



Apollo Hospitals

touching lives

Annual Report 2001- 02

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.

At Apollo, healthcare is not just a business. It is a

We do not enhance patient value through an extrapolation of commissioned beds.

We bring the to the faces of our patients through an integrated healthcare system that permits a widespread customers access, a broad consumer choice, an advanced infrastructure with the most professional talent in attendance, translating into a global benchmark for and competent service.

Over the last decade, Apollo has over seven million lives through this unique and customised health care delivery system, a network of skilled doctors and physicians and a committed family of 10,000 professionals.

In doing so, Apollo has helped shape the character of Indian healthcare through:

A hospital infrastructure that comprises 17 clinics and 5095 beds that provide relief to hundreds of patients every single day.

An advanced Internet infrastructure that interface between patients, doctors and pharmacies.

A telemedicine-led futuristic rural healthcare delivery model that touches lives across distant geographies.

A nationwide single number - 1066 - that represents India's only countrywide emergency network.

A 24-hour pharmacy chain.

Home Healthcare, the company's home healthcare service.

Across the oceans in Sri Lanka, Dubai, Oman and even Tanzania, patients and hospitals have come to rely on us. For us, Healthcare is not just a business of creating hospital beds, far more meaningful is the creation of an integrated healthcare system that will not only touch lives but allow customers access, facilitate consumer choice, create world class infrastructure and employ and train the best talent while creating benchmarks in patient care.

Apollo continues to create value for our patients, our employees and all our stakeholders. In a sense the Apollo story is more than just touching lives, it is truly changing and sustaining the healthcare environment in India and the subcontinent,

E x e c u t i v e C h a i r m a n

Dr. Prathap C Reddy

M a n a g i n g D i r e c t o r

Smt. Preetha Reddy

D i r e c t o r - F i n a n c e

Smt. Suneeta Reddy

D i r e c t o r – O p e r a t i o n s

Smt. Sangita Reddy

D i r e c t o r s

Shri P. Obul Reddy

Shri T.M. Joseph

Shri Rajkumar Menon

Shri Rafeeqe Ahamed

Shri N. Vaghul

Shri Anil Thadani

Shri Deepak Vaidya

Shri T.K. Balaji

Shri Habibullah Badsha

Shri Sanjay K Sehgal,

(Alternate Director to Mr. Anil Thadani)

Shri M. Chittaranjan Kumar, IDBI-Nominee.

**C h i e f F i n a n c i a l O f f i c e r &
C o m p a n y S e c r e t a r y**

Shri S.K. Venkataraman

P r e s i d e n t

Shri K. Padmanabhan

C h i e f E x e c u t i v e

Shri George Eapen

Board of Directors

Corporate Information

Notice

Chairman's Message

Apollo's corporate highlights

Medical highlights

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Corporate Governance

Management Discussion and Analysis

Auditors' Report

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Schedules to the Balance Sheet

Schedules to the Profit & Loss Account

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Financial Highlights

Consolidated Accounts

Statement Pursuant to Section 212 of the Companies Act, 1956

A u d i t o r s

M/s S. Viswanathan, Chartered Accountants, Chennai

B a n k e r s

Indian Overseas Bank. Andhra Bank. Canara Bank. Indian Bank.
State Bank of Travancore. Citibank. IDBI Bank. HDFC Bank. ICICI Bank. UTI Bank.

F i n a n c i a l I n s t i t u t i o n s

IDBI. ICICI. UTI.

R e g i s t e r e d O f f i c e

19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028

A d m i n i s t r a t i v e O f f i c e

'Ali Towers', 55, Greams Road, Chennai – 600 006
E-mail: ahel@vsnl.com. Website: <http://www.apollohospitals.com>

A p o l l o H o s p i t a l s

Chennai

No. 21 Greams Lane, Off Greams Road, Chennai – 600 006
No. 320, Anna Salai, Nandanam, Chennai – 600 035
No. 646, T.H. Road, Tondiarpet, Chennai – 600 081

F i r s t M e d H o s p i t a l

No. 154, Poonamallee High Road, Chennai – 600 010

Hyderabad

Jubilee Hills, Hyderabad – 500 033
3-5-871/4/1, Hyderguda, Hyderabad – 500 029
Plot No. 90, P&T Colony, Vikrampur, Secundrabad – 500 003
3-6-96/1, Skylane Theatre Lane
Basheerbagh, Hyderabad – 500 029

Madurai

Lake View Road, KK Nagar, Madurai – 625 020

Vishakapatnam

10-50-80, Waltair Main Road, Vishakapatnam – 530 002

Bilaspur

Lingiyadi Village, Bilaspur – 495 001, Chattisgarh

Aragonda

Aragonda, Chittoor District, Andhra Pradesh

L i f e S t y l e C e n t e r s

105, GN Chetty Road, T Nagar, Chennai – 600 017
T-95 3rd Avenue, Anna Nagar, Chennai – 600 040
Bhogilal Hargovindas Building, 18/20, K Dubash Marg, Kalaghoda, Fort, Mumbai – 400 001

Notice is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING of the Company will be held at 10.00 a.m. on Thursday, the 19th day of September 2002 at Kamaraj Arangam, No. 574-A Mount Road, Teynampet, Chennai – 600 006 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited profit and loss account for the year ended 31st March 2002 and the Balance Sheet as at that date, the Directors' and Auditors' Report thereon.
2. To approve and ratify 10% dividend paid on outstanding Cumulative Redeemable Preference Shares for the year ended 31st March 2002.
3. To declare dividend of Rs.2.50 per equity share for the year ended 31st March 2002.
4. To appoint a Director in the place of Mr. P. Obul Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. Rajkumar Menon, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in the place of Mr. T.M. Joseph, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors for the current year and fix their remuneration, M/s. S. Viswanathan, Chartered Accountants, Chennai retire and are eligible for re-appointment.

SPECIAL BUSINESS

Item No. 8

To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT Mr. Habibullah Badsha who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 23rd January 2002 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Item No. 9

To consider and, if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to Section 192A of the Companies Act, 1956, the Articles of Association of the Company be altered by adding a new Article No.88(4) after Article 88(3)".

"Article No. 88(4) : Passing of resolutions by Postal Ballot

Notwithstanding anything contained in the provisions of these articles and in accordance with the provisions of Section 192A of the Companies Act, 1956 and the rules framed thereunder from time to time, the Company may, and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in General Meeting of the Company. The Company shall comply with the procedures prescribed by the Act and the rules and notifications issued thereunder in this regard".

Item No. 10

To consider and, if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof consent of the Company be and is hereby accorded to the payment of a sum equivalent to 5% of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956 as remuneration for each year to Dr.Prathap C Reddy, Permanent Chairman of the Company under Article 98(c) of the

Articles of Association of the Company, for a period of five years commencing from 25th June 2002, and that the Board of Directors of the Company be and is authorised to pay such remuneration either monthly, quarterly, half yearly or otherwise as they may deem fit."

Item No. 11

To consider and, if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby given to the payment of Commission on net profits of the Company to all the Non Whole Time Directors of the Company provided that the aggregate of such payments does not exceed 1% of the net profits of the Company for each year and further provided that payment to each Non Whole Time Director does not exceed Rs. 150,000/- per year.

"RESOLVED FURTHER THAT the aforesaid payment be made to the Non Whole Time Directors for a period of five years from 1st April 2002.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to distribute the Commission in such manner as they may deem fit."

Item No. 12

To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT in supersession of the resolution passed by the members at the Extraordinary General Meeting held on 10th January 2000, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 300 Crores at any time."

By order of the Board

For APOLLO HOSPITALS ENTERPRISE LIMITED

S.K. Venkataraman

Chief Financial Officer &
Company Secretary

Place : Chennai

Dated : 17th June, 2002

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or authority shall be deposited at the Secretarial Department, Ali Towers, No. 55 Greaves Road, Chennai – 600 006 not later than 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from **5th September 2002 to 19th September 2002 (both days inclusive)**.
4. Dividend upon its declaration at the meeting will be paid to those members whose names are appearing in the Register of Members of the Company as on 19th September 2002
5. Members desiring any information as regards the accounts are requested to write to the Company at least seven days before the meeting so as to enable the management to keep the information ready.

6. The Company has already transferred all unclaimed dividend declared upto 31st March 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend up to the aforesaid financial year may claim their dividend from the Registrar of Companies, Tamil Nadu, Shastri Bhavan, Haddows Road, Chennai – 600 006.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March 1995 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1995 are requested to claim the same on or before 31st October 2002 ,or else the same will be transferred to Investor Education and Protection Fund. For the subsequent financial years you are requested to make the claim to the Secretarial Department, Ali Towers, III Floor, No.55 Greaves Road, Chennai – 600 006. It may also be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.
8. As per Section 192A of the Companies Act, 1956, read with Companies (Passing of Resolution by Postal ballot) Rules, 2001, the consent of the shareholders for certain items of business are required to be obtained by means of postal ballot. Accordingly, the resolutions for providing corporate guarantee in favour of Financial Institutions by the Company on behalf of other bodies corporate and to invest in the equity capital of other bodies corporate and for amendment of object clause of Memorandum of Association of the Company, an explanatory statement with reference thereto and Postal Ballot Form have already been despatched separately for your consideration and approval.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 8

Shri Habibullah Badsha was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 23rd January 2002. According to the provisions of Section 260 of the Companies Act, 1956, he holds office only upto the date of this Annual General Meeting. The Company has received a notice in writing from a member together with the deposit amount of Rs. 500/- proposing the candidature of Mr. Habibullah Badsha for the office of the director of the Company under the provisions of the Companies Act, 1956. Accordingly, the Board recommends the resolution under Item No. 8 of the Notice for members' approval.

None of the Directors of the Company is interested in this resolution.

Item No. 9

The Companies (Amendment) Act, 2000 introduced a new Section 192A for passing certain resolutions through postal ballot. While it is not mandatory to incorporate any provisions in the Articles of Association of the Company, to carry on business through Postal Ballot which is statutorily required to be so done, it is felt desirable to incorporate suitable provisions with respect to passing of resolutions by Postal Ballot in the Articles of Association of the Company. Accordingly, the Board recommends the resolution under Item No.9 of the Notice for members approval.

None of the Directors of the Company is interested in this resolution.

Item No. 10

The Members at the 16th Annual General Meeting held on 15th September 1997 were approved for the payment of remuneration up to 5% of the net profits of the Company to Dr. Prathap C Reddy, Permanent Chairman of the Company for five years from 25th June 1997. This approval is expiring on 24th June 2002. Your directors recommend that Dr. Prathap C Reddy be continued to be paid remuneration equivalent to 5% of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956 for a further period of five years commencing from 25th June 2002. Accordingly a special resolution under Item No. 10 of the Notice is submitted for the consideration and approval of the members.

Dr. Prathap C Reddy is interested in the Special Resolution referred to above. Further Smt. Preetha Reddy, Smt. Suneeta Reddy and Smt. Sangita Reddy being the relatives of Dr. Prathap C Reddy are deemed interested in the aforesaid special resolution.

Item No. 11

The Company is being managed by the Permanent Chairman Dr. Prathap C Reddy, Managing Director, Smt. Preetha Reddy, Director – Finance, Smt. Suneeta Reddy, Director – Operations, Smt. Sangita Reddy, under overall directions, guidance and superintendence of the Board of Directors of the Company. The four whole time directors are paid remuneration under Schedule XIII of the Companies Act, 1956 with the approval of members duly accorded at General Meetings as required under the Act.

As per Section 198 (1) of the Companies Act, 1956, the total managerial remuneration payable by the Company to its directors for each financial year shall not exceed 11% of the net profits of the Company for that financial year computed in the manner laid down in Section 349 and 350 of the Act. This percentage shall be exclusive of any fees payable to directors for the meetings of the Board or Committees of the Board attended by them.

As per Section 309(4) of the Companies Act, 1956, a Director who is neither in the whole time employment of the Company nor a managing director may be paid remuneration either :-

(a) by way of monthly, quarterly or annual payment with the approval of the Central Government;

or

(b) by way of commission if the Company by special resolution authorises such payment:

Provided that the remuneration paid to such director, or where there is more than one such director, to all of them together, shall not exceed –

(i) one percent of the net profits of the company, if the company has a managing or whole-time director or a manager ;

(ii) three percent of the net profits of the company, in any other case ;

The growth of the Company in the last five years is due to effective, prudent and efficient management of the affairs and business of the Company by the Board of Directors including the non whole time directors. It is proposed to pay commission on net profits of the Company to all the Non whole time Directors of the Company provided that the aggregate of such payments does not exceed 1% of the net profits of the Company for each year and further provided that payment to each Non whole time Director does not exceed Rs 1,50,000/- per year and this payment does not require the approval of the Central Government under Section 309 of the Companies Act, 1956. The payment can only be made if special resolution is passed by the members at the General Meeting sanctioning the same. Accordingly, a special resolution under Item No. 11 of the Notice is submitted to the shareholders for consideration and approval.

All Non whole time directors of the Company are interested in this special resolution.

Item No. 12

At present, the Company can borrow up to a maximum amount of Rs.2000 Millions which was approved by the members at the Extraordinary General Meeting held on 10th January 2000. The total borrowings from banks and other financial institutions including unsecured loans were Rs. 1711.04 Millions as on 31st March 2002. Keeping in view the expansion plans and consequent requirements of the Company for the loans, it is proposed to increase the borrowing limits of the Company up to a maximum amount of Rs.3000 Millions. The Board recommends this resolution for the members approval.

None of the Directors of the Company is interested in the resolution.

By order of the Board
For APOLLO HOSPITALS ENTERPRISE LIMITED

S.K. Venkataraman
Chief Financial Officer &
Company Secretary

Place : Chennai
Dated :17th June, 2002