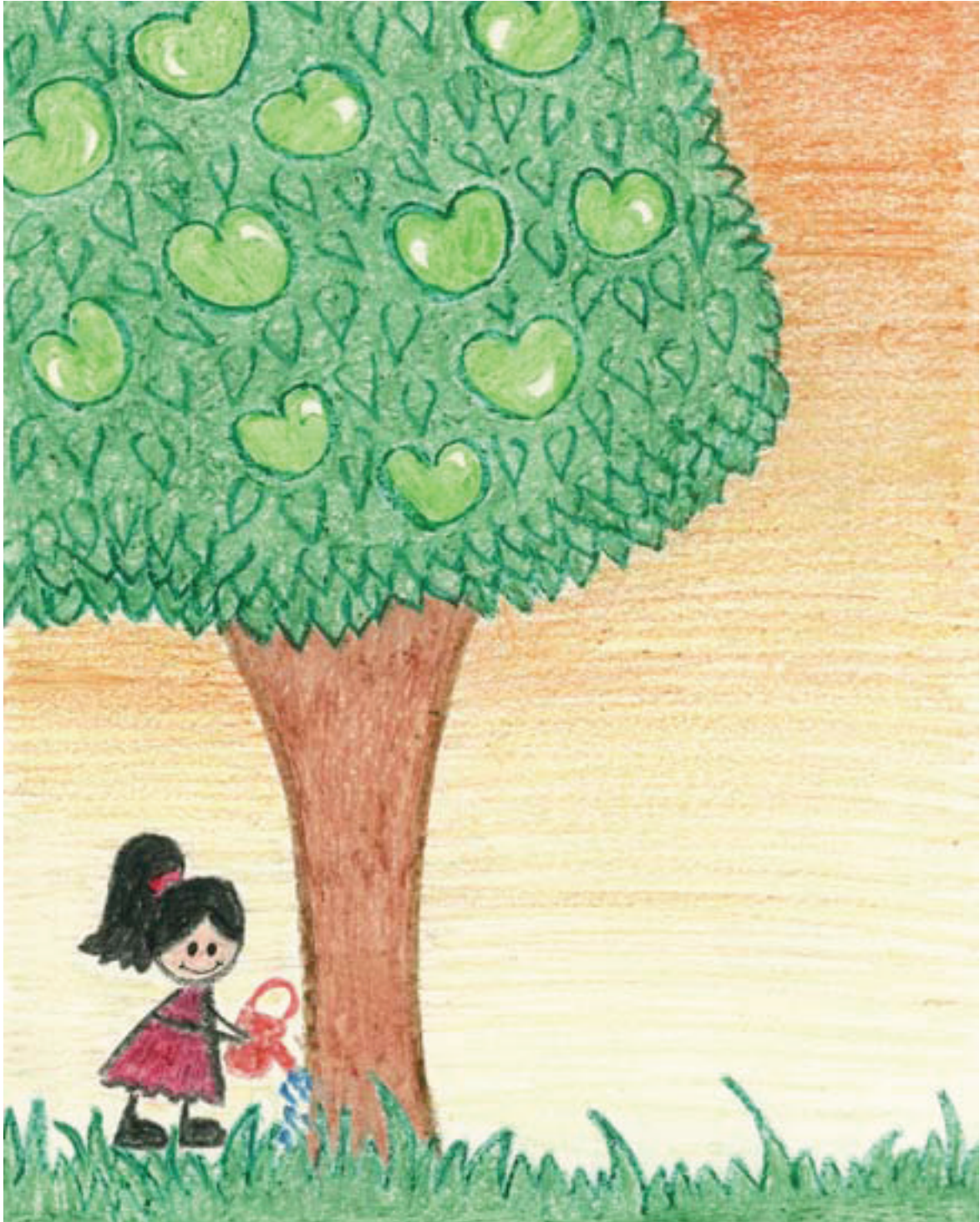


Staying Healthy



Annual Report 2012-13

Staying Healthy

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The hand drawn illustrations used in this Annual Report reflect a child's vision of Apollo Hospitals and our core business of keeping people healthy. The drawings echo the optimism of the numerous children Apollo has touched in one way or another through the Save A Child's Heart Initiative (SACHI) and the Society to Aid the Hearing Impaired (SAHI). These children are fighters. And they are winners. They have sunny dispositions and are poised on the threshold of a whole new life experience thanks to the nurturing care of Apollo Hospitals, SACHI and SAHI. Apollo stands behind that optimism and strives to make their dreams real.



At Apollo, Staying Healthy is a Way of Life

A holistic approach to Staying Healthy physically and mentally underscores Apollo's approach to healthcare and patient well-being. In the face of rising disposable incomes in the country and changing demographics and disease profile, Apollo has committed to Staying Healthy in all aspects of its operations in order to help keep people healthy. The group's leadership in value based integrated healthcare delivery has earned Apollo a distinction amongst peers in India, and a mark in the world as a preferred destination for affordable, quality medical care.

Founded on four pillars of excellence-Clinical, Technological, People and Value- Apollo's mission is to bring holistic healthcare of international standards within reach of every individual in India. Apollo provides outstanding care to a patient in all facets of healthcare including preventive medicine. It effectively and efficiently aligns people and technology, ably supported by best practices, to facilitate superior patient experience and outcomes. Its patient centric approach is led by effective and compelling medical management, resulting in enhanced physician performance and clinical outcomes. At Apollo teams of interdisciplinary professionals dedicate themselves round the clock to providing excellent care and service to patients and communities in a compassionate and respectful environment.

dedicated mission

"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."

Contents

chairman's message

Dear Shareholders,

Just like the absence of sadness is not joy, the absence of disease is not health. The WHO states this, and all of us instinctively know it. Health is our greatest gift. It is god given, but the duty to nurture it is ours alone.

Apollo Hospitals has spent the last thirty years enriching and several million lives with its healing touch. Our commitment to advanced patient care has helped us put in place the world's busiest solid organ transplant program. During FY13 we completed 500 bone marrow transplants with outstanding outcomes.

After successfully rolling out Robotic surgery capabilities in Chennai and Hyderabad, we introduced the same this year in our hospitals in Delhi and Kolkata. The group has completed over 130,000 heart surgeries, by far the largest cardiac programme across the globe, with a success rate of 99.6%. We are also the first healthcare organization in the Asia Pacific region to offer the Renaissance TM Robotic system for spine surgeries.

The last year saw us crossing the milestone of ₹ 10 billion in standalone pharmacies sales. We now have over 1500 stores and are focused on continuing to grow this segment profitably. We also have a scientific expansion strategy of commissioning over 1,000 beds across seven locations in the coming year. The expansion plans as envisaged also includes 500 beds as part of our "Reach" Hospitals initiative. The "Reach" Hospitals initiative was recognized for "Inclusive Business Innovation" at the prestigious G20 summit in Mexico. Apollo Hospitals group was the only Healthcare organization in the world to be declared winner.

We plan to establish a Proton Therapy centre in India. This advanced radiation therapy under

the Proteus Plus technology by IBA, Belgium, provides best-in-class treatment for cancer. This centre, will be the first of its kind in the region covering Asia, Africa and Australia.

For a growing country like India, staying healthy has to become a mantra. From the micro to the macro, every facet of our ecosystem needs to embrace the importance of staying healthy. Individuals, neighbourhoods, and organizations have to embrace it. Thanks to the stresses of modern day living, India has today emerged as the diabetes capital of the world and a spate of cardiac and other lifestyle diseases confronts our society.

At Apollo we believe staying healthy requires a 360 degree approach; our framework encompasses employees, the local communities, the under privileged, the corporate world, underserved communities and even neighbouring nations. And to all of them, our message is the same—follow an active lifestyle marked by systematic exercise, balanced meals, and stress-free living. Alongside, regular health checks are a must as early detection is closely aligned to staying healthy.

As a health services provider, we are committed to staying healthy in all aspects of our functioning and continuously endeavour to sharpen our clinical excellence. Apollo Hospitals Group is today one of the largest provider groups globally, having equalled or surpassed notable institutions across the world in several important criteria, including patient volumes, solid organ transplant volumes, and clinical outcomes. Even though the Apollo Group has continuously redefined itself over the past three decades, the core of our promise, serving the patient, remains unchanged and is our raison d'être. This defines and drives all our activities, be it clinical or operational, and ultimately determines our financial health as well.



Financially speaking, staying healthy to deliver the prescribed results translates to prudent selection of the right opportunities, strategic capital infusion, forethought in allocation, and the capacity to balance growth with profitability. We have a long history of industry-leading performance and have again been able to deliver strong growth and improved profitability in 2012-13. We recorded consolidated annual revenues of ₹ 37.7 billion, reflecting 19.7% growth. Consolidated Net Profit grew by 38.8% to ₹ 3,044 million and consolidated diluted EPS for the year stood at ₹ 21.88 per share. I am pleased to announce a 110% dividend of ₹ 5.5 per share for fiscal year 2013.

Continuous value addition and innovation in each of our activities, the hallmark of the Apollo culture, underpins our corporate story. This has resulted in several accolades nationally and globally, testifying to our pioneering leadership in healthcare delivery. The responsibility of being at the helm inspires us to go the extra mile to surpass the highest expectations patients and their relatives have of us.

We live in a borderless world and healthcare is indeed truly so. When Apollo was conceived thirty years ago, very few believed us when we said that one day Apollo would reverse the trend of Indians going abroad for treatment, to one where India would be treating the world. Patients from across the globe now look up to the Apollo Hospitals Group to provide solutions to their health concerns, be it in cardiology, oncology, orthopaedics, neurology, gastroenterology, or transplants. Our approach is early detection and timely treatment, which we believe lead to better outcomes for the patients.

We are now embarking on a set of transformational initiatives keeping the future in mind. Building competencies and capabilities, infusing fresh talent, and

future-proofing our team, remain our top agenda. Harnessing the power of information technology in reaching out to the patient will continue to be our talisman for enabling quality health care to all.

And finally as a responsible corporate, we continue to stay focused on running our business in an sustainable and socially responsible manner.

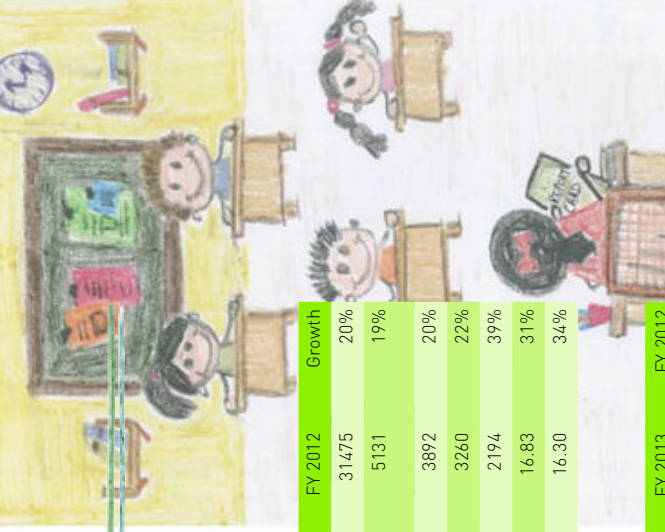
Over the past three decades, you, our shareholders, the Board of directors, our doctors, our employees, our bankers & financial institutions and the Central and State Governments have stood by us providing unwavering support through every step and initiative undertaken by us. I thank each one of you and look forward to your continued support, belief and trust.

With warm personal regards to you and your families, God bless.

Dr. Prathap C. Reddy
Chairman
Apollo Hospitals Group.

staying healthy in performance

five years at a glance



financial highlights

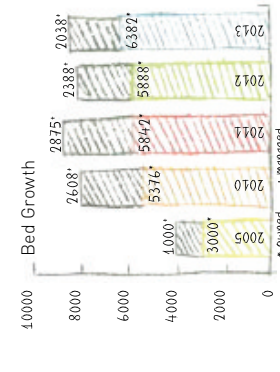
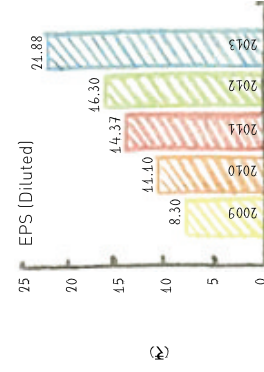
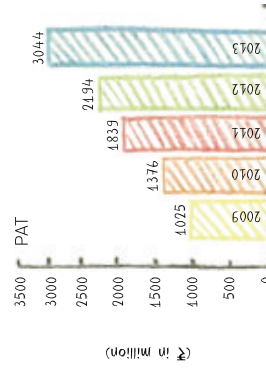
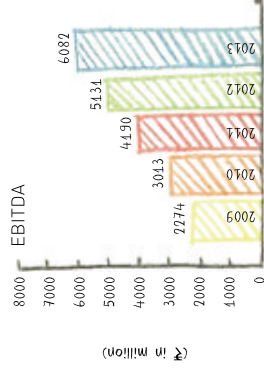
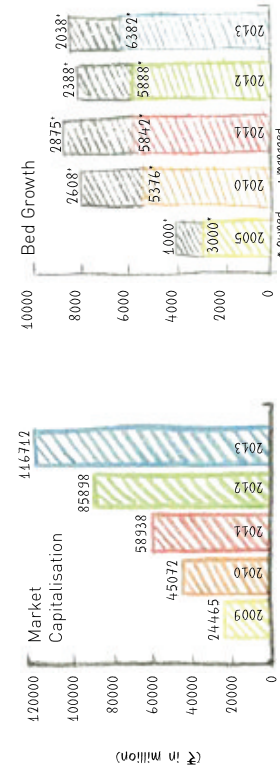
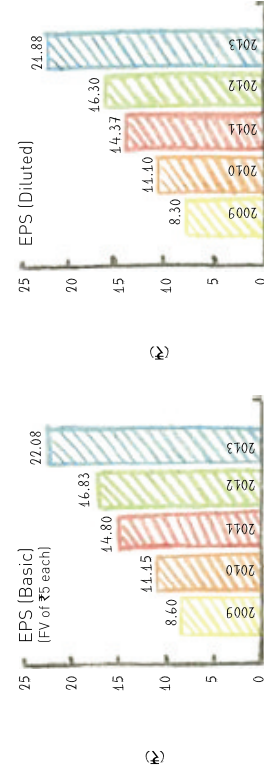
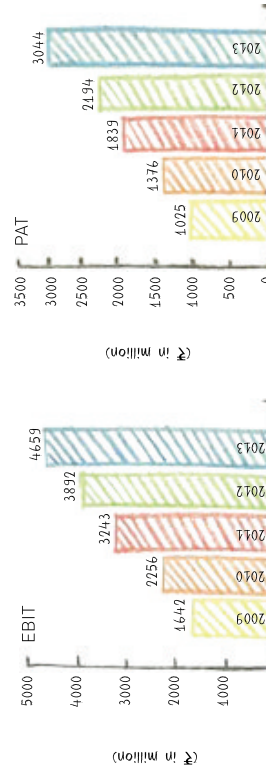
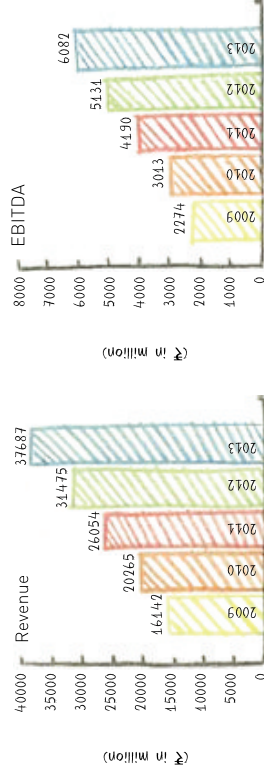
consolidated financial performance

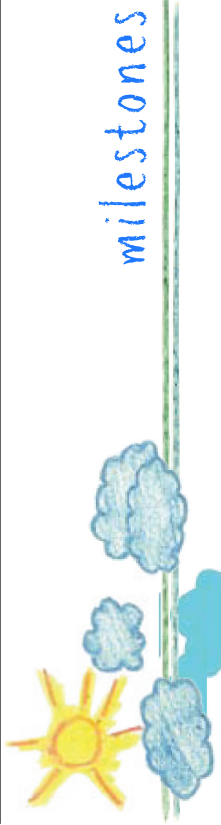
Rupees million, except for share data	FY 2013	FY 2012	Growth
Revenue from operations	37687	31475	20%
Operating EBITDA (Earnings before Interest, Tax & Depreciation)	6082	5131	19%
Operating EBIT (Earnings before Interest & Tax)	4659	3892	20%
Profit Before Tax	3991	3260	22%
Profit After Tax	3044	2194	39%
Earnings per Share (EPS)-Basic	22.08	16.83	31%
Earnings per Share (EPS)-Diluted	21.88	16.30	34%

consolidated financial position

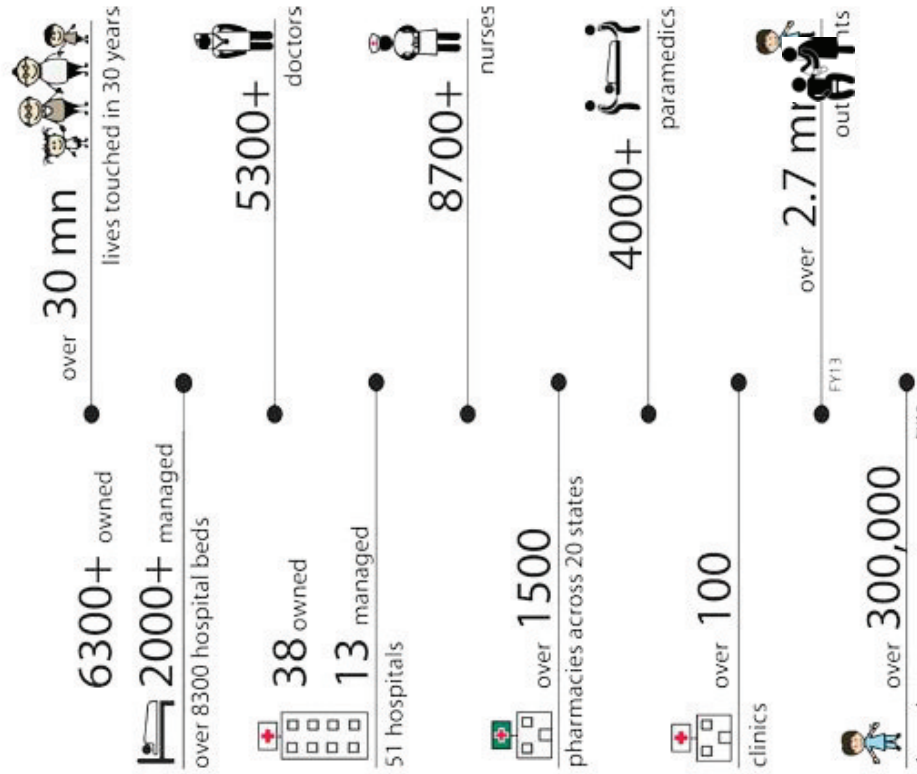
Rupees million	FY 2013	FY 2012
Application of Funds	41,050	32,807
Fixed Assets	25,987	20,855
Goodwill	1,453	1,350
Non-Current Investments	1,480	4,422
Net Current Assets & Long term Advances * #	11,879	5,935
Deferred Tax Asset	251	245
Sources of Funds	41,050	32,807
Shareholders Funds	27,313	24,913
Capital Reserve on Consolidation	155	155
Minority Interest	173	126
Loan funds and Long term provisions/liabilities	10,863	5,818
Deferred Tax Liability	2,546	1,795

* Includes cash and investment in liquid mutual funds of ₹ 6,822 million in FY13 and ₹ 3,364 million in FY12.
Previous year numbers have been regrouped and reclassified wherever necessary to conform with current year classification.

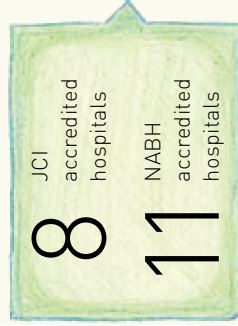




milestones



as leaders in clinical excellence



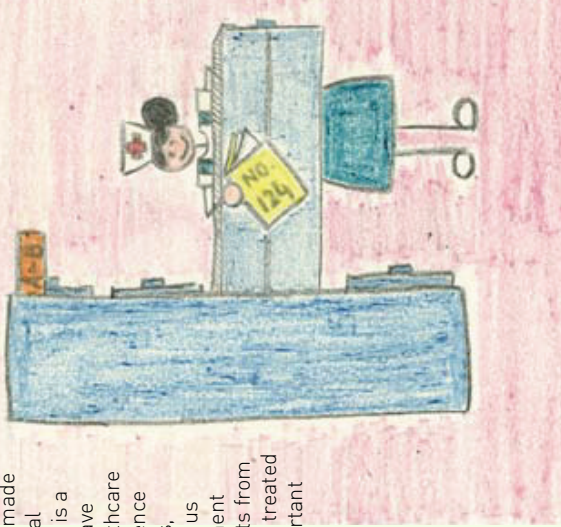
Clinical excellence is Apollo's pioneering concept and the hallmark of its healthcare practice. A combination of highly skilled and experienced doctors and detailed protocols, has effected superior patient outcomes and clinical practices. A standing proof to this excellence is the number of JCI accredited hospitals under the Apollo flagship.

The Joint Commission International (JCI) is a U.S based accreditation body dedicated to improving healthcare quality and safety around the world. The accreditation is an international gold standard for hospitals. The National Accreditation Board for Hospitals & Healthcare Providers (NABH) is a constituent board of the Quality Council of India, set up to establish and operate accreditation programmes for healthcare organizations. At Apollo, we constantly assess our process efficiency and make critical changes as needed to improve patient health.



Sustained clinical excellence is made possible only by effective medical management. At Apollo, quality is a practice, a way of life that we have imbibed in our processes. Healthcare quality metrics which can influence measurable changes in process, protocols, and behaviours, help us provide the best medical treatment possible. Over 30 million patients from over 120 countries that we have treated stand testimony to this all important pillar of success.

patients from
120
countries



the apollo standards of clinical care (TASCC)

The Apollo Standards of Clinical Care (TASCC) comprises sets of process requirements and outcome measures which underpin the Apollo Hospitals' approach to clinical care. TASCC focuses on delivering uniform high quality clinical care to all patients alike, across all group hospitals irrespective of location and size.

Apollo Clinical Excellence@25 (ACE@25), Apollo Quality Program (AQP), Apollo Incident Reporting System (AIRS), Apollo Mortality Review (AMR), and Apollo Critical Policies Plans and Procedures (ACPPP) together form TASCC.



apollo clinical excellence@25 (ACE@25)

Apollo Clinical Excellence@25, the revolutionary clinical balanced scorecard incorporates 25 clinical quality parameters involving complication rates, mortality rates, average length of stay after a major procedure, hospital acquired infection rates, pain management and medication errors in a dashboard called Rocket ACE (RACE). The numerators and denominators, inclusions and exclusions are defined clearly and the data collection methodology is standardized across all participating hospitals in the group—currently 31 in number. The data collected is validated by a 20 member Clinical Audit Team. We analyze the trends on a quarterly, half yearly and annual basis, and benchmark our performance with some of the world's best hospitals.

ACE@25 embodies our commitment to continuously challenge ourselves in the face of a changing environment, and stimulates us to keep raising the bar in our clinical performance.

paediatric cardiac
surgeries
300%
98%
success rate

the apollo quality program (AQP)

The Apollo Quality Program focuses on patient safety practices in all Apollo hospitals regardless of accreditation status and covers four broad areas: Safety during clinical handovers, Surgical safety, Medication safety and the Six International Patient Safety Goals of JCI. Trends have shown a positive trajectory over the last year and compliance rates have improved steadily in all areas.

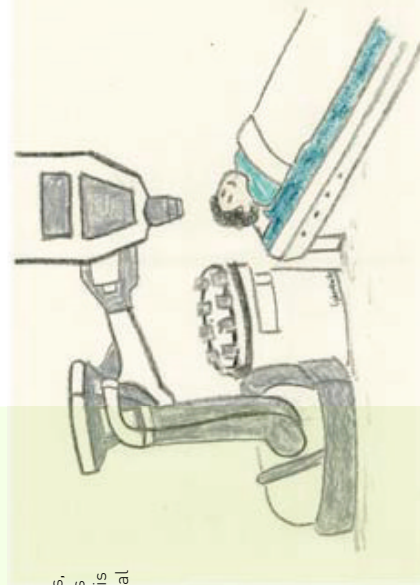
the apollo mortality review (AMR)

Another important review launched in 2012 is the Apollo Mortality Review (AMR). Using important trigger criteria, all deaths in the hospital are identified, categorised, systematically reviewed and analyzed to identify ways of improving outcomes and follow up actions and protocols are devised to minimize such occurrences. AMR is now standard operating procedure across 31 hospitals in the group.

apollo critical policies, plans & procedures (ACPPP)

Apollo has standardized various clinical and non-clinical processes from clinical care to nursing care, managerial processes, utility systems, and infrastructural requirements by implementing the Apollo Critical Policies, Plans and Procedures (ACPPP)—25 policies in all—across all hospitals in the group. This assures that patients receive optimal clinical care under any circumstance.

successful
bilateral knee
replacement for
93
year old man



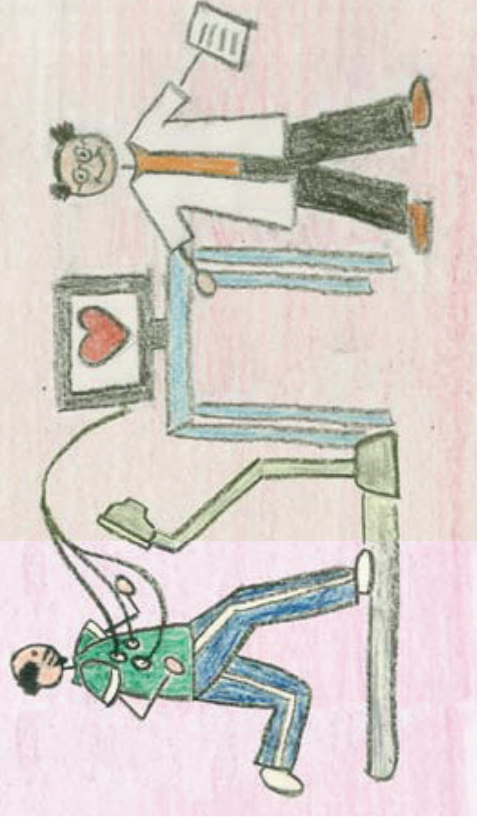
centres of excellence

the centre for cardiology

The heart institutes at Apollo is one of the world's largest groups of Cardiology and Cardio-Thoracic Surgery. The institute is staffed with some of the world's best cardiologists and cardiothoracic surgeons whose commitment to the prevention and treatment of heart disease has led to better patient outcomes and improved quality of life, for the thousands who have walked into the hospital for a cure. The expertise of the unit has been enhanced through continuous training, education and clinical practice, leading to innovative solutions towards treating heart disease. With the completion of over 130,000 heart surgeries, including key hole and complicated coronary by-pass surgeries, surgeries for valvular heart disease and infant and neonatal heart surgeries, the performance score card for the unit compares with the best cardiology centres in the world.

130,000+
heart surgeries
99.6%
success rate

successful
heart surgery
on 2 day old baby
pacemaker implant
on 97 year old man



the centre for orthopedics

Equipped with the latest medical and imaging equipment, and incorporating the latest trends and techniques, the centre offers a full range of orthopedic services to patients. Highly experienced surgeons perform advanced surgical procedures like joint replacements, hip resurfacing, arthroscopies, advanced spine surgeries, and complex trauma surgeries to help relieve pain and restore an active life style. Apollo is one of the earliest hospitals to use the Chondocyte replacement technique and the iPod Navigation technique.



FY13 10,000+ neurosurgical operations each year

the apollo neuro institutes

World class neurologists, neuro surgeons, critical care specialists, nurses and researchers comprise the highly skilled neuro team at the Neuro Institute at Apollo Hospitals. Adept at delicate surgical maneuvers, and with a track record of enviable patient outcomes, the team treats diseases that affect the brain, the spinal cord, muscles, and nerves, like brain tumors, head injuries, stroke, headaches, and seizures.

The Neurophysiological lab is equipped with state of the art machinery capable of advanced diagnostics.

Over 10,000 neurosurgical operations are carried out every year in our hospitals where we also provide integrated rehabilitation services. Stereotaxy and Frameless Stereotaxy which help pinpoint (accuracy within 1mm) the localization of structures within the brain, Operative Electrophysiology, Micro Neurosurgery, and Minimally Invasive brain and spinal surgery, are all in a day's work at the centres.

the apollo cancer institutes

The Apollo Cancer Institutes is one of the nations leading centres for cancer cure. The cancer institutes carried out the first successful cord blood transplant in the country for leukemia. The institute offers services of international standards for oncology care and has completed more than 500 successful bone marrow transplants thus far [89 in 2012]. The centre is equipped with the latest equipments and avant-garde technology for quick and accurate screening, evaluation, diagnosis, treatment, palliative care and rehabilitation—all under one roof.

Apollo's team of experienced consultants (medical, surgical, and radiation oncologists, radiologists, histopathologists, and physicians from relevant specialties), is highly skilled and adopts a multi-disciplinary approach to providing oncology care. The Breast Clinic, the Brain Tumour Clinic, and the Thyroid Clinic are specialty clinics within the Apollo Cancer Institutes. The dedicated Paediatric Oncology

cancer is curable

FY13 5000+ surgeries

89 BMTs

Division manages childhood disorders like blood and lymph node cancers.

Apollo offers the Cyberknife Robotic Radio surgery, the world's first and only radio surgery system designed to treat tumours anywhere in the body with sub-millimeter accuracy. The Novalis Tx, the latest technology in radiation therapy is known to maximize tumor destruction while minimizing damage to normal tissues, and is used in radiation oncology.

Apollo Cancer Institutes conducted over 5000 surgeries across 6 locations (Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad and Kolkata) in 2012. These included the da Vinci Robotic Surgeries for treatment of Urology, Gynaecology, Thoracic, Abdominal and Head & Neck cancers. In FY13, over 42,000 chemotherapies were done and over 8000 patients were treated with radiotherapy.

FY13

8000+
patients treated
with radiotherapy
42,000+
chemotherapies



Apollo's hemato-oncology services include diagnosis and management of the entire spectrum of acute and chronic leukemia, lymphomas, and myelomas.

To mark World Cancer Day in February this year, Apollo launched a unique initiative to create awareness about the advantages of Robotic Surgery which is a better treatment option for cancer, as it is more precise, minimally invasive, heals faster, and has better clinical outcomes.

1200+
solid organ
transplants
in a single
calendar year

FY13

360+
liver
transplants

FY13

840+
kidney
transplants



the transplant centre

Apollo Transplant Institutes provide a fresh lease of life for patients through liver, kidney and multi organ transplants. The Institutes offer transplant services, paediatric and adult hepatology, gastroenterology, nephrology, and urology services, supported by superior diagnostic facilities in radiology, interventional radiology, immunology, transplant histopathology, and microbiology. The Apollo Transplant Institutes holds the record for best in class outcomes, and have earned a badge as the busiest transplant centre in the world.

Using immune adsorption columns to reduce blood group antibodies, the first ABO-incompatible kidney transplant in the country was done at Chennai in 2012.

There is a rising need for transplants across the country. The Transplant Centre completed 1200 transplants in 2012. We have launched an awareness campaign called 'Gift a Life' to persuade organ donation from the community. 20,000 pledges were garnered over a month long drive in Chennai and 3000 pledges over two days in New Delhi.

apollo emergency

Apollo Hospitals is a pioneer of modern day emergency care in India. It has set up the 'National Network of Emergency Services' and strengthened the five clinical pathways on stroke, acute coronary syndrome, trauma, sepsis, and seizures, to provide emergency care of uniform quality standards across the country.

Apollo Emergency Care is a scientifically developed protocol-driven emergency system with several unique and innovative features. Community awareness programs and training for 'Life Savers' are conducted regularly. Its 24-hour emergency and trauma care is geared to meet all medical and surgical emergencies, including polytrauma.

National Network of Emergency Services

The National Network of Emergency Services is operational across 9 cities in the country. The system comprises 22 emergency rooms and over 500 personnel. The network is expanding rapidly and is expected to progressively cover more towns and cities.

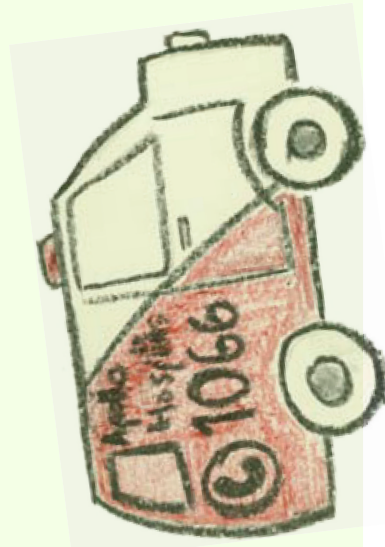
Air Ambulance

Saving time is the first step in saving lives. Air Ambulance Services are generally used when ground transportation could potentially endanger a patient's life. The services are also indispensable when the patient is in a remote area and time is of essence.

Apollo is equipping each of its major hospitals with emergency air ambulance services. At Kolkata and Colombo, our hospitals have roof helipads; and our Delhi and Hyderabad hospitals have landing facilities. We operate both fixed wing aircrafts and helicopters. While the responsibility for logistics is given to aviation companies, we manage all medical aspects like trained personnel, equipment and patient care through our 1066 emergency services.

The National Network of Emergency Services

- An easy to remember emergency access number - 1066
- Ambulances that are well equipped and manned by trained personnel - a veritable 'Hospital on Wheels'
- Air Ambulance Services for remote areas and life-threatening emergencies
- Effective communication system between the central control room, ambulances and the emergency facilities in the hospitals
- Standardised emergency rooms in the hospitals that are a part of the network
- Common functional and medical protocols across the system
- Training of doctors and other personnel required for pre-hospital and in-hospital care
- 'Dost' - an accident insurance card to increase affordability
- Life Savers - a community involvement programme for rescuing emergency victims and mobilising emergency response



as innovators technology excellence

Increasing population and inadequate medical infrastructure in remote rural geographies in India have galvanized Apollo into amalgamating technological superiority with clinical leadership to launch telemedicine services.

Our TeleHealth Services, TeleHealth Network and Apollo TeleClinics, aim to transcend geographical barriers and touch a big populace which has poor access to quality healthcare.

mHealth is a platform that utilizes India's incredible cellular penetration to deliver cutting edge remote health care. It envisions Healthcare Hubs for countryside delivery of healthcare solutions.

Such proactive investment in technology and the synergy of our clinical, administrative, and technical capabilities

has enabled us to offer teleconsultations even overseas. In December, we launched this service in Yangon, Myanmar in collaboration with KC Healthcare, facilitating quality treatment through telemedicine for people in Myanmar.

Apollo offers the most advanced platform for minimally invasive surgery available in the world today - the da Vinci Robotics program using cutting edge equipment like the CyberKnife, at a fraction of the cost overseas.

We plan to establish the first ever Proton Therapy Centre in the region, at Chennai to offer patients across Asia, Africa, and Australia, the most advanced Radiation Therapy in cancer treatment. This is a pioneering effort in technology led medical treatments in India.

