 1999	Year ended 31 st March 1998
Turnover	1016.64	897.75
Profit subject to Financial Expenses and depreciation	308.88	269.22
Financial Expenses	136.78	131.11
Depreciation	56.86	50.07
Net Profit (after Tax)	92.74	85.59
Proposed Dividend	39.78	39.78
	(25%)	(25%)
Transfer to General Reserve	20.00	10.00

1998-99 has been a landmark year for your company

- Turnover has increased to Rs. 1020 millions up by 13.62%
- EBDITA has increased by nearly 15%
- Earnings has increased by 8.35% to Rs. 92.7 millions
- Earning per share Rs. 5.83 as against Rs. 5.37 the previous year.
- The highlight of this year's performance has been our success in promoting the concept of WELLBEING. Your hospital has performed nearly 26000 preventive health cheqs in 1998-99 which was an increase of 90% over the previous year.

DIRECTORS' REPORT TO THE SHARE HOLDERS (Contd...)

MEDICAL HIGHLIGHTS - TECHNOLOGY ABSORPTION

Healthcare is a highly technology -driven field which requires constant upgradation and your hospital has endeavoured to achieve technical excellence by using state-of-the-art technology. During the past year, your company achieved important milestones by upgrading and consolidating the healthcare delivery systems.

- Cathlab performed over 2750 procedures.
- Radio Imaging Services performed 7500 CT Scans and 5000 MRIs.
- The Preventive Health Cheq department has done nearly 26,000 Master Health Cheqs.
- Bone Marrow Transplant team has performed nearly 30 BMTs.
- Over 40 Stereotactic surgeries were performed with the X-knife.
- Over 12300 procedures were performed on the Linear accelerator.
- The telecobalt unit performed 7400 procedures and 160 brachy therapies were performed.

CONSERVATION OF ENERGY

With the installation of an ON LOAD TAP CHANGER we have not only over come the problem of load shedding and voltage fluctuation but also have saved money due to reduced power consumption to the tune of Rs. 1.2 millions in eight months starting July '98.

Through rationalisation of the procedures used in the steam and hot water boilers using HSD, we have achieved the twin objective of providing hot water facility for the patients through out the day and at the same time saving Rs. 0.42 million per year. This is one more step in our efforts to enhance customer satisfaction.

A PARADIGM SHIFT IN THE HEALTHCARE DELIVERY SYSTEMS

The Healthcare industry is the largest service sector and service providers the world over have been focussing on preventive health care which plays a very vital role amongst all the services provided. The objective here is to keep people healthy through early diagnosis and remedial measures. Your hospital which has pioneered many concepts in healthcare in India also decided to focus on keeping people healthy. We promoted the concept of wellbeing through a series of seminars, counselling sessions, write-ups in magazines and journals on preventive healthcare and a major marketing campaign to promote the preventive healthcare packages. The success of this campaign can be gauged by the fact that nearly 26000 people had undergone preventive health packages in the last one year.

EXIM POLICY

Your company has made major contributions in helping the Government in drafting the healthcare policy of the nation. This year we successfully represented to the Government to include healthcare in the export services list (Export Import Policy 1997-2002. (1999-2000 edition volume 1) Chapter 15 and as given in Appendix -54 of Handbook (Vol.1) 148). This notification recognises healthcare as service which brings in foreign exchange to the country. 5169 foreign patients were treated at Apollo, Chennai in the last financial year.

While the EXIM policy notification is a major achievement it is even more important that healthcare be accorded the status of an infrastructure industry. While we have made some significant progress in this front the objective however is still to be achieved. This year we hope to realise the cherished goal for the next millenium.

DIRECTORS' REPORT TO THE SHARE HOLDERS (Contd...)

SERVING THE COMMUNITY

Your hospital has a responsibility towards the wellbeing of our society. Towards this end we have organised health camps and talks both at Chennai and Madurai.

Some of the health camps organised by Apollo Hospitals, Chennai are

- Tuberculosis screening programme in association with CII in which over 2000 people were screened.
- A general health screening for the physically handicapped children in association with Rotaract Club in which 200 people were screened.
- A cardiac camp in Sowcarpet where 400 people were screened for cardiac ailments.
- A cancer screening programme for women which covered 150 women.
- Our Tambaram centre continues its free treatment for the poor and the needy. Those requiring hospitalisation and further care are brought to the main hospital where they are treated free of cost.
- A blood donation camp was organised in association with TVS Electronics, Chennai. The donated blood was used for patients in Speciality hospital. Over 60 people donated blood.

Your Hospital has started a "Wellbeing Series" where health awareness programmes are being organised for the general public. Specialists in various disciplines from Apollo Hospitals speak on health-related topics and methods of early prevention.

Women's health has found a very important place in our efforts to spread health awareness. We have identified various women's organisations both in the private and public sector and have had gynaecologists addressing the audience.

Epilepsy is an ailment with serious social implications because of the stigma attached to epileptics and the embarrassment which

the patient undergoes. A get-together of epilepsy patients and their family members was organised wherein a Prof. Herbert Sylfvenius from Sweden spoke on surgical option in treating epilepsy. He has done some pioneering work in the field of epilepsy and is an advisor on the WHO panel on epilepsy care in developing countries.

FUTURE PLANS

Cardiac Rehabilitation Centre For Reversing Heart Disease

Your hospital has embarked on a plan to start a cardiac rehabilitation centre at Chennai. It is estimated that a significant percentage of the population is at a risk of suffering from cardiac ailments and the age profile of the population at risk is decreasing by the day. It has become imperative for the patients to recoup and return to their normal routine at the earliest possible time. In an effort to achieve this end, the cardiac rehabilitation centre is to be set up. The centre will be equipped with the latest technology and run by eminent specialists in the field. Designed on similar lines of the centres in US and UK it will offer the latest in cardiac rehabilitative medicine.

Lifestyle Clinic

Lifestyle management clinics will play a major role in healthcare service in the future and this is manifested in the success of your company's clinic at Chennai. People have been encouraged to alter their dietary and other habits to be able to combat the stress and rigours of today's life. Similar clinics are being planned in many more locations in Chennai to offer the latest diagnostic facilities and quality care.

AN INTERNATIONAL DIMENSION

AL-KHALEEF APOLLO HEARTSCAN

The Apollo Hospitals Group has become an international player with the opening of the heartscan centre at Dubai. The centre is one of its kind in the continent and is recommended by

DIRECTORS' REPORT TO THE SHARE HOLDERS (Contd...)

cardiologists both for early diagnosis and to reverse heart disease. The scan performs comprehensive examinations like the coronary artery scan which helps determine the probability of a patient being at a risk from arteriosclerosis and coronary artery narrowing.

ORTHOPAEDIC CENTRE - APOLLO SPECIALITY HOSPITALS

The Orthopaedic service of your hospital has been further strengthened with the starting of the "Orthopaedic Centre" at Apollo Speciality Hospitals. The centre is equipped to perform the latest procedures to correct limb deformities and other bone and joint problems.

APOLLO HOSPITALS, MADURAI

Apollo Hospitals, Madurai has done the Apollo group proud by emulating the achievements of the other Apollo centres and making its mark as a healthcare service provider with a difference.

The dialysis unit for the treatment of Kidney disorders was inaugurated on 12th April 1998. The first CAPD (Continuous Ambulatory Peritoneous Dialysis) was performed subsequently at the Nephrology unit. In November the first successful renal transplant surgery was performed by Dr. Joseph V Thachil (Urologist) along with his team of Surgeons, Dr. Ramesh Babu - Urologist and Dr. Palanirajan - Nephrologist, at Apollo, Madurai. The team has performed 3 renal transplants since then.

The hospital has had over 5000 new registrations in the past year. With an expansion in the facilities for better and newer techniques in treatment, the hospital has seen more patients.

APOLLO GOES TO THE RURAL SETTING

The Community's healthcare needs form a very important part of a hospital's functioning. Apollo, Madurai has started a village

adoption scheme, under which camps were held at Thirumangalam, Kodaikanal, Sivakasi and Sholavandhan. Over 1145 patients have benefited from these camps. 150 people participated in Diabetic camp and more than 150 units of blood was collected in a blood donation camp.

ACQUISITION OF UNIQUE HOME HEALTH CARE LTD.

Apollo Hospitals will be entering a whole new segment in healthcare i.e., Homecare. This is being achieved through the acquisition of Unique Home Health Care Ltd. as a wholly owned subsidiary of Apollo Hospitals Enterprise Limited, during the year 1998-1999 with the approval of the Central Government. The audited statement of accounts of Unique Home Health Care Ltd. together with reports of Directors and Auditors for the year ended 31st March 1999, as required under Section 212 of the Companies Act, 1956 are attached here to. This concept of homecare has a twin benefit, while the patient will benefit by way of reduction in the average length of stay in the hospital, the hospitals will benefit from effective utilisation of bed capacity.

TELEMEDICINE

Apollo Hospitals will be introducing Telemedicine in the country, by combining advance telecommunication and world class super speciality care. The concept involves transmitting medical and diagnostic reports to the tertiary care hospitals using the advance telecommunications network and the doctor will be able to treat the patients based on these reports. This will help people living in the rural areas access to quality healthcare without them having to travel to the metropolitan cities.

This project will be started initially at Aragonda, a small village in Chittoor district and Melur near Madurai. The network will later be expanded to link the villages across the country to tertiary care hospitals in the metros.

DIRECTORS' REPORT TO THE SHARE HOLDERS (Contd...)

DETAILS REGARDING Y2K PREPAREDNESS LEVEL REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENT

1. Risk to the Company due to Y2K bug

Operations, processes, functions which could be adversely affected due to the Year 2000 problem.

Billing process, Financial Accounting, Materials and stores

- a. Status of progress of making these Y2K compliant.
- b. Date by which the work should be completed.
- c. Names of other intermediaries directly dependant upon the above processes/operations/functions

New Software installation in progress

End October 1999

No intermediaries involved

2. Cost to address Company's Y2K issues

Estimated under Rs.5 Millions

3. Contingency Plans

Not Applicable

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report.

Name	Age	Designation	Remuneration Received (gross) (Rs.)	Qualifications	Experience in years	Date of Commencement of Employment	Last Employment
Dr. Mani M.K.	63	Chief Nephrologist	750,000	M.D., F.A.M.S. FRCP (Edin)	35	16.01.84	Physician, Renal Unit, Sydney Hospitals, Chief Nephrologist, Jaslok Hospital, Mumbai
Dr. Prakash K.C.	44	Nephrologist	600,000	M.B.B.S., M.D. (Intel. Medicine) DNB	12	05.10.84	Physician, Sri Gokul Hospital, Gujarat & Muljibhai Nephro Urological Hospital, Gujarat Physician, as Physician in Nephrology

DIRECTORS' REPORT TO THE SHARE HOLDERS (Contd...)

FOREIGN EXCHANGE EARNINGS & OUTGO

Foreign Exchange Earnings : Rs. 14.04 millions (This is exclusive of Rupee Payment made by Non Resident Indians and Foreign Nationals)

Foreign Exchange Out go : Rs. 56.30 millions.

DIVIDEND AND RESERVES

Your directors are happy to declare dividend of Rs. 2.50 per share for the year ended 31.03.99 on the subscribed equity shares of 15.91 millions. It is proposed to transfer a sum of Rs. 20 millions to General Reserves taking them to a record and impressive balance of Rs. 230 millions this year.

DIRECTORS

As per the provisions of Articles of Association of Company three Directors of the Company viz., Shri. Rafeeqe Ahamed, Shri. N.J. Yasaswy and Shri. B. Natarajan retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. Habibullah Badsha has resigned from the office of the Director with effect from 16th September 1998. The Board placed on record its deep appreciation for immense contribution made by Mr. Habibullah Badsha as director since the inception of the Company for the development and growth of the hospital. The guidance, advice, suggestions given by him during the meetings were indeed very useful and helped the company to carry on with its project successfully.

AUDITORS

M/s. S. Viswanathan, Chartered Accountants the present auditors retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

FIXED DEPOSITS

The company continues to receive good support to their fixed deposits scheme. The total deposits with the company as on 31.03.99 was Rs. 185.81 millions which includes deposits for an aggregate of value of Rs. 1.96 millions not claimed by the depositors. Out of these deposits, an aggregate value of Rs. 0.82 million have since been repaid / renewed.

SPECIAL DISCOUNT FOR SHARE HOLDERS

Your directors are pleased to continue the 20% special discount on Preventive Health Cheqs which was offered in the previous financial year. In addition to Preventive Health Cheqs the board of directors are pleased to announce a 50% discount on Mammography, both these offers will be valid till the next AGM or 30th September 2000 (whichever is earlier).

ACKNOWLEDGEMENTS

The continued co-operation and support of the Central and State Governments, Consortium of Banks and Financial Institutions is worth mentioning. The Board also places on record its appreciation of dedicated services of our medical team and other members of the Apollo Family. We place on record our gratitude for your continued support towards building the health of the nation.

For and on behalf
of the Board of Directors

Place : Chennai
Dated : 16th June 1999

Dr. Prathap C Reddy
Executive Chairman

HUMAN RESOURCE DEVELOPMENT

Apollo's people are its strength and it is their effort that has contributed to making Apollo a brand to reckon with in the service sector / industry. The Doctors, Paramedical staff and Professionals in the administrative front, have set standards in quality service for the rest in the industry to benchmark against. We recognize that being the industry leaders involves constant up-gradation through innovation and employee motivation. Development of our people is among our primary obligations as a responsible corporate citizen.

Healthcare is a very important service since we are dealing with human lives. Knowing the magnitude of the task Apollo takes extreme care in the selection of its employees. Apollo has in its employ 240 doctors and 2660 employees of whom 1197 (45% of the employees) are women. The average age of Apollo personnel is 25-30 years.

The doctors are the backbone of the company, ably supported by the other employees. The doctors using their professional skills, the support of paramedics and modern state-of-the art technology have built Apollo into a world class institution. This reputation is assiduously nurtured through a prudent recruitment policy and continuous on-job training programmes on self-development and technical skills.

Quality circle teams are formed with an objective to promote teamwork and ensure service quality. The concept of the right person for the right job finds a prominent place in the style of working.

Apollo believes in providing healthcare of international standards by creating an ideal work environment through

effective quality systems supported by highly qualified professionals and state-of-the art technology. ISO 9002 certification has become the platform towards achieving TQM.

Effective human resource manning, appropriate selection procedures, effective wage and salary administration, training & development and harmonious employee relations are the key function areas of the human resources department. It also supports the quality assurance and quality system mechanism in our hospital.

Apollo duly recognizes individual contributions and honesty in employees through rewards like the "Outstanding Achiever". The monthly in-house newsletter publishes the rewardees in the Apollo achiever column.

Human issues are of deep concern for Apollo. To enhance quality of life for its people, Apollo has introduced many benefits like -

- Medical benefits for the employees and their dependants.
- Hire purchase loans.
- Employee co-operative thrift society.
- Subsidised food facility.
- Allowances- uniform, risk factor coverage etc.
- Scholarship for employees children.