



APOLLO HOSPITALS ENTERPRISE LIMITED

[CIN : L85110TN1979PLC008035]

Regd. Office: No.19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028.

Secretarial Dept: Ali Towers, III Floor, No.55, Greaves Road, Chennai – 600 006.

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NOTICE OF THE MEETING OF THE EQUITY SHAREHOLDERS OF APOLLO HOSPITALS ENTERPRISE LIMITED CONVENED AS PER THE DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, CHENNAI ("NCLT") VIDE ITS ORDERS DATED 28TH AUGUST 2019 AND 9TH SEPTEMBER 2019

MEETING:

Day	Monday
Date	21st October 2019
Time	11.00 a.m.
Venue	The Music Academy, No. 168 TTK Road, Royapettah, Chennai – 600 014

POSTAL BALLOT AND E-VOTING:

Commencing on	Saturday, 21st September 2019, 9.00 a.m.
Ending on	Sunday, 20th October 2019, 5.00 p.m.

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, CHENNAI

FORM NO. CAA.2 (Pursuant to Section 230(3) and Rule 6 and 7)

Company Scheme Application No. 804/2019 and MA/949/2019

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013;

And

In the matter of the Scheme of Arrangement between Apollo Hospitals Enterprise Limited (Transferor Company) and Apollo Pharmacies Limited (Transferee Company) and their respective shareholders.

Apollo Hospitals Enterprise Limited }
(CIN: L85110TN1979PLC008035) }
a company incorporated under the Companies Act, }
1956, having its Registered Office at 19, Bishop }
Gardens, R A Puram, Chennai – 600028, }
Tamil Nadu, India. }

... Applicant Company/AHEL/Transferor Company

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF APOLLO HOSPITALS ENTERPRISE LIMITED

To,

The Equity Shareholders of Apollo Hospitals Enterprise Limited

NOTICE is hereby given that by Orders dated 28th August 2019 and 9th September 2019 (“Orders”), the National Company Law Tribunal, Chennai Bench (“NCLT” / “Tribunal”) has directed that a meeting be held of the Equity Shareholders of the Applicant Company for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Arrangement between Apollo Hospitals Enterprise Limited and Apollo Pharmacies Limited and their respective shareholders (“the Scheme”).

In pursuance of the said Orders and as directed therein further notice is hereby given that a meeting of the Equity Shareholders of the Applicant Company will be held at The Music Academy, No. 168, TTK Road, Royapettah, Chennai – 600 014 on Monday, the 21st October 2019 at 11.00 a.m, at which day, date, place and time, you are requested to attend.

Copies of the said Scheme, Notice and the Explanatory Statement, Form of Proxy, Attendance Slip and Postal Ballot Form and other annexures as stated in the Index are enclosed herewith, and the same can also be obtained free of charge at the Secretarial Department, Ali Towers, III Floor, No. 55 Greams Road, Chennai – 600 006. Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the Company at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028 or at the Secretarial Department, at Ali Towers, III Floor, No. 55 Greams Road, Chennai – 600 006, not later than 48 hours before the commencement of the meeting.

TAKE FURTHER NOTICE that in compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013 (the Act); (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the Rules); (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR); (v) the Securities and Exchange

Board of India (SEBI) circular no. CFD/DIL3/CIR/2017/21 dated 10th March 2017 (the SEBI Circular) and (vi) the Orders issued by the National Company Law Tribunal, Chennai Bench, the Company has provided the facility of voting by postal ballot and e-voting including remote e-voting so as to enable the equity shareholders, including the public shareholders, to consider and approve the Scheme by way of passing the resolution mentioned in the Notice.

Voting by equity shareholders of the Applicant Company shall be carried out through: (i) postal ballot; (ii) e-voting including remote e-voting; and (iii) voting at the venue of the meeting to be held on **21st October 2019**. The Company shall provide the facility of voting through ballot or electronic voting system remotely or through poll paper at the venue of the meeting. Accordingly, you may cast your vote either through postal ballot or through e-voting or at the venue of the meeting.

It is clarified that the votes cast by means of postal ballot or remote e-voting does not disentitle an equity shareholder as on the cut-off date from attending the meeting. However, the equity shareholders who have cast their votes by postal ballot or e-voting will not be eligible to cast their votes at the meeting. It is further clarified that votes may be cast personally or by proxy at the meeting as provided in this notice.

Members are requested to consider, and if thought fit, to pass the following resolutions:

“RESOLVED THAT pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Companies Act, 2013 and the enabling provisions of the Memorandum of Association and Articles of Association of the Company and subject to the requisite approval(s) consents, sanctions and permissions of the Central Government or any concerned regulatory authorities and the sanction of the National Company Law Tribunal, Chennai Bench, (hereinafter referred to as “NCLT”) and/or such other appropriate authority/ies, as may be applicable, if any, and all such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Applicant Company, the Scheme of Arrangement between Apollo Hospitals Enterprise Limited and Apollo Pharmacies Limited and their respective shareholders, placed before this meeting, be and is hereby approved and such approval of the members shall be considered to be an approval granted under Section 180(1)(a) of the Companies Act, 2013 read with relevant rules and other applicable provisions of the Companies Act, 2013 and rules made thereunder.”

“RESOLVED FURTHER that for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board of Directors of the Company or any person(s) authorised by the Board to exercise the powers conferred on the Board of Directors of the Company by this resolution), be and are hereby severally authorised to do all things and to take all incidental and necessary steps for and on behalf of the Company and to take from time to time all decisions and steps necessary, expedient or proper, with respect to implementation of the above mentioned resolution, and also to take all other decisions as it/they may, in its/their absolute decision, deem appropriate and to deal with all questions or difficulties that may arise in the course of implementing the above resolution.”

“RESOLVED FURTHER that Shri S.M. Krishnan, Vice President – Finance and Company Secretary of the Company be and is hereby authorised to make any submissions and to sign/execute all the relevant documents/applications/petitions/affidavits and any other papers as may be required to give effect to the above resolutions.

sd/-

Dr. Prathap C Reddy

Chairman appointed for the Meeting

Dated at Chennai this 9th day of September 2019

Registered Office:

Apollo Hospitals Enterprise Limited

CIN: L85110TN1979PLC008035

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

Notes:

1. The Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations), Rules 2016; the Scheme and the other enclosures as indicated in the Index are enclosed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER.
3. Only registered equity shareholders of the Applicant Company may attend and vote either in person or by proxy or in the case of a body corporate or Registered Foreign Portfolio Investors ("RFPI") or Foreign Institutional Investors ("FII"), by a representative authorised under Section 113 of the Companies Act, 2013 or by electronic means. The authorised representative of a body corporate/RFPI/FII which is a registered equity shareholder of the Applicant Company may attend and vote at the meeting of the equity shareholders of the Applicant Company provided a duly certified copy of the resolution of the board of directors or other governing body of the body corporate/RFPI/FII authorising such representative to attend and vote at the meeting of the equity shareholders of the Applicant Company, is deposited at the registered office of the Applicant Company or at the Secretarial Department, at Ali Towers, III Floor, No. 55 Greams Road, Chennai – 600 006 not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the equity shareholders of the Applicant Company.
4. The duly completed and signed instrument appointing proxy (including initials on alterations therein, if any) as per the format included in the Notice should be sent to the Secretarial Department, at Ali Towers, III Floor, No. 55 Greams Road, Chennai – 600 006 not later than 48 (forty eight) hours before the time for holding the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
5. As per Section 105 of the Companies Act, 2013 and the rules made thereunder, a person can act as proxy on behalf of not more than 50 (fifty) equity shareholders holding in aggregate, not more than 10% (ten percent) of the total share capital of the Applicant Company carrying voting rights. Equity shareholders holding more than 10% (ten percent) of the total share capital of the Applicant Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or equity shareholder.
6. The form of proxy can be obtained free of charge from the Secretarial Department of the Applicant Company at Ali Towers, III Floor, No. 55, Greams Road, Chennai – 600 006 .
7. All alterations made in the form of proxy should be initialled by the Member.
8. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an equity shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Applicant Company, provided that not less than 3 (three) days of notice in writing is given to the Applicant Company.
9. No person shall be appointed as a proxy who is a minor.
10. The proxy of a member, blind or incapable of writing may be accepted if such member has attached his signature or mark thereto in presence of a witness who shall add to his signature his description and address : provided that all insertions in the proxy are in the handwriting of the witness and such witness shall have certified at the foot of the proxy that all such insertions have been made by him at the request and in the presence of member before he attached his signature or mark.

11. The proxy of a member who does not know English may be accepted if it is executed in the manner prescribed in the preceding point above and the witness certifies that it was explained to the member in the language known to him, and gives the member's name in the English language below the signature.

12. VOTING BY MEMBERS

- a. In compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated 10th day of March 2017 issued by the Securities and Exchange Board of India, (vi) Secretarial Standards – 2 on General Meetings, and (vii) directions issued by the Hon'ble National Company Law Tribunal, Chennai Bench, the Applicant Company is pleased to provide the members the facility to cast their votes on resolution proposed to be considered at the meeting either by (i) remote e-voting (by using the electronic voting system provided by NSDL (ii) Postal Ballot (iii) voting at the venue.
- b. Kindly note that the equity shareholders (which includes public shareholders) can opt for only one mode for voting i.e. either by postal ballot or remote e-voting or voting at the venue of the meeting. If an equity shareholder has opted for remote e-voting, then he/she should not vote by postal ballot form also and vice versa. However, in case equity shareholder(s) (which includes public shareholder(s)) cast their vote both via postal ballot and remote e-voting, then voting validly done through remote e-voting shall prevail and voting done by postal ballot shall be treated as invalid.
- c. A registered equity shareholder or his/her proxy, attending the meeting, is requested to bring the Attendance Slip duly completed and signed.
- d. The registered equity shareholders who hold shares in dematerialized form and who are attending the meeting are requested to bring their DP ID and Client ID for easy identification.
- e. The registered equity shareholders are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the register of members of the Applicant Company/ list of beneficial owners as received from the National Securities Depository Limited ("NSDL")/ Central Depository Services (India) Limited ("CDSL") in respect of such joint holding, will be entitled to vote.
- f. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the equity shareholders at the registered office of the Applicant Company during business hours on all working days (except Saturdays, Sundays and public holidays) from the date of dispatch of this notice, up to the date of the meeting.
- g. Equity shareholders (which includes public shareholders) holding equity shares as on 6th September 2019 shall be entitled to exercise their right to vote on the above resolution.
- h. The Notice, together with the documents accompanying the same, is being sent to all the equity shareholders either by registered post or speed post/airmail or by courier service or electronically by e-mail to those equity shareholders who have registered their e-mail ids with the Applicant Company/registrar and share transfer agents/ NSDL/CDSL and whose names appear in the register of members/list of beneficial owners as received from NSDL/CDSL as on **6th September 2019**. The Notice will be displayed on the website of the Applicant Company www.apollohospitals.com, on the website of NSDL, www.evoting.nsdl.com and at the Registry of NCLT.

- i. A person, whose name appears in the register of members or in the register of beneficial owners maintained by NSDL/CDSL as on the cut-off date i.e. **6th September 2019** shall be entitled to avail the facility of e-voting or voting through postal ballot or voting at the venue of the meeting to be held on **Monday, 21st October 2019**. Voting rights shall be reckoned on the paid-up value of the shares registered in the names of the equity shareholders (which include public shareholders) as on **6th September 2019**, the **cut-off date**. Persons who are not equity shareholders of the Applicant Company as on the cut-off date i.e. **6th September 2019** should treat this notice for information purposes only.
- j. **Smt. Lakshmmi Subramanian, Practising Company Secretary, (Membership No.3534)** has been appointed as the scrutinizer to scrutinize the votes cast either through remote e-voting or postal ballot or voting process at the venue in a fair and transparent manner.
- k. The voting by equity shareholders (including the public shareholders) through the postal ballot or remote e-voting shall commence on and from **Saturday, 21st September 2019 at 9.00 a.m.** and shall end on **Sunday, 20th October 2019 at 5.00 p.m.**
- l. The notice convening the meeting will be published through advertisement in (i) **The Financial Express** in the English language; and (ii) translation thereof in **Makkal Kural** in Tamil language.
- m. The Applicant Company has engaged the services of National Securities Depository Limited (NSDL) for facilitating remote e-voting for the said meeting to be held on **21st October 2019**. Equity shareholders desiring to exercise their vote by using remote e-voting facility are requested to follow the instructions mentioned in this Notice.
- n. Voting through postal ballot and e-voting process will commence at **9.00 a.m.** on **Saturday, 21st September 2019** and will end at **5.00 p.m.** on **Sunday, the 20th October 2019**. During this period, the equity shareholders (which includes public shareholders) of the Applicant Company holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e. **6th September 2019** may cast their vote electronically or by postal ballot. The e-voting module shall be disabled by NSDL for voting on **20th October 2019 at 5.00 p.m.** Once the vote on the resolution is cast by an equity shareholder, he or she will not be allowed to change it subsequently.
- o. Any queries/grievances in relation to the voting by postal ballot or e-voting may be addressed to Shri S.M. Krishnan, Vice President – Finance and Company Secretary and Shri L. Lakshmi Narayana Reddy, Sr. General Manager - Secretarial of the Applicant Company at 19, Bishop Gardens, Raja Annamalaipuram, Chennai - 600 028, or through email to krishnan_sm@apollohospitals.com and lakshminarayana_r@apollohospitals.com, officials of the Applicant Company who can also be contacted at +91-44-28290956. Any query/grievance related to e-voting may be addressed to Integrated Registry Management Services Private Limited (RTA), II Floor, “Kences Towers”, No.1 Ramakrishna Street North Usman Road, T Nagar, Chennai - 600 017, Phone: 044 - 28140801 – 803, Fax: 044 – 28142479, Email: srirams@integratedindia.in

13. INSTRUCTIONS FOR POSTAL BALLOT

- a. Equity shareholders, voting in physical form are requested to carefully read the instructions printed in the attached postal ballot form. Equity shareholders who have received the postal ballot form by e-mail and who wish to vote through postal ballot form, can seek duplicate postal ballot form from the Applicant Company.

- b. Equity shareholders shall fill in the requisite details and send the duly completed and signed postal ballot form to the scrutinizer, Smt. Lakshmmi Subramanian, Practising Company Secretary, M/s. Lakshmmi Subramanian & Associates, 81, MNO Complex, Greams Road, Chennai - 600 006, so as to reach the scrutinizer before 5.00 p.m. on or before **20th October 2019**. Any postal ballot form received after the said date and time period shall be treated as if the reply from the equity shareholders has not been received.
- c. Incomplete, unsigned, improperly or incorrectly tick marked postal ballot forms will be rejected by the scrutinizer.
- d. The vote on postal ballot cannot be exercised through proxy.
- e. There will be only 1 (one) postal ballot form for every registered folio/client ID irrespective of the number of joint equity shareholders.
- f. The postal ballot form should be completed and signed by the equity shareholders (as per specimen signature registered with the Applicant Company and/or furnished by the Depositories). In case, shares are jointly held, this form should be completed and signed by the first named equity shareholder and, in his/her absence, by the next named equity shareholder. Holder(s) of Power of Attorney ("PoA") on behalf of an equity shareholder may vote on the postal ballot mentioning the registration number of the PoA with the Applicant Company or by enclosing a copy of the PoA authenticated by a notary. In case of shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/ authorisation giving the requisite authority to the person voting on the postal ballot form.

14. INSTRUCTIONS FOR REMOTE E-VOTING

Members as on the cut-off date are being provided with the login ID and password in this communication for availing the remote e-voting facility. However, if you are already registered with NSDL for remote e-voting, then you should use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using 'Forgot User Details/Password' or 'Physical User Reset Password' option available on www.evoting.nsdl.com or contact NSDL at the following Toll Free No. 1800-222-990 or call 022-24994600. The steps for remote e-voting is given below:

Log-in to NSDL e-voting system

- a. Visit the e-voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- b. Once the home page of e-voting system is launched, click on the icon "Login" which is available under "Shareholders" section.
- c. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, for those shareholders who are already registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log in to NSDL eservices after using your login credentials, click on e-voting and you can proceed to step b i.e. Cast your vote electronically.
- d. **Members receiving e-mail from NSDL (for members who have registered their email Ids with the Company / Depository Participants)**
 - i. Open e-mail and then Open PDF file viz., "NCLT Notice.pdf" with the Client ID or Folio number as password. The PDF file contains the User ID and Password for e-voting. Please note that the password is an initial password which is required to be changed when the password change menu appears.

- ii. Open your web browser during the voting period and log on to the e-voting website www.evoting.nsdl.com.
- iii. Click on Shareholder – Login
- iv. Enter User ID and Password as initial password noted in step (i) above. Click Login.
- v. Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Please note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
- vi. Home page of e-voting opens. Go to “e-voting” icon and select “Active e-voting Cycles”.
- vii. Select “EVEN” of the company-EVEN-112388.
- viii. Cast your vote and select “Submit” and “Confirm” when prompted.
- ix. Upon confirmation, the message “Vote cast successfully” will be displayed.
- x. Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
- xi. Institutions members (i.e other than individuals, HUF, NRI, etc) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority Letter etc. together with the attested specimen signature of the duly authorised signatory(ies), who are authorized to vote, to the Scrutinizer through email:lakshmmi6@gmail.com with a copy marked to evoting@nsdl.com and srirams@integratedindia.in.
 - (a) In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads section of www.evoting.nsdl.com or contact NSDL at 022-24994600.
 - (b) If members are already registered with NSDL for e-voting, then they can use their existing user ID and password for casting the vote.
 - (c) Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- e. For members who received the Notice of Meeting of Equity Shareholders in physical form, initial password is provided in the Attendance Slip. Members are requested to follow instruction given in Sl. No.(ii) to (ix) above.

15. VOTING AT THE MEETING VENUE

The equity shareholders of the Applicant Company attending the meeting who have not cast their vote either through postal ballot or e-voting shall be entitled to exercise their vote at the venue of the meeting. Equity shareholders who have cast their votes through postal ballot or e-voting may also attend the meeting but shall not be entitled to cast their vote again

16. DECLARATIONS OF RESULTS ON THE RESOLUTION

- a. The scrutinizer shall unblock the votes in the presence of the two witnesses not in the employment of the company and make the scrutinizer’s report of the votes cast in favour and against the resolution and invalid votes, if any, and forthwith submit the same to the Chairman of the meeting.
- b. The results of the voting shall be announced by the Chairman of the meeting on 21st October, 2019, upon receipt of the Scrutinizer’s report and shall be forwarded to the stock exchanges, where the shares of the Applicant company are listed. The results announced, together with the scrutinizer’s reports, will be displayed, on the website of the Applicant Company, www.apollohospitals.com and on the website of NSDL, viz., www.evoting.nsdl.com, within two days of the passing of this resolutions.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, CHENNAI

FORM NO.CAA.2 (Pursuant to Section 230(3) and Rule 6)

COMPANY SCHEME APPLICATION No. 804/2019 & MA/949/2019

In the matter of the Companies Act, 2013;

And

In the matter of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013;

And

In the matter of the Scheme of Arrangement between Apollo Hospitals Enterprise Limited (Transferor Company) and Apollo Pharmacies Limited (Transferee Company) and their respective shareholders.

Apollo Hospitals Enterprise Limited, }
(CIN: L85110TN1979PLC008035) }
a company incorporated under the Companies Act, }
1956, having its Registered Office at 19, Bishop }
Gardens, R A Puram, Chennai – 600028, Tamil Nadu, }
India. }

... Applicant Company/AHEL/the Company

EXPLANATORY STATEMENT UNDER SECTION 230(3) READ WITH SECTION 232(1) AND (2) AND SECTION 102 OF THE COMPANIES ACT 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Pursuant to the Orders dated **28th August 2019 and 9th September 2019**, passed by the Hon'ble National Company Law Tribunal ("NCLT/Tribunal"), Chennai Bench, in **CA/804/2019 & MA/949/2019** respectively, a meeting of the Equity Shareholders of Apollo Hospitals Enterprise Limited is being convened at **The Music Academy, No. 168, TTK Road, Royapettah, Chennai – 600 014** on **Monday, 21st October 2019**, at **11.00 a.m.**, for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Apollo Hospitals Enterprise Limited ("AHEL"/ "Applicant Company"/ Transferor Company) and Apollo Pharmacies Limited ("APL"/ "Transferee Company") and their respective shareholders ("Scheme") under Section 230-232 and other relevant provisions of the Companies Act, 2013. A copy of the Scheme, which has been, inter alia, approved by the audit committee and the board of directors of the Applicant Company at their respective meetings held on 14th November 2018 is enclosed as **Annexure 1**.
2. Pursuant to the Orders dated 28th August 2019 and 9th September 2019, passed by the Hon'ble Tribunal in Company Scheme Application No. **CA/804/2019 & MA/949/2019** respectively, a meeting of the equity shareholders of the Company is being called, convened and conducted for the purpose of considering, and if thought fit, approving the Scheme.
3. Hon'ble NCLT has appointed **Dr. Prathap C Reddy, Chairman** of the Applicant Company and failing him, **Shri T.K. Bhaskar, Advocate, HSB Partners** and failing him, **Smt. Maimoona Badsha, Advocate**, as the Chairperson of the said meeting.

4. In addition to the meeting of the Equity Shareholders of the Applicant Company convened on the directions of the National Company Law Tribunal, to seek the approval of the said Shareholders pursuant to Section 230 read with Section 232 of the Companies Act, 2013 further read with other relevant provisions of the Companies Act, 2013, approval of the Equity Shareholders of the Applicant Company is also sought by way of Postal Ballot & remote e-voting as required under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI Circulars and the Companies Act, 2013.
5. The Scheme is enclosed herewith as Annexure I. The proposed Scheme is envisaged to be effective from the Appointed Date but shall be made operative from the Effective Date (as defined in the Scheme).

6. Details of the Companies/Parties to the Scheme:

A. APOLLO HOSPITALS ENTERPRISE LIMITED ('AHEL')

- a) AHEL is a listed public limited company incorporated on 05th December 1979 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as L85110TN1979PLC008035 and having its registered office situated at 19, Bishop Gardens, R A Puram, Chennai – 600028, Tamil Nadu.
- b) The equity shares of AHEL are listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”).
- c) AHEL is currently engaged in the business of enhancing the quality of lives of patients by providing comprehensive, high quality health care services on a cost-effective basis. The principal activities of the Company include operation of multi-disciplinary hospitals, clinics, and pharmacies.
- d) There has been no change in the name of AHEL in the last five years. Further, there has been no change in the registered address of AHEL in the last five years. The email address of AHEL is companysecretary@apollohospitals.com. The PAN of AHEL is AAACA5443N.
- e) The main objects of AHEL, as per its Memorandum of Association are as follows:
 - i. To undertake, promote, assist or engage in all kinds of research and development work required to promote, assist or engage in setting up hospitals and facilities for manufacturing medical equipments
 - ii. To carry on the business of design, construction and running of all kinds of hospitals, dispensaries, clinics, laboratories and health clubs.
 - iii. To design, manufacture, import, export, buy, sell, install, maintain and improve all kinds of equipments and instrumentation for hospitals, dispensaries, clinics, laboratories and health clubs.
 - iv. To set up laboratories, purchase and acquire any equipments and instruments required for carrying out medical research.
 - v. To educate and train medical students, nurses, midwives, Doctors, Para-medical Technicians, other medical professionals and hospital administrators and to grant such diplomas or recognitions as the company may prescribe or deem fit from time to time and to outsource and place the Nurses, Doctors, Para-Medical Technicians and other medical professionals to clients in India and abroad on contractual / non-contractual basis.
 - vi. To buy, sell, manufacture, import, export, treat and deal in any kind of pharmaceuticals, chemicals, medicines and drugs.

- vii. To grant stipends, scholarships or any other assistance, monetary or otherwise to whomsoever to further the course of medicine and / or medical research.
 - viii. To undertake to provide suitable hotel accommodation primarily for patients and their friends and relatives and to undertake all or any of the business activities incidental thereto.
 - ix. To carry on in India and elsewhere all or any of the business of hoteliers and restaurateurs, caterers, cab owners and hirers, pharmacy and drug house owners, travel agents, provisions and general merchants, theatre owners, proprietors of art saloons, beauty parlours, shopping arcades, health clubs and clubs dealing in sports, art and entertainment activities including music dance and drama, and any other business which can be conveniently and efficiently carried on in connection therewith.
 - x. To act as consultants and render technical and managerial services in the field of medical research and running of multi-speciality hospitals, dispensaries, clinics, laboratories and health clubs
- f) There has been no change in the objects of AHEL in the last five years.
- g) The authorised, issued, subscribed and paid-up share capital of AHEL as on 31st March 2019 was as set out below:

Particulars	Amount in ₹ million
Authorised Capital	
200,000,000 Equity Shares of ₹ 5 each	1,000.00
1,000,000 Preference Shares of ₹ 100 each	100.00
Total	1,100.00
Issued	
139,658,177 Equity Shares of ₹ 5 each	698.29
Total	698.29
Subscribed and Paid-up	
139,125,159 Equity Shares of ₹ 5 each	695.63
Total	695.63

Subsequent to 31st March 2019, there has been no change in the capital structure of AHEL.

- h) The details of the promoters and present directors of AHEL along with their addresses are as follows:

i. Promoters

Sr. No	Name of Promoters	Address	AHEL	
			No. of Shares	%
1.	Dr. Prathap C Reddy	No.19 Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028	5,445,464	3.91
2.	Smt. Sucharitha Reddy	No.19 Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028	569,800	0.41
3.	Smt. Preetha Reddy	No. 5 Subba Rao Avenue, II Street, Chennai – 600 006	2,193,915	1.58
4.	Smt. Suneeta Reddy	No.14D, Boat Club Road, Raja Annamalaipuram, Chennai - 600 028	3,381,695	2.43

5.	Smt. Shobana Kamineni	10-3-316A Masab Tank, Hyderabad - 500 028	2,239,952	1.61
6.	Smt. Sangita Reddy	8-2-674/B/2/12 Road No.13, Banjara Hills, Hyderabad - 500 034	2,432,508	1.75
7.	Shri Karthik Anand	No. 5 Subba Rao Avenue, II Street, Chennai - 600 006	330,600	0.24
8.	Shri Harshad Reddy	No. 5 Subba Rao Avenue, II Street, Chennai - 600 006	320,200	0.23
9.	Smt. Sindoori Reddy	No.14D, Boat Club Road, Raja Annamalaipuram, Chennai - 600 028	518,600	0.37
10.	Shri Aditya Reddy	No.14D, Boat Club Road, Raja Annamalaipuram, Chennai - 600 028	210,200	0.15
11.	Smt. Upasana Kamineni	10-3-316A Masab Tank, Hyderabad - 500 028	217,276	0.16
12.	Shri Puansh Kamineni	10-3-316A Masab Tank, Hyderabad - 500 028	212,200	0.15
13.	Smt. Anuspala Kamineni	10-3-316A Masab Tank, Hyderabad - 500 028	2,59,174	0.19
14.	Shri Konda Anindith Reddy	8-2-674/B/2/12 Road No.13, Banjara Hills, Hyderabad - 500 034	230,200	0.17
15.	Shri Konda Vishwajit Reddy	8-2-674/B/2/12 Road No.13, Banjara Hills, Hyderabad - 500 034	222,300	0.16
16.	Shri Konda Viraj Madhav Reddy	8-2-674/B/2/12 Road No.13, Banjara Hills, Hyderabad - 500 034	168,224	0.12
17.	Shri P Vijay Kumar Reddy	No. 5 Subba Rao Avenue, II Street, Chennai - 600 006	8,957	0.01
18.	Shri P Dwaraknath Reddy	No.14D, Boat Club Road, Raja Annamalaipuram, Chennai - 600 028	18,000	0.01
19.	Shri Anil Kamineni	10-3-316A Masab Tank, Hyderabad - 500 028	20	0.00
20.	Shri K Vishweshwar Reddy	8-2-674/B/2/12 Road No.13, Banjara Hills, Hyderabad - 500 034	1,577,350	1.13
21.	M/s. PCR Investments Ltd	No.19 Bishop Gardens, Raja Annamalaipuram, Chennai - 600 028	27,223,124	19.57
22.	M/s. Obul Reddy Investments Pvt. Ltd.	Pottipati Plaza, 2 nd Floor, No. 35 Nungambakkam High Road, Chennai - 600 034	11,200	0.01
23.	M/s. Indian Hospitals Corporation Ltd	No.19 Bishop Gardens, Raja Annamalaipuram, Chennai - 600 028	61,704	0.04

ii. Directors

No	Name	Designation	DIN	Address
1.	Dr. Prathap C Reddy	Executive Chairman	00003654	19 Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028
2.	Smt. Preetha Reddy	Executive Vice Chairperson	00001871	5 Subba Rao Avenue, II Street, Chennai – 600 006
3.	Smt. Suneeta Reddy	Managing Director	00001873	No. 14D Boat Club Road, Raja Annamalaipuram, Chennai – 600 028
4.	Smt. Shobana Kamineni	Executive Vice Chairperson	00003836	No.10-3-316-A, Masab Tank, Hyderabad – 500 028.
5.	Smt. Sangita Reddy	Joint Managing Director	00006285	H. No.8-2-674/B/2/12, Road No. 13, Banjara Hills, Hyderabad – 500 034
6.	Shri Vinayak Chatterjee	Independent Director	00008933	No.E-2278, Palam Vihar, Gurgoan, Haryana, 122017.
7.	Dr.T.Rajgopal	Independent Director	02253615	2301, Tower 2 (Aqua), Planet Godrej, 30 Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 011
8.	Dr. Murali Doraiswamy	Independent Director	08235560	25, Old No. 11, Beasant Avenue, Karpagam Garden, Adyar, Chennai – 600 020
9.	Smt. V. Kavitha Dutt	Independent Director	00139274	7, 1 st Crescent Park Road, Gandhi Nagar, Adyar, Chennai – 600 020
10.	Shri MBN Rao	Independent Director	00287260	No. 2 LH 1902, Lanco Hills Residential Towers, Gachibowli, Hyderabad – 500 089

- i) The amount due to Secured Creditors of AHEL as on 31st March 2019 is ₹ 27,290 million and to Unsecured Creditors is ₹ 7,234 million. Consents have been obtained from the creditors constituting more than 90% in value.

B. Apollo Pharmacies Limited ('APL')

- a) APL is an unlisted public company incorporated on 8th July 2016 under the provisions of the Companies Act, 2013, having Corporate Identification Number (CIN) as U52500TN2016PLC111328 and having its registered office situated at No.19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu.

- b) APL is engaged in the business of buying, selling, importing, exporting, distribution or dealing in or manufacturing, Medical and Pharmaceuticals products like intravenous sets, intravenous solutions, all kinds of drugs, disinfectants, tinctures, colloidal products, injectable and all pharmaceuticals and medical preparations and other related products.
- c) There has been no change in the name of APL from its date of incorporation. Further, there has been no change in the registered address of APL from its date of incorporation. The email address of APL is obulreddy@apollopharmacy.org. The PAN of APL is AAPCA5954P
- d) The main object of APL, as per its Memorandum of Association is as follows:
- i. To buy, sell, import, export, manufacture, distribute or deal in all kinds of medicines, chemicals, chemical products, antibiotics, biological, nutraceuticals, healthcare, ayurvedic and dietary supplement products, medicinal preparations, vaccines, dry salters, mineral waters or food products and also to deal in medicinal goods such as surgical instruments, contraceptives, photographic goods, oils, perfumes, cosmetics, patent medicines, soaps, artificial limbs, hospital requisites, proprietary medicines and other Pharmaceuticals products like Intravenous sets, Intravenous Solutions, all kinds of disinfectants, tinctures, colloidal products, injectable and medical preparations and to carry on the business of vialling, bottling, repacking, processing of tablets, capsules, syrups, injections, ointments, etc. and also to carry on the business of chemists, druggists, buyers, sellers, agents, distributors and stockiest of all kinds of pharmaceuticals and allied products.
 - ii. To establish, run, take on hire or lease, maintain, organise and promote pharmacies, medical stores, diagnostic centres, polyclinics, hospitals, clinics, blood banks and health clubs.
 - iii. To undertake Medical Research, Hospital Management, Project Management, Health Camps, and launch Healthcare Schemes.
 - iv. To establish and run health portal, web sites, data processing/computer centers, retail chains and to offer wholesale, retail, e-commerce facilities and data processing and other services that are normally offered by health portal, web sites, retail chains, etc. to individuals, business and other type of customers.

There has been no change in the objects of the Company since the incorporation of the Company.

- e) The authorised, issued, subscribed and paid-up share capital of APL as on 31st March 2019 was as set out below:

Particulars	Amount in ₹ million
Authorised Capital	
100,000 Equity Shares of ₹ 10 each	1.00
Total	1.00
Issued, Subscribed and Paid-up	
50,000 Equity Shares of ₹ 10 each	0.50
Total	0.50

Subsequent to 31st March 2019, there has been no change in the capital structure of APL.

f) The details of the promoters / shareholders and present directors of APL along with their addresses are as follows:

i. Promoters / shareholders

Sr. No	Name and Address of Promoters / shareholders	APL	
		No. of Shares	%
1.	Apollo Medicals Private Limited (AMPL) No. 19, Bishop Garden, Raja Annamalaipuram, Chennai – 600 028.	49,993	99.986
2.	Smt. Preetha Reddy (as a Nominee of AMPL) 5, Subba Rao Avenue, Second Street, Nungambakkam, Chennai – 600006	1	0.002
3.	Smt. Suneeta Reddy (as a Nominee of AMPL) 5, Subba Rao Avenue, Second Street, Nungambakkam, Chennai – 600006	1	0.002
4.	Smt. Shobana Kamineni (as a Nominee of AMPL) No.10-3-316A, Masab Tank, Hyderabad - 500028	1	0.002
5.	Smt. Anuspala Kamineni (as a Nominee of AMPL) No.10-3-316A, Masab Tank, Hyderabad - 500028	1	0.002
6.	Smt. Sangita Reddy (as a Nominee of AMPL) No.8-2-674/B/2/12, Road No : 13, Banjara Hills, Hyderabad - 500034	1	0.002
7.	Shri. C.Sreethar (as a Nominee of AMPL) No.4214, 3rd Main Road, Raja Annamalai Puram, Chennai -600028	1	0.002
8.	Shri. P.B Ramamoorthy (as a Nominee of AMPL) Plot No. 58, Flat No. 301, 1-63/P, Prasadha Residency, Kaveri Hills, Madahpur, Cyberabad, Telangana.	1	0.002

As per the order issued by the Hon'ble Tribunal on 28th August, 2019 in CA/805/CAA/2019 the meeting of the equity shareholders of APL has been dispensed with.

ii. Directors

Sr No	Name	Designation	DIN	Address
1.	Smt. Shobana Kamineni	Director	00003836	No.10-3-316A, Masab Tank, Hyderabad - 500028.
2.	Shri. Singana Obul Reddy	Director	00027829	No.55, Second Cross Street, TVS Nagar Annex, Korattur RS, Tiruvallur, Tamilnadu- 600076.
3.	Smt. Anuspala Kamineni	Director	07486388	No.10-3-316A, Masab Tank, Hyderabad - 500028.
4.	Shri. Jayakumar Pandurangan	Director	07506688	C-2001, Aparna Sarovar, Nallagandla, Hyderabad, Telagana – 500019

- g) The amount due to Secured Creditors of APL as on 31st March 2019 is ₹ Nil and to Unsecured Creditors is ₹ Nil. Hence no meeting of the creditors is required.

7. Description of the Scheme

The Scheme, inter alia, provides for:

- i. This Scheme is presented pursuant to the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable, for the transfer of the Divestment Business of the Transferor Company and vesting of the same with the Transferee Company, on a going concern basis by way of a Slump Sale in accordance with section 2(42C) of the IT Act.
- ii. Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.
- iii. Apollo Hospitals Enterprise Limited, the Transferor Company, is a listed public limited company incorporated on 5th December 1979 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as L85110TN1979PLC008035 and having its registered office situated at 19, Bishop Gardens, R A Puram, Chennai - 600028, Tamil Nadu. The equity shares of the Transferor Company are listed on the Stock Exchanges.
- iv. The Transferor Company is engaged in the business of enhancing the quality of lives of patients by providing comprehensive, high quality healthcare services on a cost-effective basis. The principal activities of the Company include operation of multi-disciplinary hospitals, clinics, and pharmacies.
- v. Apollo Pharmacies Limited, the Transferee Company, is an unlisted public company incorporated on 8th July 2016 under the provisions of the Companies Act, 2013, having Corporate Identification Number (CIN) as U52500TN2016PLC111328 and having its registered office situated at No.19, Bishop Gardens, Raja Annamalaipuram, Chennai - 600028, Tamil Nadu.
- vi. The Transferee Company is engaged in the business of buying, selling, importing, exporting, distribution or dealing in or manufacturing, Medical and Pharmaceuticals products like intravenous sets, intravenous solutions, all kinds of drugs, disinfectants, tinctures, colloidal products, injectable and all pharmaceuticals and medical preparations.

8. Rationale and Benefits of the Scheme of Arrangement

Apollo Pharmacy today has grown from 170 outlets in FY05 to 3,428 outlets as of March 31, 2019, in 400 cities/towns spread over 20 states and 4 Union territories and is currently serving about 300,000 customers daily through dedicated employee strength of about 21,000 plus.

Organised pharmacy retail accounts for less than 5% of India's USD 15 bn domestic pharmaceutical market which is estimated to grow 10-12% CAGR over the next decade, driven predominantly by volume growth. The key growth drivers for the domestic pharmaceutical industry include increasing disposable incomes, demand for quality products, higher incidence of chronic diseases, growing awareness of diagnostics and preventive care, and greater accessibility through generics. Organised pharmacy retail is expected to grow at a much faster rate within this.

The Board of the Transferor Company believe that the business of front end retail pharmacy carried out at standalone pharmacy business segment has matured to a stage that it requires greater business attention and possesses high growth potential, independent of the hospitals business. Further, the Board of the Transferor Company believe that

the re-organised structure will be in compliance with existing regulatory framework, while allowing the Transferor Company to focus on hospitals and healthcare services which is its core business as the risks and rewards associated with each of the aforesaid business verticals is different. This would also set the platform for “value discovery” of the pharmacy business at a later stage with the ultimate objective of maximising shareholders returns. Hence, the Transferor Company has proposed to enter into this Scheme to enable its management to develop focussed business verticals. The Boards of the Transferor Company and Transferee Company respectively are of the opinion that the arrangements under this Scheme would result in benefit to members, creditors and employees of each of the Transferor Company and Transferee Company respectively.

In essence, the transfer of the front end portion of the retail pharmacy business segment pursuant to this Scheme would inter alia result in the following benefits:

I) In case of the Transferor Company:

- Utilizing the proceeds of divestment towards growth and enhancement of other existing businesses;
- Enhancing strategic flexibility to build a viable platform solely focusing on each of the businesses; and
- Enable dedicated management focus, resources and skill set allocation to each business, which will in turn accelerate growth and unlock value for the shareholders.

II) In case of the Transferee Company:

- Creation of value for shareholders by acquiring ready-to use assets, including business undertakings and reducing time to markets;
- Strengthening and streamlining the Direct-to-Consumer (D2C) front end operations of the standalone retail pharmacies;
- Enhancing the private label business; and
- Enabling foray into Digital / Online Pharmacy

Further the Apollo Pharmacies Limited will focus on:

- A. Building a multi-year growth platform for the stand-alone pharmacies business to get to a medium-term target of over 5,000 pharmacy outlets over 5 years with a goal of over ₹ 100 billion in revenues and 30% combined ROCE for the Stand-alone pharmacy business in the next 5 years.
- B. Enabling foray into digital commerce as part of the Omni-Channel strategy to provide consumers increased convenience and ability to choose between online and physical stores.
- C. Retaining leadership position by further focusing on strengthening and streamlining the Direct-to consumer (D2C) front end operations to increase same store growth, prescription fill rates and enhance overall customer experience.
- D. Enhancing the private label business further from the current 6+% levels to over 12% in five years through a combination of both broadening and deepening the product portfolio.
- E. Leveraging on its strong distribution supply chain to further increase operational efficiencies and create a sustainable moat for the business.

- F. Building a strong integrated customer loyalty platform through a combination of effective health maintenance and wellness in addition to cost benefits centred around a more satisfied and engaged customer with a focus on customer retention as well as higher repeat customers.

9. Relationship subsisting between the companies who are parties to the Scheme

Pre implementation of this Scheme:

AHEL holds 100% equity share capital of Apollo Medicals Private Limited ('AMPL') which in turn holds 100% of equity share capital in APL. Also Smt. Shobana Kamineni is a common director. Except as specified, AHEL and APL are not related to each other.

Post implementation of this Scheme:

1. AHEL's shareholding in AMPL would be diluted to 25.5% of the share capital of AMPL with other Investors collectively holding the remaining share capital of AMPL. Specifically, Jhelum Investment Fund I would hold 19.9%, Mr Hemandra Kothari would hold 9.9% and ENAM Securities Private Limited would hold 44.7% of the total share capital of AMPL which would in turn hold 100% equity share capital of APL. In this regard, with respect to AHEL's holding in AMPL, AHEL has entered into a Shareholders Agreement and Share Subscription Agreement dated 16th November 2018 with the aforesaid Investors.
2. AHEL would be the exclusive supplier for APL under a Long Term Supply Agreement and further would also enter into a Brand Licensing Agreement with APL to licence the "Apollo Pharmacy" brand to the front end stores and online pharmacy operations, to further augment and strengthen the brand, with these arrangements .
3. The proposed reorganisation would not have a material impact on the financials of AHEL as the backend business related to the stand alone pharmacies which represents around 85% of the business economics will continue to be held by AHEL.
4. The structure as stated above will take AHEL one step closer to a potential unlocking of value in the Standalone pharmacy segment.

10. Corporate Approvals:

- i. The proposed Scheme was placed before the Audit Committee of AHEL at their meeting held on 14th November 2018. The Audit Committee of AHEL took into account the Valuation Report dated 13th November 2018 issued by BSR & Associates LLP, and Fairness Opinion dated 14th November 2018 issued by ICICI Securities Limited. The Audit Committee of AHEL based on the aforesaid, inter-alia, recommended the Scheme to their Board of Directors.
- ii. The Board of Directors of AHEL (after taking on record the recommendation of their Audit Committee on the Scheme) and the Board of Directors of APL approved the Scheme in their respective meetings held on 14th November 2018 after taking on record the Valuation Report dated 13th November 2018 issued by BSR & Associates LLP, and Fairness Opinion dated 14th November 2018 issued by ICICI Securities Limited.
- iii. The Scheme setting out in detail the terms and conditions as approved by the Board of Directors of AHEL and APL at their respective Board Meetings is annexed to this notice and forms part of the statement. Valuation Report and Fairness Opinion issued to the Board of Directors of the companies participating in the Scheme is also annexed to this notice.

- iv. Names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate in such resolution is mentioned below -

For AHEL:

Name of Director	Designation	Voted in favour /against / abstained – Meeting dated 14 th November 2018
Dr. Prathap C Reddy	Executive Chairman	Voted in favour
Smt. Preetha Reddy	Executive Vice Chairperson	Voted in favour
Smt. Suneeta Reddy	Managing Director	Voted in favour
Smt. Shobana Kamineni	Executive Vice Chairperson	Abstained
Smt. Sangita Reddy	Joint Managing Director	Voted in favour
Shri N. Vaghul	Independent Director	Voted in favour
Shri G. Venkatraman	Independent Director	Voted in favour
Shri Vinayak Chatterjee	Independent Director	Voted in favour
Shri Sanjay Nayar	Independent Director	Voted in favour
Dr. T.Rajgopal	Independent Director	Voted in favour
Dr. Murali Doraiswamy	Independent Director	Voted in favour

For APL:

Name of Director	Designation	Voted in favour /against / abstained – Meeting dated 14 th November 2018
Smt. Shobana Kamineni	Chairman	Abstained
Shri Singana Obul Reddy	Director	Voted in favour
Smt. Anuspala Kamineni	Director	Voted in favour
Shri Jayakumar Pandurangan	Director	Voted in favour

11. Salient features / details / extract of the Scheme

The Scheme is divided into the following parts:

Part A - Definitions and share capital;

Part B - Transfer of the Divestment Business of the Transferor Company to the Transferee Company on a going concern basis by way of a Slump Sale;

Part C - General Terms and Conditions.

PART B – TRANSFER OF DIVESTMENT BUSINESS OF THE TRANSFEROR COMPANY TO THE TRANSFEE COMPANY ON A GOING CONCERN BASIS BY WAY OF A SLUMP SALE

4. Transfer and vesting of the Divestment Business

4.1. Upon this Scheme becoming effective and with effect from the Appointed Date, the Divestment Business of the Transferor Company shall stand transferred and vest in the Transferee Company on a going concern basis by way of a Slump Sale without any requirement of a further act or deed so as to become as and from the Appointed Date, the

undertaking of the Transferee Company, and to vest in the Transferee Company, all the Divestment Assets, Divestment Liabilities, Approval (including drug licenses issued by relevant authorities as per the applicable regulations), rights, title or obligations of the Divestment Business therein, in the manner described hereunder:

- In the event any part of the Divestment Business intended to be transferred does not get transferred to the Transferee Company upon the effectiveness of the Scheme, the Transferor Company and the Transferee Company undertake to take all necessary steps, and execute all necessary documents, to ensure the transfer of such part of the Divestment Business thereof to the Transferee Company forthwith without any further consideration. The Transferor Company and the Transferee Company agree that pending such transfer, the Transferor Company shall hold such part of the Divestment Business in trust for the Transferee Company, and shall put in place necessary arrangements to allow the Transferee Company to enjoy the benefit of the same without incurring monetary obligations for such actions;*
- The Divestment Assets, Divestment Liabilities, Approval, Assumed Litigations and the Divestment Employees which form part of the Divestment Business shall be transferred to the Transferee Company in accordance with this Scheme under the provisions of Section 230 to 232 of the Companies Act, 2013. For the avoidance of doubt, the Residual Undertaking shall continue to vest in the Transferor Company;*
- Upon the Scheme becoming effective, the Transferee Company shall carry out or perform all such formalities and compliances under various Applicable Laws or to be out or performed in relation to or as a consequence of the vesting of the Divestment Business into the Transferee Company.*

5. Transfer of Divestment Assets

- 5.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all Divestment Assets relating to the Divestment Business, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery in whatsoever nature and wherever situated shall under the provisions of Section 230 to 232 of the Companies Act, 2013, stand transferred to and vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.*
- 5.2. Upon this Scheme becoming effective and with effect from the Appointed Date, all movable Divestment Assets of the Transferor Company relating to the Divestment Business, other than those specified in clause 5.1 above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons shall without any requirement of a further act, instrument or deed become the property of the Transferee Company.*
- 5.3. Upon this Scheme becoming effective and with effect from the Appointed Date, in relation to the Divestment Assets, if any, belonging to the Divestment Business which require separate documents for vesting in the Transferee Company, or which the Transferor Company and/ or the Transferee Company otherwise desire to be vested separately, the Transferor Company and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.*
- 5.4. It is hereby clarified that if any Divestment Assets (including but not limited to any estate, rights, title, interest in or authorities relating to such Divestment Assets) in relation to the Divestment Business which the Transferor Company owns, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Divestment Asset in trust for the benefit of the Transferee Company.*

6. Transfer of Divestment Liabilities

- 6.1. *Subject to clause 10.1 below, upon this Scheme becoming effective and with effect from the Appointed Date, all Divestment Liabilities shall stand transferred, or be deemed to have been transferred to the Transferee Company so as to become from the Appointed Date, the liabilities of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same. It is however clarified that any liabilities in relation to the Divestment Business that may arise or crystallize subsequent to the Appointed Date but relate to a period prior to the Appointed Date shall be solely borne by and discharged by the Transferor Company.*
- 6.2. *The vesting of the Divestment Business as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Divestment Business, provided however, any reference in any security documents or arrangements to which the Transferor Company is a party, wherein the Divestment Assets of the Divestment Business have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Divestment Assets pertaining to the Divestment Business as are vested in the Transferee Company as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Excluded Assets of the Transferor Company or any of the Assets of the Transferee Company. Provided further, that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Divestment Assets or any part thereof of the Transferee Company shall not continue with respect to such Divestment Assets or part thereof.*
- 6.3. *The provisions of clause 6 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/ or superseded by the foregoing provisions. For avoidance of doubt the provisions of clause 6 shall not be construed as limiting the operation of Part C of this Scheme.*

13. Consideration

- 13.1. *Upon this Scheme coming into effect, the Transferee Company shall discharge the lump sum consideration of ₹ 5,278 million (Rupees Five Thousand Two Hundred and Seventy Eight Million only) to the Transferor Company in the form of cash through normal banking channels. It is clarified that capital gains tax, if any, that may arise on account of payment of the consideration shall be the sole responsibility of the Transferor Company.”*

NOTE: THE FEATURES / DETAILS SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, THE EQUITY SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET THEMSELVES FULLY ACQUAINTED WITH THE PROVISIONS THEREOF.

12. Valuation Report and accounting treatment

- a) Summary of the valuation report:

The Valuation Report dated 13th November 2018 was issued by BSR & Associates LLP, Chartered Accountants (appointed by the Applicant Company), describing inter alia the computation of and the methodology adopted by them in arriving at the Enterprise value of the Divestment Business.

The valuers have considered the Market Price Method (“MPM”), Comparable Companies’ Multiples Method/ Comparable Transactions’ Multiple Method (“CTM”), Discounted Cash Flow Method (“DCF”) and Net Asset Value Method (“NAV”) for determining the relative value of the Divestment Business of the Applicant Company.

However, considering the nature of the transactions contemplated in the Scheme, the valuers are of the opinion that MPM, CTM and NAV methods are of limited relevance and have based their valuation on the DCF method.

The enterprise value of the Divestment Business has been arrived at based on the methodology explained in the Valuation Report and various qualitative factors relevant to the business.

The recommendation of the enterprise value of the Divestment Business has been approved by the Board of the Applicant Company, Audit Committee of the Applicant Company, Board of Directors of the Applicant Company and Audit Committee of the Applicant Company.

A Fairness Opinion dated 14th November 2018 was issued by ICICI Securities Limited, explaining the rationale for its opinion as to the fairness of the enterprise value from a financial point of view.

- b) The accounting treatment as proposed in the Scheme is in conformity with the accounting standard prescribed under Section 133 of the Companies Act, 2013. The Certificate issued by the Statutory Auditors of all the companies participating in the Scheme is open for inspection at the Secretarial Department of the Applicant Company.

13. Effects of the Scheme on various parties

- a) The Scheme envisages various aspects as mentioned in Clause 11 of this explanatory statement. The Scheme is an arrangement between the companies and their respective shareholders. Under the Scheme, there is no arrangement with the creditors (either secured or unsecured) of any of the companies. No compromise is offered under the Scheme to any of the creditors of any of the companies. The liability towards the creditors of all the companies are being neither reduced nor extinguished and consequently, the creditors of any of the companies will not be affected in any manner by the Scheme.
- b) Under the Scheme, no rights of the debenture / deposit holders of any of the companies are being affected. The companies will be able to meet and pay its debts as and when they arise and become due in the ordinary course of business.
- c) Upon this Scheme becoming effective, the Employees relating to the front end portion of retail pharmacy business segment as on the Appointed Date, if any, shall be deemed to have become employees of APL, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the AHEL on the Appointed Date and morefully described in the Scheme attached as Annexure I.
- d) The directors, key managerial personnel of all the companies and their relatives do not have any material interest in the Scheme except to the extent of their shareholding, if any, financially or otherwise.
- e) The details of the present Directors and Key Managerial Personnel (KMPs) and their respective shareholdings in all the companies involved in the scheme and as on 31st March 2019 are as follows:
- i. The details of the shareholding of the Directors and the KMPs of AHEL in AHEL and APL as on 31st March 2019 are as follows:

Sr. No.	Name	Equity shares held in AHEL	Equity shares held in APL
1.	Dr. Prathap C Reddy	5,445,464	-
2.	Smt. Preetha Reddy	2,193,915	1 (as a Nominee of AMPL)
3.	Smt. Suneeta Reddy	3,381,695	1 (as a Nominee of AMPL)
4.	Smt. Shobana Kamineni	2,239,952	1 (as a Nominee of AMPL)
5.	Smt. Sangita Reddy	2,432,508	1 (as a Nominee of AMPL)

6.	Shri Vinayak Chatterjee	-	-
7.	Smt. V Kavitha Dutt	-	-
8.	Shri M B N Rao	400	-
9.	Dr. T. Rajgopal	-	-
10.	Dr. Murali Doraiswamy	-	-
11	Shri S.M. Krishnan	-	-
12.	Shri Akhileswaran Krishnan	4	-

- ii. The details of the shareholding of the Directors and the KMPs of APL in AHEL and APL as on 31st March 2019 are as follows:

Sr. No.	Name	Equity shares held in AHEL	Equity shares held in APL
1.	Smt. Shobana Kamineni	2,239,952	1 (as a Nominee of AMPL)
2.	Shri Singana Obul Reddy	-	-
3.	Smt. Anuspala Kamineni	259,174	1(as a Nominee of AMPL)
4.	Shri Jayakumar Pandurangan	-	-

14. Pre and Post Arrangement Shareholding Pattern

The expected pre and post Scheme shareholding pattern of the all the companies involved in the scheme is as follows:

For AHEL:

Pre-arrangement shareholding pattern of AHEL as on 6th September 2019:

Category code	Category of Shareholder	No. of Shareholders	Total number of shares	% to total no. of shares
(A)	Shareholding of Promoter and Promoter Group			
1	Indian			
(a)	Individuals/ Hindu Undivided Family	20	20,556,635	14.78
(b)	Bodies Corporate	3	27,296,028	19.62
	Sub Total (A)(1)	23	47,852,663	34.40
	Total Shareholding of Promoter and Promoter Group	23	47,852,663	34.40
(B)	Public shareholding			
1	Institutions			
(a)	Mutual Funds/ UTI	60	9,016,253	6.48
(b)	Financial Institutions / Banks	7	28,834	0.02
(c)	Central Government/ State Government(s)	1	323,708	0.23
(d)	Insurance Companies	12	7,928,481	5.70
(e)	Foreign Institutional Investors	351	63,200,569	45.43
(f)	Any Others	-	-	-
	Sub-Total (B)(1)	431	80,497,845	57.86
B 2	Non-institutions			

(a)	Individuals			
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	37,121	5,606,167	4.03
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	10	905,313	0.65
(b)	Any Others			
(b-i)	Bodies Corporate	539	1,814,231	1.30
(b-ii)	Clearing Member	87	300,519	0.22
(b-iii)	Employees	2	125	-
(b-iv)	Foreign Portfolio Investors	1	8,800	0.01
(b-v)	Hindu Undivided Families	703	64,819	0.05
(b-vi)	I E P F	1	391,928	0.28
(b-vii)	L L P	17	11,876	0.01
(b-viii)	Non Resident Indians	1,407	1,196,196	0.86
(b-ix)	Overseas Corporate Bodies	1	16,099	0.01
(b-x)	Trusts	21	154,037	0.11
(b-xi)	Unclaimed or Suspense Account	1	173,834	0.12
	Sub-Total (B)(2)	39,911	10,643,944	7.65
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	40,342	91,141,789	65.51
	Total (A)+(B)	40,365	138,994,452	99.91
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
(1)	Promoter and Promoter Group	Nil	Nil	Nil
(2)	Public	1	130,707	0.09
	Total Public Shareholding (C)= (C)(1)+(C)(2)	1	130,707	0.09
	Grand Total (A)+(B)+(C)	40,366	139,125,159	100.00

Post-arrangement shareholding pattern of AHEL:

Post arrangement, the shareholding pattern of AHEL will remain the same since the arrangement involves transfer of frontend portion of the standalone pharmacy business segment for cash consideration only and hence there is no exchange of shares between AHEL and APL.

For APL:

Upon the Scheme becoming effective, APL shall discharge the consideration of ₹ 5,278 million as under :-

(i) Raising equity share capital

AMPL, the holding company of APL, shall raise ₹ 1,434.50 million (Rupees One Thousand Four Hundred and Thirty Four Million and Five Hundred Thousand only) towards equity share capital from AHEL and other identified investors. AMPL shall thereafter subscribe to equity share capital of APL to the extent of ₹ 1,434.50 million (Rupees One Thousand Four Hundred and Thirty Four Million and Five Hundred Thousand only). APL shall utilize the share subscription amount of ₹ 1,434.50 million (Rupees One Thousand Four Hundred and Thirty Four Million and Five Hundred Thousand only) to discharge partial sales consideration to AHEL; and

(ii) External borrowings

AMPL shall borrow sufficient funds/ monies to discharge the balance consideration of ₹ 3,843 million (Rupees Three Thousand Eight Hundred and Forty Three million only).

Pre-arrangement shareholding pattern of APL as on 6th September 2019:

Sr. No	Category	No. of shareholders	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals		-	-
(b)	Body Corporate together with Nominees	8	50,000	100
	Sub-total (A)(1)	8	50,000	100
(2)	Foreign			
(a)	Bodies Corporate			
	Sub-total (A)(2)	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	8	50,000	100
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds	-	-	-
(b)	Foreign Portfolio Investors	-	-	-
(c)	Financial Institutions / Banks	-	-	-
(d)	Insurance Companies	-	-	-
(e)	Venture Capital Funds	-	-	-
(f)	Alternate Investment Funds	-	-	-
	Sub-Total (B)(1)			
(2)	Central Government/ State Government/ President of India	-	-	-
	Sub-Total (B)(2)	-	-	-
(3)	Non institutions			
(a)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-
	i. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-
(b)	NBFCs registered with RBI	-	-	-
(c)	Overseas Depositories (holding DRs)	-	-	-
(d)	Any Other	-	-	-
	Trusts	-	-	-
	Overseas Bodies Corporates	-	-	-
	Non Resident Indians	-	-	-
	Clearing Members	-	-	-
	Bodies Corporate	-	-	-
	Directors	-	-	-
	Sub-total (B)(3)	-	-	-
	Total Public Shareholding (B)= (B)(1) +(B)(2)+ (B)(3)	-	-	-
	Total Shareholding (A+B)	8	50,000	100

Post-arrangement (expected) shareholding pattern of APL after the enhancement of equity capital :

Sr. No	Category	No. of shareholders	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals	-	-	-
(b)	Body Corporate together with Nominees	8	143,500,000	100
	Sub-total (A)(1)	8	143,500,000	100
(2)	Foreign			
(a)	Bodies Corporate	-	-	-
	Sub-total (A)(2)			
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	8	143,500,000	100
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds	-	-	-
(b)	Foreign Portfolio Investors	-	-	-
(c)	Financial Institutions / Banks	-	-	-
(d)	Insurance Companies	-	-	-
(e)	Venture Capital Funds	-	-	-
(f)	Alternate Investment Funds	-	-	-
	Sub-Total (B)(1)			
(2)	Central Government/ State Government/ President of India	-	-	-
	Sub-Total (B)(2)			
(3)	Non institutions			
(a)	i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-
(b)	NBFCs registered with RBI	-	-	-
(c)	Overseas Depositories (holding DRs)	-	-	-
(d)	Any Other	-	-	-
	Trusts	-	-	-
	Overseas Bodies Corporates	-	-	-
	Non Resident Indians	-	-	-
	Clearing Members			
	Bodies Corporate			
	Directors			
	Sub-total (B)(3)			
	Total Public Shareholding (B)= (B)(1) +(B)(2)+ (B)(3)			
	Total Shareholding (A+B)	8	143,500,000	100

15. AHEL and APL have made applications on 5th August 2019, before the National Company Law Tribunal, Chennai as per Rule 3(1) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 seeking direction for convening the meeting of Equity Shareholders for approving the the Scheme of Arrangement under Section 230 read with Section 232 of the Companies Act, 2013. The orders were issued on 28th August 2019 and 9th September 2019 by Hon`ble NCLT, Chennai bench.
16. In relation to the meeting of equity shareholders, the equity shareholders of AHEL whose names are appearing in the records of the Company as on 6th September 2019 (cut-off date) shall be eligible to attend and vote at the meeting of the Equity Shareholders of AHEL convened at the directions of the Tribunal or cast their votes using remote e-voting facility or through postal ballot.
17. The rights and interests of the Equity Shareholders, Preference Shareholders, secured or unsecured creditors, non-promoter members, depositors, debenture holders, deposit trustee and debenture trustee and employees of AHEL and other companies will not be prejudicially affected by the Scheme as no sacrifice or waiver is at all called from them nor their rights sought to be modified in any manner.
18. Except to the extent of the shares held by the Directors and the KMPs stated in paragraph 13(e) above, none of the Directors, KMPs of the Transferor Company or their respective relatives is in any way connected or interested in the resolution forming part of the Notice.
19. There is no likelihood that any secured or unsecured creditor of the companies concerned would lose or be prejudiced as a result of the Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the arrangement will not cast any additional burden on the shareholders or creditors of either company nor will it affect the interest of any of the shareholders or creditors.
20. No winding up petition is pending against the Applicant Company
21. No investigation or proceedings have been instituted or are pending under the Companies Act, 1956 or Companies Act, 2013 against any of the companies involved in the Scheme.
22. As directed by the National Company Law Tribunal, Chennai, the Notice pursuant to Section 230(5) of the Companies Act, 2013 in the prescribed format along with a copy of the Scheme, the Statement and the disclosures provided herewith will be served within the prescribed time on the Statutory Authorities, as applicable and will be displayed on the website of the Company www.apollohospitals.com and the website of NSDL, www.evoting.nsdl.com and at the Registry of NCLT, Chennai bench.
23. **Details of approvals, sanctions or no-objection(s), if any, form regulatory or any other government authorities required, received or pending for the purpose of the scheme of compromise or arrangement.**

(i) Stock Exchange Approval in relation to the Scheme

- a) The National Stock Exchange of India Limited (NSE) was appointed as the designated Stock Exchange by AHEL for the purpose of co-ordinating with SEBI, pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017. AHEL has received Observation letters regarding the Scheme from BSE Limited (BSE) dated 29th July 2019 and from NSE dated 26th July 2019.
- b) As per the BSE Observation letter, we note that BSE had conveyed it's no adverse observations/no objection to the Scheme. Copy of the Observation letter received from BSE is attached to this Notice as Annexure 4.
- c) As per the NSE Observation letter, we note that NSE had conveyed it's no adverse observations/no objection to the Scheme. Copy of the Observation letter received from NSE is attached to this Notice as Annexure 5.

(ii) Approval from Competition Commission of India (CCI)

AHEL and APL have made an application with CCI and approval is awaited.

24. INSPECTION

The following documents will be open for inspection at Secretarial Department of AHEL at Ali Towers, III Floor, No. 55 Greams Road, Chennai – 600 006 up to the date of the meeting during business hours on all working days (except Saturdays, Sundays and Public Holidays). The extracts from the same or copies of the documents inspected can also be obtained.

- a) Certified copy of the orders passed by the National Company Law Tribunal, Chennai in Company Application No.804 and MA/949, dated 28th August 2019 and 9th September 2019, respectively inter alia, directing the convening and holding of the meeting of the Equity Shareholders of AHEL.
- b) Certified copy of the orders passed by the National Company Law Tribunal, Chennai in Company Application No. 805, dated 28th August 2019 dispensing with the convening and holding of the meeting of the Equity Shareholders of APL.
- c) Copies of the Memorandum and Articles of Association of the companies involved in the Scheme.
- d) Copies of the annual reports of the companies involved in the Scheme for the last three financial years ended March 31, 2019, March 31, 2018 and March 31, 2017.
- e) Copies of the unaudited financial statements of the companies involved in the Scheme for the period ended 30th June 2019.
- f) Copy of the Statutory Auditors' Certificate dated 12th April 2019 issued by Deloitte Haskins & Sells LLP in respect of AHEL confirming that the accounting treatment provided in the Scheme is in compliance with Section 133 of the Companies Act, 2013.
- g) Copy of the Statutory Auditors' Certificate dated 27th November 2018 issued by Karra & Co in respect of APL confirming that the accounting treatment provided in the Scheme is in compliance with Section 133 of the Companies Act, 2013.
- h) Register of Directors' Shareholding of all the companies involved in the scheme.
- i) Copy of the AHEL Audit Committee's Report dated 14th November 2018.
- j) Copies of the resolutions dated 14th November 2018 passed by the respective Board of Directors of all the companies involved in the scheme approving the Scheme &
- k) Copy of contracts or agreements material to the arrangement.

This Statement may be treated as a Statement under Section 230(3) read with Section 102 of the Companies Act, 2013. A copy of the Scheme, the Statement and the Form of Proxy shall be furnished by the Applicant Company to its shareholders, free of charge, on requisition being so made for the same by the shareholders of the Applicant Company.

After the Scheme is approved by the shareholders of the Applicant Company, it will be subject to the approvals of Regulatory/Statutory authorities and sanction by the NCLT.

sd/-
Dr. Prathap C Reddy
Chairman appointed for the Meeting

Dated at Chennai this 9th day of September 2019

Registered Office:

Apollo Hospitals Enterprise Limited

CIN: L85110TN1979PLC008035

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

SCHEME OF ARRANGEMENT
BETWEEN
APOLLO HOSPITALS ENTERPRISE LIMITED
(TRANSFEROR COMPANY)
AND
APOLLO PHARMACIES LIMITED
(TRANSFeree COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS

**(UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013 including any
statutory modifications, re-enactment or amendments thereof)**

PREAMBLE

A. BACKGROUND AND DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THIS SCHEME

1. This Scheme is presented pursuant to the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013, as may be applicable, for the transfer of the Divestment Business of the Transferor Company and vesting of the same with the Transferee Company, on a going concern basis by way of a Slump Sale in accordance with section 2(42C) of the IT Act.

Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

2. Apollo Hospitals Enterprise Limited, the Transferor Company, is a listed public limited company incorporated on 05th December 1979 under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) as L85110TN1979PLC008035 and having its registered office situated at 19, Bishop Gardens, R A Puram, Chennai – 600028, Tamil Nadu. The equity shares of the Transferor Company are listed on the Stock Exchanges.

The Transferor Company is engaged in the business of enhancing the quality of life of patients by providing comprehensive, high quality hospital services on a cost-effective basis. The principal activities of the Company include operation of multi-disciplinary private hospitals, clinics, and pharmacies.

Apollo Pharmacies Limited, the Transferee Company, is an unlisted public company incorporated on 08th July 2016 under the provisions of the Companies Act, 2013, having Corporate Identification Number (CIN) as U52500TN2016PLC111328 and having its registered office situated at No.19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu.

The Transferee Company is engaged in the business of buying, selling, importing, exporting, distribution or dealing in or manufacturing, Medical and Pharmaceuticals products like intravenous sets, intravenous solutions, all kinds of drugs, disinfectants, tinctures, colloidal products, injectable and all pharmaceuticals and medical preparations.

B. RATIONALE AND BENEFITS OF THE SCHEME

The Board of Transferor Company believe that the business of front end retail pharmacy carried out at standalone pharmacy has matured to a stage that it requires greater business attention and possesses high growth potential, independent of the hospitals business. Further, the Board of Transferor Company believe that the re-organised structure will be in compliance with existing regulatory framework, while allowing the Transferor Company to focus on hospitals and healthcare services which is its core business as the risks and reward associated with each of the aforesaid business verticals is different. This would also set the platform for “value discovery” of the pharmacy business at a later stage with the ultimate objective of maximising shareholder returns. Hence, the Transferor Company have proposed to enter into this Scheme to enable its management to develop focussed business verticals. The Board of Transferor Company and Transferee Company are of the opinion that the arrangement under this Scheme would result in benefit to members, creditors and employees of each of Transferor Company and Transferee Company.

The transfer of the Divestment Business pursuant to this Scheme would inter alia result in the following benefits:

i. In case of the Transferor Company

- a. Divesting standalone pharmacy business and utilizing the proceeds towards growth and enhancement of other existing businesses;

- b. Enhancing strategic flexibility to build a viable platform solely focusing on each of the businesses; and
- c. Enable dedicated management focus, resources and skill set allocation to each business, which will in turn accelerate growth and unlock value for the shareholders.

ii. In case of the Transferee Company

- a. Creation of value for shareholders by acquiring ready-to use assets, including business undertakings and reducing time to markets;
- b. Strengthening and streamlining the Direct-to-Consumer (D2C) front end operations of the standalone retail pharmacies;
- c. Enhancing the private label business; and
- d. Enabling foray into Digital / Online Pharmacy.

C. PARTS OF THIS SCHEME

The Scheme is divided into following parts:

Part A - Definitions and share capital;

Part B - Transfer of the Divestment Business of the Transferor Company to the Transferee Company on a going concern basis by way of a Slump Sale;

Part C - General Terms and Conditions.

PART A – DEFINITIONS AND SHARE CAPITAL

1 Definitions

In this scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 1.1 **“Accounting Standards”** means the Indian Accounting Standards as notified under section 133 of the Companies Act, 2013 read together with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India;
- 1.2 **“Act” or “the Act”** means the Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 1.3 **“AMPL”** means Apollo Medicals Private Limited, a company incorporated under the Companies Act, 2013 and having registered office at No.19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu. AMPL is the holding company of the Transferee Company;
- 1.4 **“Applicable Law(s)”** means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines or policies of any applicable country and/ or jurisdiction; (b) administrative interpretation, writs injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any governmental authority; and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.5 **“Appointed Date”** means the 1st April 2019 or such other date as may be approved by the Competent Authority or any other appropriate authority;

- 1.6 **“Approval”** means any permission, approval, consent, license (including drug licenses issued by relevant authorities as per the applicable regulations), order, decree, authorization, authentication of, or registration, qualification, designation, declaration or filing with or notification, exemption or ruling to or from any Governmental Authority required under any statute or regulation;
- 1.7 **“Assumed Litigations”** shall mean all claims, disputes, causes of action, litigation, and such other proceedings as shall remain attached to and/ or relating to the Divestment Business (or a Part thereof);
- 1.8 **“Board of Directors” or “Board”** means and includes the respective Board of Directors of Transferor Company and Transferee Company or any committee constituted by such Board of Directors for the purposes of the Scheme;
- 1.9 **“CCI”** means the Competition Commission of India;
- 1.10 **“Combination Regulations”** shall have the meaning ascribed to such term in Clause 22.3;
- 1.11 **“Companies”** means Transferor Company and Transferee Company;
- 1.12 **“Competent Authority”** means the National Company Law Tribunal (“NCLT”) & the National Company Law Appellate Tribunal (“NCLAT”) as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under the relevant provisions of the Act;
- 1.13 **“Consent”** means any license, permission, approval, clearance, permit, notice, consent, authorization, waiver, grant, concession, agreement, certificate, exemption, order, or registration from any Governmental Authority or any other Person;
- 1.14 **“Divestment Assets”** means the Divestment Tangible Fixed Assets, records and current assets, forming part of the Divestment Business;
- 1.15 **“Divestment Business”** means the business of front end retail pharmacy carried out at standalone pharmacy and front end retail pharmacy activity carried out through on-line platform for retail pharmacy and includes without limitation the Divestment Assets, the Divestment Liabilities, the Divestment Employees and Approval for conducting the standalone pharmacy business and on-line platform for retail pharmacy business.

Explanation:

In case of any question that may arise as to whether any particular asset or liability and/ or

Employee pertains to or does not pertain to the Divestment Business or whether it arises out of the activities or operations of Divestment Business, the same shall be decided with mutual agreement between Board of Transferor Company and Transferee Company;

- 1.16 **“Divestment Employees”** means such employees forming part of the Divestment Business at the standalone pharmacy and directly handling the business operations and support functions for Divestment Business as on the Appointed Date and shall include such newly recruited employees, if any, from the Appointed Date to the Effective Date;
- 1.17 **“Divestment Tangible Fixed Assets”** means the tangible fixed asset forming part of the Divestment Business at the standalone pharmacy as on the Appointed Date and shall include such other addition, if any, made from the Appointed Date to the Effective Date;

- 1.18 **“Divestment Liabilities”** shall consist of the following liabilities:
- i. Liabilities in relation to the Divestment Employees forming part of Divestment Business;
 - ii. Liabilities in relation to the contractual obligation pertaining to Divestment Business;
 - iii. Liabilities and obligations of the Transferor Company related to or the result or consequences of Assumed Litigations following the Effective Date other than the Excluded Liabilities;
- Any liabilities other than the above mentioned liabilities shall not form part of Divestment Liabilities;
- 1.19 **“Effective Date”** means the date on which the certified copy of the Competent Authority, sanctioning the Scheme is filed with the ROC, Chennai, Tamil Nadu. Any references in this Scheme to the “date of coming into effect of this Scheme” or “effectiveness of the Scheme” or “Scheme taking effect” shall mean the Effective Date;
- 1.20 **“Encumbrance”** means (a) any mortgage, pledge, lien, charge (whether fixed or floating), hypothecation, assignment, deed of trust, title retention, right of set-off or counterclaim, security interest, security letter conferring any priority of payment in respect of any obligation of any Person, (b) purchase or option agreement or arrangement, right of first refusal, right of first offer, restriction on voting; (c) subordination agreement or arrangement; (d) agreements to create or effect any of the foregoing; (e) interest, option, or transfer restriction in favour of any person; (f) any adverse claim as to title, possession or use, and (g) any encroachment on immovable properties;
- 1.21 **“Excluded Assets”** shall mean all the assets of the Transferor Company other than those forming part of the Divestment Assets;
- 1.22 **“Excluded Liabilities”** means any and all liabilities or obligations of the Transferor Company other than those forming part of Divestment Liabilities;
- 1.23 **“Excluded Litigations”** shall mean all litigations other than the Assumed Litigations and which litigations shall not stand transferred to the Transferee Company pursuant to this Scheme;
- 1.24 **“Governmental Authority”** means (i) a national government, political subdivision thereof; (ii) an instrumentality, board, commission, court, local authority or agency, whether civilian or military, of any of the above, however constituted; and (iii) a government-owned/ government-controlled association, organization in the Republic of India;
- 1.25 **“IT Act”** means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;
- 1.26 **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- 1.27 **“Long Stop Date”** means the date immediately after the expiry of 18 (eighteen) months from the Date on which this Scheme is filed with NCLT;
- 1.28 **“Residual Undertaking”** shall mean business undertakings other than the Divestment Business and shall notwithstanding anything contained in clause 1.13 and clause 1.14 above, specifically include inventory in excess of 30 days average inventory at the stand alone pharmacy as identified by the Board of Director of the Transferor Company. Further, it shall specifically include all the intangible assets (whether recognised in the books of account of Transferor Company or otherwise), Excluded Assets, Excluded Liabilities and Excluded Litigations.
- 1.29 **“ROC”** means the respective Registrar of Companies having jurisdiction over the Transferor Company and the Transferee Company, as the case may be;
- 1.30 **“Rs.” or “Rupees”** means Indian Rupees, the lawful currency of India;

- 1.31 **“Scheme” “the Scheme” or “this Scheme”** means this scheme of arrangement in its present form or with any modification(s) made under Clause 18 of this Scheme or any modifications approved or directed by the National Company Law Tribunal at Chennai or any other Government Authority;
- 1.32 **“SEBI”** means the Securities and Exchange Board of India;
- 1.33 **“SEBI Circular”** mean the SEBI Circular on ‘Schemes of Arrangement’ by Listed Companies and relaxation under sub-rule (7) of rule 19 of the Securities Contracts Regulation Rules, 1957 dated 10th March 2017, including any amendments or modifications thereto;
- 1.34 **“Slump Sale”** means the sale of an undertaking on a going concern basis as defined under section 2(42C) of the IT Act, for a lump sum consideration without values being assigned to the individual assets and liabilities;
- 1.35 **“Stock Exchanges”** means the National Stock Exchange of India Limited and the BSE Limited;
- 1.36 **“Transferee Company”** means Apollo Pharmacies Limited, a company incorporated under Companies Act, 2013 and having registered office at No.19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu.
- 1.37 **“Transferor Company”** means Apollo Hospitals Enterprise Limited, a company incorporated under Companies Act, 1956 and having registered office at 19, Bishop Gardens, R A Puram, Chennai – 600028, Tamil Nadu;
- 1.38 Words denoting the singular shall include the plural and vice versa;
- 1.39 References to any statutory provision shall include any statutory modification to or re-enactment of such provision; and
- 1.40 Clause headings are included for reference only and shall not affect the interpretation of this instrument.
- 1.41 The expressions, which are used but are not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the rules, regulations made thereunder), the Depositories Act, 1996, the IT Act and other Applicable Laws.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Competent Authority or made as per Clause 18 of the Scheme, shall be effective from the Appointed Date but shall be made operative from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital of Transferor Company as at 31st March 2018 is as under:

Particulars	Amount ₹ in million
Authorised Capital	
200,000,000 Equity Shares of ₹ 5 each	1,000.00
1,000,000 Preference Shares of ₹ 100 each	100.00
Total	1,100.00
Issued	
139,658,177 Equity Shares of ₹ 5 each	698.29
Total	698.29
Subscribed and Paid-up	
139,125,159 Equity Shares of ₹ 5 each	695.63
Total	695.63

3.2 The share capital of Transferee Company as at 31st March 2018 is as under:

Particulars	Amount ₹ in million
Authorised Capital	
100,000 Equity Shares of ₹ 10 each	1.00
Total	1.00
Issued, Subscribed and Paid-up	
50,000 Equity Shares of ₹ 10 each	0.50
Total	0.50

PART B – TRANSFER OF DIVESTMENT BUSINESS OF THE TRANSFEROR COMPANY TO THE TRANSFEEE COMPANY ON A GOING CONCERN BASIS BY WAY OF A SLUMP SALE

4. Transfer and vesting of the Divestment Business

4.1. Upon this Scheme becoming effective and with effect from the Appointed Date, the Divestment Business of the Transferor Company shall stand transferred and vest in the Transferee Company on a going concern basis by way of a Slump Sale without any requirement of a further act or deed so as to become as and from the Appointed Date, the undertaking of the Transferee Company, and to vest in the Transferee Company, all the Divestment Assets, Divestment Liabilities, Approval (including drug licenses issued by relevant authorities as per the applicable regulations), rights, title or obligations of the Divestment Business therein, in the manner described hereunder:

- a. In the event any part of the Divestment Business intended to be transferred does not get transferred to the Transferee Company upon the effectiveness of the Scheme, the Transferor Company and the Transferee Company undertake to take all necessary steps, and execute all necessary documents, to ensure the transfer of such part of the Divestment Business thereof to the Transferee Company forthwith without any further consideration. The Transferor Company and the Transferee Company agree that pending such transfer, the Transferor Company shall hold such part of the Divestment Business in trust for the Transferee Company, and shall put in place necessary arrangements to allow the Transferee Company to enjoy the benefit of the same without incurring monetary obligations for such actions;
- b. The Divestment Assets, Divestment Liabilities, Approval, Assumed Litigations and the Divestment Employees which form part of the Divestment Business shall be transferred to the Transferee Company in accordance with this Scheme under the provisions of Section 230 to 232 of the Companies Act, 2013. For the avoidance of doubt, the Residual Undertaking shall continue to vest in the Transferor Company;
- c. Upon the Scheme becoming effective, the Transferee Company shall carry out or perform all such formalities and compliances under various Applicable Laws or to be out or performed in relation to or as a consequence of the vesting of the Divestment Business into the Transferee Company.

5. Transfer of Divestment Assets

5.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all Divestment Assets relating to the Divestment Business, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery in whatsoever nature and wherever situated shall under the provisions of Section 230 to 232 of the Companies Act, 2013, shall stand transferred to and vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

5.2. Upon this Scheme becoming effective and with effect from the Appointed Date, all movable Divestment Assets of the Transferor Company relating to the Divestment Business, other than those specified in clause 5.1 above,

including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons shall without any requirement of a further act, instrument or deed become the property of the Transferee Company.

- 5.3. Upon this Scheme becoming effective and with effect from the Appointed Date, in relation to Divestment Assets, if any, belonging to the Divestment Business which require separate documents for vesting in the Transferee Company, or which the Transferor Company and/ or the Transferee Company otherwise desire to be vested separately, the Transferor Company and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 5.4. It is hereby clarified that if any Divestment Assets (including but not limited to any estate, rights, title, interest in or authorities relating to such Divestment Assets) in relation to the Divestment Business which the Transferor Company owns, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Divestment Asset in trust for the benefit of the Transferee Company.

6. Transfer of Divestment Liabilities

- 6.1. Subject to clause 10.1 below, upon this Scheme becoming effective and with effect from the Appointed Date, all Divestment Liabilities shall stand transferred, or be deemed to have been transferred to the Transferee Company so as to become from the Appointed Date, the liabilities of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same. It is however clarified that any liabilities in relation to the Divestment Business that may arise or crystallize subsequent to the Appointed Date but relate to a period prior to the Appointed Date shall be solely borne by and discharged by the Transferor Company.
- 6.2. The vesting of the Divestment Business as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Divestment Business, provided however, any reference in any security documents or arrangements to which the Transferor Company is a party, wherein the Divestment Assets of the Divestment Business have been or are offered or agreed to be offered as securities for any financial assistance or obligations, shall be construed as a reference to only the Divestment Assets pertaining to the Divestment Business as are vested in the Transferee Company as per this Scheme, to the end and intent that any such security, charge, hypothecation and mortgage shall not extend or be deemed to extend to any of the other Excluded Assets of the Transferor Company or any of the Assets of the Transferee Company. Provided further, that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the Divestment Assets or any part thereof of the Transferee Company shall not continue with respect to such Divestment Assets or part thereof.
- 6.3. The provisions of clause 6 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/ or superseded by the foregoing provisions. For avoidance of doubt the provisions of clause 6 shall not be construed as limiting the operation of Part C of this Scheme.

7. Contracts, Approval and other instruments

- 7.1. Upon this Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme, contracts, Approval, deeds, rights to the lease agreements, agreements entered into with various persons including independent consultants, subsidiaries/associate/joint venture companies and other shareholders of such subsidiaries/ associate/ joint venture companies, arrangements and other instruments of whatsoever nature in relation to the Divestment Business, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.

- 7.2. Without prejudice to the other provisions of this Scheme and notwithstanding that the vesting of the Divestment Business with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions, The Transferor Company will, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 7.3. Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licenses (including drug licenses issued by relevant authorities as per the applicable regulations), certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favor of the Transferor Company in relation to the Divestment Business shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favor of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Transferor Company in relation to the Divestment Business are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions as applicable to the Transferor Company, as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Transferee Company.
- 7.4. It is hereby clarified that if any contract, Approval, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Divestment Business to which the Transferor Company is a party, cannot be transferred to the Transferee Company for any reason whatsoever shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company.
8. **Action on Effective Date**
- 8.1 Effective Date shall be on a date mutually agreed between the Transferor Company and the Transferee Company but shall be no later than 30 (thirty) Business Days from the later of (a) the date of receipt of the NCLT Order (s) sanctioning the Scheme (or the NCLT Order(s) for granting extension of time or condonation of delay in or granting extension of time for filing e-form INC 28, if applicable); and (b) fulfilment of the regulatory approvals for obtaining sanction for this Scheme.
- 8.2 The activities/ matters contemplated under this Scheme to be completed on the Effective Date shall be deemed to occur simultaneously and no such activity/ matter shall be consummated, or be deemed to be consummated, unless all such activities/ matters have been consummated.
- 8.3 On the Effective Date, each of the following shall be simultaneously undertaken:
- The Transferor Company and the Transferee Company shall each duly file e-form INC 28 on the website of the Ministry of Corporate Affairs;
 - The Transferee Company shall convene a meeting of its Board of Directors or committee of directors so authorised for declaring the effectiveness of the Scheme, and shall provide a certified true copy of the said resolution to the Transferor Company provided that failure to hold such meeting will not render the Scheme ineffective;
 - The Transferor Company shall convene a meeting of its Board of Directors or committee of directors so authorised for declaring the effectiveness of the Scheme and shall provide a certified true copy of the said

resolution to the Transferee Company, provided that failure to hold such meeting will not render the Scheme ineffective;

- d. The Divestment Business (including the Divestment Assets, the Divestment Liabilities, the Divestment Employees and the Assumed Litigations) and all rights, benefits and interest therein, shall stand transferred to the Transferee Company pursuant to the Scheme in the manner set out herein, free of any Encumbrance;
- e. With effect from the Effective Date, the Transferee Company shall pay, perform and discharge, when due, or cause to be paid, performed and discharged when due, all the Divestment Liabilities in relation to the period after the Effective Date.

9. Divestment Employees

- 9.1. Upon this Scheme becoming effective, the Divestment Employees relating to the Divestment Business as on the Appointed Date, if any, shall be deemed to have become employees of the Transferee Company, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company on the Appointed Date. The services of such Divestment Employees, if any, with the Transferor Company up to the Appointed Date shall be taken into account for the purposes of all benefits to which the Divestment Employees, if any, may be eligible under Applicable Law.
- 9.2. Insofar as the provident fund, gratuity fund, superannuation fund, retirement fund and any other funds or benefits created by the Transferor Company for its Employees or to which the Transferor Company is contributing for the benefit of its Employees (collectively referred to as the "Funds") are concerned, the Funds or such part thereof as relates to the Employees (including the aggregate of all the contributions made to such Funds for the benefit of the Employees, accretions thereto and the investments made by the Funds in relation to the Employees) shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Employees. In the event the Transferee Company has its own funds in respect of any of the employee benefits referred to above, the Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be merged with the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above or if deemed appropriate by the Transferee Company, the Transferee Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Transferee Company creates its own funds, at which time the Funds and the investments and contributions pertaining to the Employees shall be merged with the funds created by the Transferee Company.
- 9.3. In relation to those Employees for whom the Transferor Company is making contributions to the government provident fund or other employee benefit fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees, such that all the rights, duties, powers and obligations of the Transferor Company as the case may be in relation to such schemes/ Funds shall become those of the Transferee Company.
- 9.4. Upon this Scheme becoming effective, all contributions to funds and schemes in respect of provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of the Divestment Employees of the Divestment Business, if any, shall be made by the Transferee Company in accordance with the provisions of such schemes or funds and Applicable Law.

10. Continuation of Legal Proceedings

- 10.1. Upon this Scheme becoming effective, all Assumed Litigations (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company which may be instituted after the Appointed Date and which relate to a period after the Appointed Date and in each case relating to the Divestment Business would stand transferred, or be deemed to stand transferred to the Transferee Company and shall solely be continued

and enforced by or against the Transferee Company. However, it is clarified that all legal or Other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company pending on the Appointed Date and/ or which may be instituted after the Effective Date but which relate to a period on or prior to the Appointed Date and in each case relating to the Divestment Business would be to the sole account of the Transferor Company and shall solely be continued and enforced by or against the Transferor Company.

- 10.2. Any difference or difficulty as to whether any specific Assumed Litigation relates to the Divestment Business, shall be mutually decided between the Board of Directors of the Transferor Company and the Transferee Company and such mutual decision shall be conclusive and binding on the Companies.

11. **Treatment of taxes**

- 11.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all taxes and duties payable by the Transferor Company (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws), Central Sales Tax Act, 1956, VAT/ Service tax, Goods and Services Tax laws and all other Applicable Laws), accruing and relating to the Divestment Business, including but not limited to tax payments, tax deducted at source, minimum alternate tax, any refund and claims which may arise after the Effective Date and which relate to a period after the Effective Date shall, for all purposes, be treated as tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the Transferee Company. However, it is clarified that, all taxes and duties payable by the Transferor Company (including under the IT Act, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws), Central Sales Tax Act, 1956, VAT/ Service tax, Goods and Services Tax laws and all other Applicable Laws), accruing and relating to the Divestment Business, including but not limited to tax payments, tax deducted at source, minimum alternate tax, any refund and claims existing on the Effective Date and which may arise after the Effective Date but which relate to a period on or before the Effective Date shall, for all purposes, be treated as tax payments, tax deducted at source, minimum alternate tax or refunds and claims, as the case may be, of the Transferor Company.
- 11.2. Upon this Scheme becoming effective, all unutilized credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax, goods and services tax, etc. relating to the Divestment Business to which the Transferor Company is entitled to, which may arise after the Appointed Date and which relate to a period after the Appointed Date shall be available to and vest in the Transferee Company, without any further act or deed. However, it is clarified that all unutilized credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including but not limited to tax deducted at source, tax collected at source, advance tax, minimum alternate tax credit etc.), cenvat, customs, value added tax, sales tax, service tax, goods and services tax etc. relating to the Divestment Business to which Transferor Company is entitled to, existing on the Appointed Date and which may arise after the Appointed Date but which relate to a period on or before the Appointed Date shall be available to and remain with the Transferor Company, without any further act or deed.
- 11.3. The Board of Directors of the Transferor Company and the Transferee Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Divestment Business and whether the same would be transferred to the Transferee Company.
- 11.4. Any refund under the tax laws due to the Transferor Company pertaining to the Divestment Business consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall belong to Transferor Company. Any refund under the tax laws (excluding income-tax) due to the Transferor Company pertaining to the Divestment Business consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the Appointed Date and any day thereafter shall belong to Transferee Company. The relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the passing of

the orders on this Scheme by the Competent Authority upon relevant proof and documents being provided to the said authorities.

- 11.5. The Transferor Company may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Divestment Business shall stand transferred to and vested in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, goods and services tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Divestment Business, to the extent statutorily available, shall be claimed by the Transferee Company.

12. **Conduct of Divestment Business**

- 12.1. Subject to the effectiveness of this Scheme, with effect from the date of approval of this Scheme by the Board of Directors of the Transferor Company and the Transferee Company, and up to and including the Date on which the Transferee Company obtains the requisite registration, approvals, exemptions, reliefs, etc., as may be required under any Applicable Law for carrying on business, the Transferor Company shall carry on the business of the Divestment Business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto.

- 12.2. The Transferee Company shall also be entitled, pending the effectiveness of this Scheme, to apply to the central government, state government, and all other agencies, departments and statutory authorities concerned wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required/granted under any Applicable Law for carrying on business.

13. **Consideration**

- 13.1. Upon this Scheme coming into effect, the Transferee Company shall discharge the lump sum consideration of ₹ 5,278 million (Rupees Five Thousand Two Hundred and Seventy Eight million only) to the Transferor Company in the form of cash through normal banking channels. It is clarified that capital gains tax, if any, that may arise on account of payment of the consideration shall be the sole responsibility of the Transferor Company.

- 13.2. Upon the Scheme becoming effective, the Transferee Company shall discharge the consideration as under:

(i) Raising equity share capital

AMPL, the holding company of APL, shall raise ₹ 1,434.50 million (Rupees One Thousand Four Hundred and Thirty Four Million and Five Hundred Thousand only) towards equity share capital from AHEL and other identified investors. AMPL shall thereafter subscribe to equity share capital of APL to the extent of ₹ 1,434.50 million (Rupees One Thousand Four Hundred and Thirty Four Million and Five Hundred Thousand only). APL shall utilize the share subscription amount of ₹ 1,434.50 million (Rupees One Thousand Four Hundred and Thirty Four Million and Five Hundred Thousand only) to discharge partial sales consideration to AHEL; and

(ii) External borrowings

AMPL shall borrow sufficient funds/ monies to discharge the balance consideration of ₹ 3,843 million (Rupees Three Thousand Eight Hundred and Forty Three million only).

14. **Residual Undertaking of the Transferor Company**

- 14.1. The Residual Undertaking and all the Excluded Assets, Excluded Liabilities, rights, title, interest or obligations thereto shall continue to belong to and be vested in and be managed by the Transferor Company and the Transferee Company shall have no right, claim or obligation in relation to the Residual Undertaking.

- 14.2. All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company under any statute, whether pending on the Appointed

Date or which may be instituted at any time thereafter, and in each case pertaining to the Residual Undertaking shall be continued and enforced by or against the Transferor Company after the Appointed Date. The Transferee Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Transferor Company.

14.3. With effect from and beyond the Appointed Date, the Transferor Company:

- (i) shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Residual Undertaking for and on its own behalf and
- (ii) all profits accruing to the Transferor Company thereon or losses arising or incurred by it relating to the Residual Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Transferor Company.

15. Accounting treatment in the books of the Transferee Company

15.1. As on the Appointed Date, Transferee Company, shall allocate the consideration paid by it as per clause 13 above, amongst the Divestment Assets and Divestment Liabilities pertaining to the Divestment Business transferred by Transferor Company to Transferee Company.

15.2. The Board of Directors of the Transferee Company shall determine the allocation of the consideration paid by it amongst the Divestment Assets and Divestment Liabilities pertaining to the Divestment Business at their acquisition-date fair values as stated in para 18 of Ind AS 103 – Business Combinations.

15.3. Subsequent to the accounting treatment carried out as above, Transferee Company shall record the difference, if any, between the consideration paid as per clause 13 above and the amount allocated to such net assets (assets minus liabilities whether recorded or not) taken over as goodwill or capital reserve as the case may be.

15.4. The Board of Directors will take necessary steps to ensure that the Scheme is in compliance with Indian Accounting Standard – 103, Business Combinations.

16. Accounting treatment in the books of the Transferor Company

16.1. Upon the Scheme becoming effective, Transferor Company shall reduce the book value of Divestment Assets and Divestment Liabilities pertaining to the Divestment Business transferred to Transferee Company.

16.2. The surplus or deficit, if any, arising out of the difference between the book value of the Divestment Assets and Divestment Liabilities of the Divestment Business transferred to Transferee Company and the consideration received by Transferor Company as per clause 13 above, in lieu of such transfer shall be recognised in Profit and Loss account.

16.3. The Board of Directors will take necessary steps to ensure that the Scheme is in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the rules made there under.

PART C – GENERAL TERMS AND CONDITIONS

17. Application to the Competent Authority

17.1. Each of the Companies shall jointly make the requisite company applications/ petitions under sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to the Competent Authority for seeking sanction of this Scheme.

18. Modification or Amendment to this Scheme

18.1. Each of the Companies (acting through their respective Board and/ or sub-committee formed by the Board) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to this Scheme, in part or in whole, which the Competent Authority and/ or any other authorities may deem fit to direct, approve

or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/ or carrying out this Scheme, including any individual part thereof, or if the Board are of the view that the coming into effect of this Scheme, in part or in whole, in terms of the provisions of this Scheme, could have an adverse implication on all or any of the Companies. Each of the Companies (acting through their respective Board and/ or sub-committee formed by the Board) be and are hereby authorized to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme, in pall or in whole and to resolve any doubts, difficulties or questions whether by reason of the order of Competent Authority or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme, or any individual part thereof, at any stage prior to the Effective Date.

- 18.2. If any part of this Scheme is held invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whatsoever, whether under present or future laws, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either of the Companies in which case the Companies shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies the benefits and obligations of this Scheme, including but not limited to such part.

19. Revocation, Withdrawal of this Scheme

- 19.1. The Transferor Company and/ or the Transferee Company acting through their respective Board shall each be at liberty to withdraw this Scheme.
- 19.2. In the event of revocation under clause 19.1 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se to the Companies or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with Applicable Law.
- 19.3. In the event of revocation under clause 19.1 above, the Companies shall take all necessary steps to withdraw this Scheme from the Competent Authority and any other authority and to make all necessary filings/ application as may be required to withdraw this Scheme.

20. Effect of non-receipt of approvals

- 20.1. In case this Scheme is not sanctioned by Competent Authority or is not approved by SEBI or the Stock Exchanges, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme not being obtained or complied or for any other reason, if this Scheme cannot be implemented, then, this Scheme shall become null and void, and the Transferor Company shall bear the entire cost, charges and expenses in connection with this Scheme unless otherwise mutually agreed.

21. Costs, charges, expenses

- 21.1. Each of the Companies shall bear its own costs in relation to the negotiations leading up to the transactions contemplated hereunder and to the preparation, execution and carrying into effect of this Scheme.
- 21.2. Costs and expenses relating to the transfer of the Divestment Business shall be borne solely by the Transferor Company.

22. **Conditionality of this Scheme**

- 22.1. The transfer of the Divestment Business to the Transferee Company as contemplated by this Scheme is conditional upon and subject to:
- i The Transferee Company having duly discharged the lump sum consideration to the Transferor Company as provided for under clause 13 of Part B of this Scheme;
 - ii The Scheme being approved by respective requisite majorities in numbers and value of such classes of members of the companies as may be directed by the NCLT;
 - iii The Scheme being approved by the public shareholders of the Transferor Company through postal ballot and e-voting. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it as required under the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI;
 - iv The Scheme being sanctioned by the NCLT under Sections 230 to 232 on terms acceptable to Transferor Company and Transferee Company.
- 22.2. This Scheme although to come into operation from the Appointed Date shall not become effective until the necessary certified copies of the orders under sections 230 to 232 of the Act shall be duly filed with the ROC of relevant jurisdictions
- 22.3. The occurrence of the first of any of the following, if applicable: pursuant to the provisions of the Competition Act, 2002 of India and the rules and regulations thereunder including the Competition Commission of India (Procedure in Regard to the Transaction of Business Relating to Combinations) Regulations, 2011 (“**Combination Regulations**”), the CCI (or any appellate authority in India having appropriate jurisdiction) having either (i) granted approval to the Scheme in form and substance reasonably acceptable to the Transferor Company and the Transferee Company, or (ii) been deemed to have granted approval to the Scheme through the expiration of time periods available for their investigation and any period of limitation for filing an appeal therefrom having elapsed.

23. **Operationalization of the Scheme**

- 23.1 This Scheme shall become effective with effect from the Appointed Date.

24. **Permission to raise capital**

- 24.1. Notwithstanding anything contained in this Scheme and subject to Applicable Law, until this Scheme becomes effective, the Transferor Company and Transferee Company shall have the right to raise capital for the efficient functioning of the business of the Transferor Company and Transferee Company respectively or for any other purpose including for purposes of refinancing, repayment, conversion or prepayment of any loans

25. **Compliance with Applicable Laws**

- 25.1. The Companies undertake to comply with all Applicable Laws (including all applicable compliances required by SEBI and the Stock Exchanges) including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission of any statutory or regulatory authority, which by Applicable Law may be required for the implementation of this Scheme or which by law may be required in relation to any matters connected with this Scheme.
- 25.2. Since the Transferor Company is a listed company, this Scheme is subject to the compliances of the applicable requirements under the Listing Regulations, SEBI Circular and all other statutory directives of SEBI, as applicable.

B S R & Associates LLP

Chartered Accountants

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Strictly Private and Confidential

The Board of Directors

Apollo Hospitals Enterprise Limited
#19, Bishop Gardens,
Raja Annamalaipuram,
Chennai – 600 028,
Tamil Nadu, India

13 November 2018

Sub: Recommendation of fair valuation of front-end retail pharmacy business of Apollo Hospitals Enterprise Limited for the proposed slump sale (the "Transaction").

Dear Sirs,

We refer to the engagement letter dated 11 June 2018 (referred to as the "LoE") whereby B S R & Associates LLP, Chartered Accountants ("B S R" or "We" or "Us") has been appointed as an independent valuation advisor by Apollo Hospitals Enterprise Limited ("AHEL" or "Client" or "You" or "Company") to recommend an independent fair valuation of the front-end retail operations of its standalone pharmacy business ("Target" or "Divestment Business") as of 9 November 2018 based on forecast balance sheet as at 1 April 2019.

SCOPE AND PURPOSE OF THE VALUATION REPORT

We understand that the Board of Directors of AHEL ("Management") is contemplating a transfer of the front-end retail operations of its standalone pharmacy business to a newly formed company (collectively referred as "Transaction") where AHEL will have a non-controlling stake, in compliance with Foreign Direct Investment ("FDI") regulations applicable to a multi-brand retail business. The Appointed Date for the Transaction is 1 April 2019. The Transaction is proposed to be achieved by way of a court approved slump sale scheme of arrangement ("Scheme").

B S R has been requested by the Board of Directors of AHEL to submit a letter recommending an independent fair valuation of the Divestment Business/Target, in connection with the Transaction. We understand that this Valuation Report will be used by the Client for the above mentioned purpose only and, to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or government authorities, in connection with the Transaction.

B S R & Associates (a partnership firm with
Registration No. BA69226) 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



B S R & Associates LLP

It is to be noted that, B S R is not a "Register Valuer" as defined under the Companies (Registered Valuers and Valuation) Rules, 2017 framed by the Central Government.

This valuation report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with preparing this Valuation Report, we have received the following information from the management of the Company ("Management"):

- Audited financial statements of the pharmacy division of AHEL for the period from 1 April 2013 to 31 March 2018 ("Historical period");
- Financial forecasts provided by the Management of AHEL for the period 10 November 2018 to 31 March 2024 ("Management Financial Forecasts");
- Interviews and discussions with the Management to augment our knowledge of the operations of the Divestment Business;
- Draft Slump sale scheme of arrangement, received by us on 12 November 2018
- Draft Preferred Supplier agreement and Draft Brand Licensing agreement, received by us on 12 November 2018
- Other information, explanations and representations that were required and provided by the Management.
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Client. We have not independently verified the accuracy or timeliness of the same; and
- Such other analysis, review and enquires, as we considered necessary.

The Company has been provided with the opportunity to review the draft report (excluding the recommended fair valuation of the Target) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The service does not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Valuation Report, its contents and the results herein ("Valuation Report") are specific to (i) the purpose of valuation agreed as per the terms of our engagement; and



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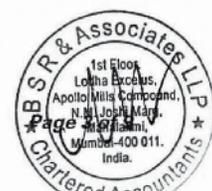
(ii) the date of this Valuation Report and (iii) the latest available financial statements of the Target and other information provided by the Management or taken from public sources till 9 November 2018.

A valuation of this nature is necessarily based on (a) prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and (b) the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Valuation Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Valuation Report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a business. This concept is also recognised in judicial decisions.

The recommendation(s) rendered in this Valuation Report only represent our recommendation(s) based upon information received from the Company till 9 November 2018 and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). Further, the determination of a business value is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no undisputable single business value. While we have provided our recommendation of the value of the Divestment Business based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the valuation of the Divestment Business. You acknowledge and agree that you have the final responsibility for the determination of the value at which the Transaction shall take place and factors other than our Valuation Report will need to be taken into account in determining the valuation of the Divestment Business; these will include your own assessment of the Transaction and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial and operating data. In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Valuation Report and (ii) the accuracy of information made available to us by the Company. We have not carried out enquiries



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or audit of the Target for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided. We are not legal or regulatory advisors with respect to legal and regulatory matters for the Transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Company is accurate. Also, with respect to explanations and information sought from the Company, we have been given to understand by the Company that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

Our conclusions are based on these assumptions and information given by/ on behalf of the Company. The Management of the Company have indicated to us that it has understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by the Company and its impact on the Valuation Report. Also, we assume no responsibility for technical information (if any) furnished by the Company. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Valuation Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Company, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Valuation Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

The Valuation Report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in period Balance Sheet of the Company/Target. Our conclusion of value assumes that the assets and liabilities of the Company/Target, reflected in their respective latest balance sheets remain intact as of the Valuation Report date.



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This Valuation Report does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Company's claim to title of assets has been made for the purpose of this Valuation Report and the Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The fee for the Engagement is not contingent upon the results of the Valuation Report.

We owe responsibility to the Board of Directors of AHEL which have retained us, and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of the other. We do not accept any liability to any third party in relation to the issue of this Valuation Report. This Valuation Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. It is understood that this analysis does not represent a fairness opinion.

This Valuation Report is subject to the laws of India.

Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement. Further, it cannot be used for purpose other than in connection with the Transaction, without our prior consent. In addition, this Valuation Report does not in any manner address the prices at which equity shares of the Company will trade following consummation of the Transaction and we express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

BACKGROUND OF THE COMPANY AND THE TARGET

Apollo Hospitals Enterprise Limited, together with its subsidiaries, provides healthcare services in India and internationally. 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. The Company, in addition to retail pharmacy business, operates approximately 89 primary care and 414 diagnostic clinics. Apollo Hospitals Enterprise Limited was founded in 1979 and is headquartered in Chennai, India.

The retail pharmacy business operated by the Client provides multi-brand pharmacy products. The retail pharmacy business commenced operations in 1983. As of 30 September 2018, the Client operates 3,167 retail standalone pharmacy stores having



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presence in 400+ cities, 24 states including 4 Union Territories across India. It has a dedicated staff of 21,000+ employees.

The front-end retail operations of the Client's retail pharmacy business (i.e. direct sales to the retail customers), is proposed to be transferred to a newly formed company, as part of the court approved slump sale scheme of arrangement. The back-end supply chain operations will continue to remain with the Client. This back-end operations will procure products and supply the same exclusively to the newly formed company.

APPROACH & METHODOLOGY - BASIS OF TRANSACTION

Pursuant to the Scheme, the Transaction contemplates slump sale of the Target. Arriving at the fair valuation for the Transaction would require determining the enterprise value of the Divestment Business being transferred as part of slump sale.

There are several commonly used and accepted methods for determining the value of a business, which have been considered in the present case by Valuer independently, to the extent relevant and applicable, including:

1. Market Price method
2. Comparable Companies' Multiples method / Comparable Transactions' Multiple ("CTM")
3. Discounted Cash Flows method ("DCF")
4. Net Asset Value method (NAV)

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which is beyond the control of the Company. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Company/Target, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for a transaction of a similar nature, regulatory guidelines and our reasonable judgment, in an independent and bonafide manner based on our previous experience of assignments of a similar nature.



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The valuation methodologies used to arrive at the value attributable to the Target are discussed hereunder:

Market Price Method

The market 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. Further, in the case of a transaction, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the Divestment Business is not listed on any stock exchange. Hence, this method has not been considered for valuation.

Comparable Companies' Multiple ("CCM") / Comparable Transactions' Multiple ("CTM")

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifest through stock market valuations of listed companies and the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have also screened and analyzed comparable companies listed in India and outside India, having business operations similar to that of the Target. We understand that the Target will only operate the front-end retail operations of the retail pharmacy business of the Client. We have not used the comparable companies multiple method for our valuation analysis as there are no listed companies in India that operate business similar to that of the Target.

We have not considered Comparable Transactions method for the valuation of the Target on account of lack of credible and sufficient information, in India or outside India, on transactions for which data is available in public domain.

Discounted Cash Flows ("DCF") Method

Under the DCF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.



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Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital.

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of the company. The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

The value so obtained from DCF analysis is the enterprise value of the Target.

For the purpose of DCF valuation, the free cash flow forecast of the Target is based on Management Business Plan provided by the Management.

We must emphasize that realisations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. While carrying out this engagement, we have relied extensively on carved out unaudited historical information made available to us by the Management and the Management Business Plan for future related information. We did not carry out any validation procedures or enquiries with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the Management Business Plan, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

We have used the DCF method for valuation of the Target.

We understand that balance sheet items not pertaining to the Target would not be transferred as part of the Transaction, and hence have not been considered to arrive at the enterprise valuation of Target.



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Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

The NAV method is mainly used in case where the firm is to be liquidated, i.e., it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. The cost approach is not appropriate for valuation of the Target and hence, has not been considered.

COMPUTATION OF FAIR VALUATION OF TARGET AS PER B S R ANALYSIS

Valuation Approach	Amount (INR million)	Weightage
Market Approach	NA	0%
Income Approach	5,278	100%
Asset Approach	NA	0%
Enterprise Value	5,278	100%

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, we recommend an enterprise valuation of the Target at INR 5,278 million as of 9 November 2018 based on forecast balance sheet as at 1 April 2019.

Respectfully submitted.

For B S R & Associates LLP
Chartered Accountants
Firm Registration No: 116231W


Mahek Vikamsey
Partner
Membership No: 108235



Dated: 13 November 2018



14th November, 2018

To,

The Board of Directors
Apollo Hospitals Enterprise Limited,
4th Floor Ali Towers,
55 Greaves Road
Thousand Lights,
Chennai, 600 006

Dear Sirs,

This has reference to our engagement letter dated 28th August, 2018 wherein Apollo Hospitals Enterprise Limited (hereinafter referred to as "you" or "the Company" or "AHEL") has requested ICICI Securities Limited ("I-Sec") to provide a fairness opinion to the Company on the valuation report dated 13th November, 2018 ("Valuation Report") issued by BSR & Co. LLP (the "Valuer") for the proposed slump sale of the front end retail pharmacy business (as defined below) in to Apollo Pharmacies Limited ("APL") vide a scheme of arrangement pursuant to the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013 ("Proposed Scheme").

BACKGROUND, PURPOSE AND USE OF THIS REPORT

AHEL is engaged in the business of enhancing the quality of life of patients by providing comprehensive, high quality hospital services on a cost-effective basis. AHEL is one of the largest private sector healthcare providers in India. Its business includes health care services (hospitals, heart institutes, cancer institute's etc.), standalone pharmacies and super specialty clinics (sugar, dental, diagnostic etc.). The company is operating one of the largest hospital networks in India and is also the largest pharmacy chain in India. The equity shares of the Company are listed on the BSE Limited ("BSE") and the National Stock Exchange of India ("NSE") (together referred to as the "Stock Exchange")

We understand from the management that AHEL is proposing to transfer the business of front end retail pharmacy carried out at standalone pharmacy and front end retail pharmacy activity carried out through on-line platform ("Divestment Business") into the New Entity - Apollo Pharmacies Limited on a going concern basis by way of a Slump Sale under the Proposed Scheme with effect from 1st April, 2019.

For the aforesaid purpose, the management of AHEL has appointed BSR & Co. LLP to prepare a valuation report on proposed transfer of Divestment business, to be placed before the Board and its committees of the Company.

In this connection, we have been requested by the Company to render our advice by way of a fairness opinion from a financial point of view to the Board of Directors of AHEL as to whether

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Capital Market : NSE Regn. No. INB 230773037, BSE Regn. No. INB 011288854
Futures & Options : NSE Regn. No. INF 230773037, BSE Regn. No. INF 010773035
Currency Derivatives : NSE Regn. No. INE 230773037
CIN No.: L67120MH1095PLC096241

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Fax (91 22) 2282 6580

Corporate Office (Retail):
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T.T.C. Ind. Area, M.I.D.C. Turbhe, Navi Mumbai - 400 705
Tel (91 22) 4070 1000
Fax (91 22) 4070 1022

Name of Compliance Officer (Broking Operations) : Ms. Mamta Jayaram Shetty
Email Address: complianceofficer@icicisecurities.com / Tel (91 22) 4070 1000
Website Address: www.icicisecurities.com / www.icicidirect.com



the valuation of the Divestment Business, as recommended by the Valuer, in their report dated 13th November, 2018, which forms the basis for Proposed Scheme is fair and reasonable.

This report is intended only for the sole use and information of the Board of Directors of the Company only in connection with the Proposed Scheme including for the purpose of obtaining judicial and regulatory approvals. We are not responsible in any way to any other person / party for any decision of such person or party based on this report. Any person / party intending to provide finance / invest in the shares / business of any of the Companies or their subsidiaries/joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the purpose as aforesaid can be done only with our prior permission in writing. We acknowledge that this report may be shared to the extent as may be required, with the relevant High Court, shareholders and creditors at their respective meetings, NCLT, stock exchanges, advisor of the Company in relation to the transfer of Divestment Business, as well as with the statutory authorities.

As per Valuers' recommendation, the Enterprise value of the Divestment Business is Rs. 527.8 crores

SOURCES OF INFORMATION

In arriving at the opinion set forth below, we have:

- (a) Perused the draft Valuation Reports and held discussions with the Valuer;
- (b) Perused certain business and financial information provided to us by the Company on the Pharmacy business
- (c) Reviewed the draft of the Proposed Scheme
- (d) Reviewed other information provided by the Company including information provided through their management representation letter and
- (e) Obtained necessary explanations and information which we believed were relevant to the present exercise, from the representatives of the Company

SCOPE LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Company or their businesses referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

Our analysis and results are specific to the purpose of the exercise of giving our fairness opinion on the Proposed Scheme. It may not be valid for any other purpose or if done on behalf of any other entity.

Stock Exchange of India Ltd. & Bombay Stock Exchange Ltd.
Capital Market : NSE Regn. No. INB 230773037, BSE Regn. No. INB 011286854
Futures & Options : NSE Regn. No. INF 230773037, BSE Regn. No. INF 010773035
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Name of Compliance Officer (Broking Operations) : Ms. Mamta Jayaram Shetty
Email Address: complianceofficer@icicisecurities.com / Tel (91 22) 4070 1000
Website Address: www.icicisecurities.com / www.icicidirect.com



ICICI Securities  

Our analysis and results are also specific to the date of this report and based on information as at 13th November, 2018. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Company has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company, their businesses, and any other matter, which may have an impact on our opinion, including any significant changes that have taken place or are likely to take place in the financial position of the Company or their businesses subsequent to the Appointed Date for the Proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In the course of the present exercise, we were provided with both written and verbal information, including financial data. The terms of our engagement were such that we were entitled to rely upon the information provided by the Company without detailed inquiry. We have been given to understand by the management of the Company that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the Company and their impact on the present exercise.

We express no opinion whatever and make no recommendation at all to the AHEL to affect the Proposed Scheme or as to how the business transfer should take place. We do not express and should not be deemed to have expressed any views on any other term of the Proposed Scheme. We also express no opinion and accordingly accept no responsibility on failure or success of Proposed Scheme.

No investigation of the Company's claim to title of assets has been made for the purpose of this exercise and the Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be construed as our opining or certifying the compliance of the Proposed Scheme with the provisions of any law including company, taxation and capital market related laws or as regards any legal implications or issues arising from such Proposed Scheme.

We have not conducted or provided an analysis of due diligence or appraisal of the assets and liabilities of the Company and have wholly relied on information provided by the Company in that regard.

In the ordinary course of business, ICICI Securities Limited and its affiliates is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the ICICI Securities Limited may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any Company that may be involved in the Scheme.

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Capital Market : NSE Regn. No. INB 230773037, BSE Regn. No. INB 011286654
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ICICI Centre, H. T. Parekh Marg,
Churchgate, Mumbai 400 020, India.
Tel (91 22) 2288 2460/70
Fax (91 22) 2282 6580

Corporate Office (Retail):
Shree Sawan Knowledge Park, Plot No. D-507,
T.T.C. Ind. Area, M.I.D.C., Turbhe, Navi Mumbai - 400 705
Tel (91 22) 4070 1000
Fax (91 22) 4070 1022

Name of Compliance Officer (Broking Operations) : Ms. Mamta Jayaram Shetty
Email Address: complianceofficer@icicisecurities.com / Tel (91 22) 4070 1000
Website Address: www.icicisecurities.com / www.icicidirect.com

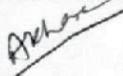


It is understood that this letter is for the benefit of and confidential use by the Board of Directors of AHEL for the purpose of this Proposed Scheme and may not be relied upon by any other person and may not be used or disclosed for any other purpose without obtaining our prior written consent.

RATIONALE & CONCLUSION

In the circumstances, having regard to all relevant factors and on the basis of information and explanations given to us, we are of the opinion on the date hereof, that the proposed Enterprise value of the Divestment Business as recommended by Valuer, which forms the basis for the Proposed Scheme, is fair and reasonable.

Yours faithfully,
For ICICI Securities Limited,


ASHWANI KHARE
Authorized Signatory (EVP)

Member of National Stock Exchange of India Ltd. & Bombay Stock Exchange Ltd.
Capital Market : NSE Regn. No. INB 230773037, BSE Regn. No. INB 011285854
Futures & Options : NSE Regn. No. INF 230773037, BSE Regn. No. INF 010773035
Currency Derivatives : NSE Regn. No. INF 230773037
CIN No.: L67120MH1995PLC090241

ICICI Securities Limited
Registered Office (Institutional):
ICICI Centre, H. T. Parekh Marg,
Churchgate, Mumbai 400 020, India.
Tel (91 22) 2288 2460/70
Fax (91 22) 2282 8580

Corporate Office (Retail):
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Email Address: complianceofficer@icicisecurities.com / Tel (91 22) 4070 1000
Website Address: www.icicisecurities.com / www.icicidirect.com



BSE - INTERNAL



DCS/AMAL/PB/R37/1537/2019-20

July 29, 2019

The Company Secretary,
Apollo Hospitals Enterprises Ltd
No.19, Bishop Gardens, Raja Annamalaipuram,
Chennai, Tamil Nadu, 600028

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between Apollo Hospitals Enterprise Limited and Apollo Pharmacies Limited and their respective shareholders.

We are in receipt of Draft Scheme of Arrangement between Apollo Hospitals Enterprise Limited and Apollo Pharmacies Limited and their respective shareholders filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated July 26, 2019 has inter alia given the following comment(s) on the draft scheme of arrangement:

- "The Company's response to SEBI's clarification (received vide NSE email dated July 11, 2019) should be part of the scheme."
- "The scheme shall be implemented only after seeking approval of the majority of public shareholders through postal ballot and e-votting."
- "Company shall duly comply with various provisions of the Circulars."
- "Company shall ensure that additional information and undertaking, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

BSE - INTERNAL

(2)

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

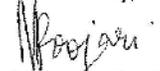
Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,


Nitinkumar Pujari
Senior Manager

BSE - INTERNAL



National Stock Exchange Of India Limited

Ref: NSE/LIST/20446_I

July 26, 2019

The Company Secretary
Apollo Hospitals Enterprise Limited
19, Bishop Gardens,
Raja Annamalaipuram,
Chennai – 600028
Tamil Nadu

Kind Attn.: Mr. S M Krishnan

Dear Sir,

Sub: Observation Letter for Draft Scheme of Arrangement between Apollo Hospitals Enterprise Limited (Transferor Company) and Apollo Pharmacies Limited (Transferee Company) and their respective shareholders

We are in receipt of the Draft Scheme of Arrangement between Apollo Hospitals Enterprise Limited (Transferor Company) and Apollo Pharmacies Limited (Transferee Company) and their respective shareholders vide application dated March 27, 2019.

Based on our letter reference no Ref: NSE/LIST/81167 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("Circular"), SEBI vide letter dated July 26, 2019, has given following comments:

- a. *The Company shall ensure that the Company's response to SEBI clarifications (received vide NSE/ email dated July 11, 2019) shall be a part of the scheme.*
- b. *The Company shall ensure that the scheme shall be implemented only after seeking approval of the majority of public shareholders through postal ballot and e-voting.*
- c. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange and from the date of the receipt of this letter is displayed on the website of the listed company.*
- d. *The Company shall duly comply with various provisions of the Circular.*
- e. *The Company is advised that the observations of SEBI/ Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- f. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ Stock Exchanges. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.



Signer: Rajendra P Bhosale
Date: Fri, Jul 26, 2019 18:43:06 IST
Location: NSE



Continuation Sheet

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No-objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from July 26, 2019, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For **National Stock Exchange of India Limited**

Rajendra Bhosale
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer: Rajendra P Bhosale
Date: Fri, Jul 26, 2019 18:43:09 IST
Location: NSE

APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



17th May 2019

To
The Listing Department,
BSE Limited,
P.J. Towers, Dalal Street
BSE Scrip Code: 508869

Dear Sir,

Ref: Filing of the 'Complaints Report' under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017

Sub: Application under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme of Arrangement between Apollo Hospitals Enterprise Limited ("AHEL") and Apollo Pharmacies Limited ("APL") and their respective shareholders, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme").

Dear Sir/ Madam,

With reference to the captioned subject and further to our application dated March 26, 2019 filed under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, please find enclosed the "Complaints Report" in Appendix - A from the date of hosting of the Scheme on the website of BSE Limited (BSE) i.e. April 4, 2019 till April 24, 2019 (i.e. 21 days from the date of hosting on the website of BSE).

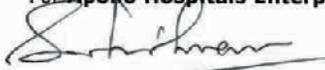
The Complaints Report will also be uploaded on the website of the Company i.e. "www.apollohospitals.com" as per the requirement of the said Circular.

You are requested to take the above on your records and kindly accord your "No Objection" to the Scheme at the earliest.

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

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1

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

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

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

APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



Appendix A

Complaints Report

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable	Not Applicable	Not Applicable

For Apollo Hospitals Enterprise Limited

S M Krishnan
Company Secretary and Compliance Officer

Date: 17th May 2019
Place: Chennai

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2

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

General Office :
"All Towers", III Floor,
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Website: www.apollohospitals.com

APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



To
Mr. 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: Filing of the 'Complaints Report' under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017

Sub: Application under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme of Arrangement between Apollo Hospitals Enterprise Limited ("AHEL") and Apollo Pharmacies Limited ("APL") and their respective shareholders, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme").

Dear Sir/ Madam,

With reference to the captioned subject and further to our application dated March 26, 2019 filed under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, please find enclosed the "Complaints Report" in Appendix - A from the date of hosting of the Scheme on the website of National Stock Exchange of India Ltd. i.e. May 15, 2019 till June 6, 2019 (i.e. 21 days from the date of hosting on the website of NSE).

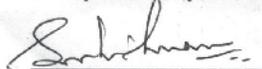
The Complaints Report will also be uploaded on the website of the Company i.e. "www.apollohospitals.com" as per the requirement of the said Circular.

You are requested to take the above on your records and kindly accord your "No Objection" to the Scheme at the earliest.

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



IS/ISO 9001:2000

1

Regd. Office :
19, Bishop Gardens,
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Website: www.apollohospitals.com

APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



Appendix A

COMPLAINTS REPORT

(Period from 15th May 2019 to 6th June 2019)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock exchanges/ SEBI	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable	Not Applicable	Not Applicable

For Apollo Hospitals Enterprise Limited

S.M. KRISHNAN
Company Secretary & Compliance Officer



Date: 6th June 2019
Place : Chennai

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2

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

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"Ali Towers", III Floor,
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APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF APOLLO HOSPITALS ENTERPRISE LIMITED AT ITS MEETING HELD ON 14th NOVEMBER 2018 EXPLAINING THE EFFECT OF THE SCHEME ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTERS SHAREHOLDERS:

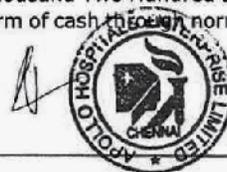
1. Background

- 1.1. Attention is drawn to the proposed Scheme of Arrangement ("the Scheme") between Apollo Hospitals Enterprise Limited ("AHEL" or "Transferor Company" or "Company") and Apollo Pharmacies Limited ("APL" or "Transferee Company") and their respective shareholders which was approved by the Board of Directors of AHEL ("Board") vide resolution dated 14th November 2018.
- 1.2. Section 232(2)(c) of the Companies Act, 2013 requires Directors to adopt a report explaining the effect of Scheme on the class of shareholders, key managerial personnel (KMPs), promoters and non-promoters of the Company laying out in particular the share exchange ratio (if applicable) and same is required to be circulated to the shareholders and creditors along with the Notice convening the meeting.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.4. The following documents were placed before the Board:
 - 1.4.1. Draft Scheme duly initialed by the Company Secretary for the purpose of identification;
 - 1.4.2. Valuation Report dated 13th November 2018 issued by M/s. BSR & Associates LLP, Chartered Accountants;
 - 1.4.3. Fairness Report dated 14th November 2018 issued by ICICI Securities Limited, SEBI Registered Category I Merchant Banker;
 - 1.4.4. Audit Committee Report Dated 14th November 2018

2. Effect of the Scheme on Equity Shareholders (promoters shareholders and non-promoters shareholders), Employees and KMPs of AHEL

- 2.1. Under Part B of the Scheme, it is proposed to transfer the Divestment Business of the Transferor Company to the Transferee Company on a going concern basis by way of slump sale.
- 2.2. Upon the Scheme coming into effect, the Transferee Company shall discharge the lump sum consideration of Rs. 5,278 million (Rupees Five Thousand Two Hundred and Seventy Eight Million Only) to the Transferor Company in the form of cash through normal banking channels.

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Website: www.apollohospitals.com

APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



- 2.3. Upon this Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme, contracts, approval, deeds, rights to the lease agreements, agreements entered into with various persons including independent consultants, subsidiaries/associates/joint venture companies (and other shareholders of such subsidiaries/ associates/ joint venture companies), arrangements and other instruments of whatsoever nature in relation to the Divestment Business, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder
- 2.4. Under the Scheme, there is no arrangement with the creditors (either secured or unsecured) of AHEL. No compromise is offered under the Scheme to any of the creditors of AHEL. Under the Scheme, the liability of the creditors of AHEL is neither being reduced nor being distinguished.
- 2.5. Upon this Scheme becoming effective, the Divestment Employees relating to the Divestment Business as on the Appointed Date, shall be deemed to have become employees of the Transferee Company, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company on the Appointed Date. The services of such Divestment Employees, with the Transferor Company up to the Appointed Date shall be taken into account for the purposes of all benefits to which the Divestment Employees, may be eligible under Applicable Law.
- 2.6. The Directors and Key Managerial Personnel of AHEL may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in the companies forming part of the Scheme, and / or to the extent the said Directors are common Directors in the said companies, and / or to the extent the Key Managerial Personnel is holding shares in the said companies and / or to the extent the said Director(s) and / or Key Managerial Personnel are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust, that hold shares in any of the said companies.

3. Valuation

- 3.1. The Valuation Report dated 13 November 2018 was issued by BSR & Associates LLP, Chartered Accountants, describing inter alia the computation of and the methodology adopted by them in arriving at the Enterprise value of the Divestment Business.
- 3.2. The valuers have considered the Market Price Method ("MPM"), Comparable Companies' Multiples Method/ Comparable Transactions' Multiple Method ("CTM"), Discounted Cash Flows Method ("DCF") and Net Asset Value Method ("NAV") for determining the relative value of the Divestment Business of AHEL.

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APOLLO HOSPITALS ENTERPRISE LIMITED

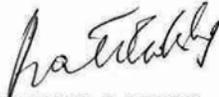
CIN : L85110TN1979PLC008035



- 3.3. However, considering the nature of the transactions contemplated in the Scheme, the valuers are of the opinion that MPM, CTM and NAV methods are of limited relevance and have based their valuation on DCF method.
- 3.4. The enterprise value of the Divestment Business has been arrived at based on the methodology explained in the Valuation Report and various qualitative factors relevant to the business.
- 3.5. The recommendation of the enterprise value of the Divestment Business has been approved by the Audit Committee of AHEL and the Board of Directors of AHEL.
- 3.6. A Fairness Opinion dated 14 November 2018 was issued by ICICI Securities Limited, explaining the rationale for its opinion as to the fairness of the enterprise value from a financial point of view.
- 3.7 No special valuation difficulties were reported by the valuers.

By Order of the Board

For Apollo Hospitals Enterprise Limited



DR. PRATHAP C REDDY
EXECUTIVE CHAIRMAN

IS/ISO 9001:2000

Regd. Office :
19, Bishop Gardens,
Raja Annamalaipuram,
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Tel : 044 - 28290956 / 3896 / 6681
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Email : apolloshares@vsnl.net
Website : www.apollohospitals.com



Apollo Pharmacies Limited

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF APOLLO PHARMACIES LIMITED AT ITS MEETING HELD ON 14th NOVEMBER 2018 EXPLAINING THE EFFECT OF THE SCHEME ON EQUITY SHARHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTER AND NON-PROMOTER SHAREHOLDERS:

1. Background

- 1.1. The proposed Scheme of Arrangement ("the Scheme") between Apollo Hospitals Enterprise Limited ("AHEL" or "Transferor Company") and Apollo Pharmacies Limited ("APL" or "Transferee Company" or "Company") and their respective shareholders which was approved by the Board of Directors of APL ("Board") vide resolution dated 14th November 2018.
- 1.2. Section 232(2)(c) of the Companies Act, 2013 requires Directors to adopt a report explaining the effect of Scheme on the class of shareholders, key managerial personnel (KMPs), promoters and non-promoters of the Company laying out in particular the share exchange ratio (if applicable) and same is required to be circulated to the shareholders and creditors along with Notice convening the meeting. NCLT vide its order CA/805/CAA/2019 dated 28th August 2019 has dispensed the meeting of Equity Shareholders of the Transferee Company as Consent Affidavit given by Apollo Medicals Private Limited, 100% Shareholder of transferee Company directly and through its nominees, was filed with NCLT and as on the date of this report, transferee Company has no creditors.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013. It will be circulated along with Notice convening the meeting of the Transferor Company.
- 1.4. The following documents were placed before the Board:
 - 1.4.1. Draft Scheme duly initiated by the Directors for the purpose of identification;
 - 1.4.2. Valuation Report dated 13th November 2018 issued by M/s. BSR & Associates LLP, Chartered Accountants;
 - 1.4.3. Fairness Report dated 14th November 2018 issued by ICICI Securities Limited, SEBI Registered Category I Merchant Banker;

2. Effect of the Scheme on Equity Shareholders (promoter shareholders and non-promoter shareholders), Employees and KMPs of APL

- 2.1. Under Part B of the Scheme, it is proposed to transfer the Divestment Business of the Transferor Company to the Transferee Company on a going concern basis by way of slump sale.
- 2.2. Upon the Scheme coming into effect, the Transferee Company shall discharge the lump sum consideration of Rs. 5,27,80,00,000 (Rupees Five Hundred Twenty Seven Crores Eighty Lakhs Only) to the Transferor Company in the form of cash through normal banking channels.

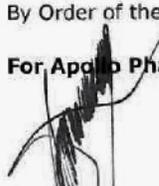


Regd. Office : # 19, Bishop Gardens, Raja Annamalaipuram, Chennai - 600 028.
 Admin. Office : G-Block, 11th Floor, "Ali Towers" # 55, Greaves Road, Chennai - 600 006. India
 Phone : 91 44 2829 1696, 2829 2357 Fax : 91 44 2829 2664 CIN : U52500TN2016PLC111328

- 2.3. Upon this Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme, contracts, Approval, deeds, rights to the lease agreements, agreements entered into with various persons including independent consultants, subsidiaries/associate/joint venture companies (and other shareholders of such subsidiaries/ associate/ joint venture companies), arrangements and other instruments of whatsoever nature in relation to the Divestment Business, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or oblige thereto or thereunder
- 2.4. Under the Scheme, no arrangement is proposed with the creditors, as APL has no creditors as on the date of this report.
- 2.5. Upon this Scheme becoming effective, the Divestment Employees relating to the Divestment Business as on the Appointed Date, shall be deemed to have become employees of the Transferee Company, without any interruption of service and on the basis of continuity of service and on the same terms and conditions as those applicable to them with reference to the Transferor Company on the Appointed Date. The services of such Divestment Employees, with the Transferor Company up to the Appointed Date shall be taken into account for the purposes of all benefits to which the Divestment Employees, may be eligible under Applicable Law.
- 2.6. The Directors and Key Managerial Personnel of APL may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in the companies forming part of the Scheme, and / or to the extent the said Directors are common Directors in the said companies, and / or to the extent the Key Managerial Personnel is holding shares in the said companies and / or to the extent said Director(s) and / or Key Managerial Personnel are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust, that hold shares in any of the said companies.
3. No special valuation difficulties were reported by the valuers.

By Order of the Board

For Apollo Pharmacies Limited


S.Obai Reddy
Director



**APPLICABLE INFORMATION IN THE FORMAT SPECIFIED FOR
ABRIDGED PROSPECTUS
(AS PROVIDED IN PART E OF SCHEDULE VI OF THE SEBI ICDR
REGULATIONS, 2018)**

This Document contains information pertaining to unlisted entities involved in the proposed Scheme of Arrangement between Apollo Hospitals Enterprise Limited (“**Transferor Company**”) and Apollo Pharmacies Limited (“**Transferee Company**”) and their respective shareholders in terms of requirement specified in SEBI Circular - CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended (“**SEBI Circular**”).

APOLLO PHARMACIES LIMITED
Regd. Office: No.19, Bishop Gardens, Rajaannamalai Puram, Chennai - 600 028, Tamil Nadu, India
Corporate Office: G Block, Ali Towers, 3rd Floor, No.55, Greams Road, Chennai - 600 006, Tamil Nadu, India
Telephone: +91-44-2829 3434 / 44-2829 1696; Fax: + 91-44-2829 2664;
Email: obulreddy@apollopharmacy.org
CIN: U52500TN2016PLC111328
Contact Person: Shri S. Obul Reddy, Director
PROMOTER
Apollo Medicals Private Limited
DETAILS OF THE SCHEME
A Scheme of Arrangement between Apollo Hospitals Enterprise Limited (“ Transferor Company ”/ “ AHEL ”) and Apollo Pharmacies Limited (“ Transferee Company ”/ “ APL ”) and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder which provides for transfer of the Divestment Business of the Transferor Company as defined in the scheme and vesting of the same with the Transferee Company on a going concern basis by way of slump sale in accordance with section 2(42C) of the Income Tax Act, 1961.
STATUTORY AUDITOR
M/s KARRA & CO, Chartered Accountants Anugraha, New No. 28, Ground Floor, Murray’s Gate Road, Alwarpet, Chennai - 600 018. Phone No.: +91-44-2499 1671/ 2466 1179; Email: mails@karra.in
LEGAL ADVISOR
M/s. Lakshmmi Subramanian & Associates “Murugesu Naicker Office Complex”, 81, Greams Road, Chennai - 600 006. Phone No: 28292272, 28292273 Fax: 044-42142061; E mail: lakshmmi6@gmail.com, worklistsa2@gmail.com

PROMOTER OF APOLLO PHARMACIES LIMITED

Apollo Medicals Private Limited – AMPL

AMPL is a private company limited by shares incorporated on September 07, 2018 under the Companies Act, 2013 in the state of Tamil Nadu. The registered office of AMPL is situated at No.19, Bishop Gardens, R A Puram, Chennai – 600 028, Tamil Nadu, India. The corporate identity number of AMPL is U85300TN2018PTC124435. The issued, subscribed and paid up share capital of AMPL is ₹ 1,00,000/- divided into 10,000 equity shares of ₹ 10/- each.

AMPL proposes to engage in the business of running hospitals, clinics, laboratories and other healthcare delivery facilities.

Promoter of AMPL:

Sr. No.	Name of Promoters	No. of Shares Held	% of Holding
1	Apollo Hospitals Enterprise Limited (AHEL)	10,000*	100%
	Total Shareholding	10,000	100%

*One equity share is held by Smt. Shobana Kamineni as a nominee of AHEL.

Board of Directors of AMPL:

Sr. No.	Name of Directors	Designation	DIN/PAN
1	Smt. Suneeta Reddy	Non-executive Director	00001873
2	Smt. Shobana Kamineni	Non-executive Director	00003836

AMPL is holding 50,000 Equity Shares (including 7 Equity Shares held through nominees) constituting 100% of the total share capital of Apollo Pharmacies Limited.

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Business Model / Business Overview

Apollo Pharmacies Limited (APL), the Transferee Company, is an unlisted public company incorporated on July 08, 2016 under the provisions of the Companies Act, 2013, having Corporate Identification Number (CIN) - U52500TN2016PLC111328 and having its registered office situated at No.19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu. APL is a wholly owned subsidiary of Apollo Medicals Private Limited (AMPL) and a step down subsidiary of Apollo Hospitals Enterprise Limited (AHEL), the Transferor Company.

APL is authorized by its MOA to engage in the business of buying, selling, importing, exporting, distribution or dealing in or manufacturing, Medical and Pharmaceuticals products like intravenous sets, intravenous solutions, all kinds of drugs, disinfectants, tinctures, colloidal products, injectable and all pharmaceuticals and medical preparations.

Pursuant to the Scheme, the business of front end retail pharmacy carried out at the standalone pharmacy business segment and front end retail pharmacy activity carried out through on-line platform for the standalone pharmacy business segment of AHEL, the Transferor Company shall be transferred and vested in APL on a going concern basis.

Business Strategy

APL will focus on:

Building a multi-year growth platform for the stand-alone pharmacies business to get to a medium-term target of over 5000 pharmacy outlets over 5 years with a goal of over ₹ 100 billion in Revenues and 30% combined ROCE for the Stand-alone pharmacy business in 5 years.

- a) Enabling a foray into digital commerce as part of the Omni-Channel strategy to provide consumers increased convenience and ability to choose between online and physical stores.
- b) Retaining leadership position by further focusing on strengthening and streamlining the Direct-to-Consumer (D2C) front end operations to increase same store growth, prescription fill rates and enhance overall customer experience.

- c) Enhancing the private label business further from the current 7 + % levels to over 12% in five years through a combination of both broadening and deepening the product portfolio.
- d) Leveraging on its strong distribution supply chain to increase operational efficiencies and create a sustainable moat for the business.
- e) Building a strong integrated customer loyalty platform through a combination of effective health maintenance and wellness in addition to cost benefits centred around a more satisfied and engaged customer with a focus on customer retention as well as higher repeat customers.

BOARD OF DIRECTORS OF APOLLO PHARMACIES LIMITED

Sr. No.	Name of Director	DIN	Designation (Independent / Whole time / Executive / Nominee)	Experience including current / past position held in other firms
1	Smt. Shobana Kamineni	00003836	Executive Director	<p>Aged 58 years, she is one of the founder directors of APL. She is the Executive Vice Chairperson of Apollo Hospitals Enterprise Limited and heads the Apollo Pharmacy. She holds Bachelor Degree from Columbia University. She has over 33 years of experience of the pharmacy industry. She is also on the board of important Companies as given below:</p> <ol style="list-style-type: none"> 1. Indraprastha Medical Corporation Limited, 2. Hero Motocorp Limited, 3. PCR Investments Limited, 4. Apollo Munich Health Insurance Company Limited, 5. Keimed Private Limited, 6. Apollo Energy Company Limited, 7. Apollo Home Healthcare Limited, 8. Apollo Medicals Private Limited.
2	Shri S. Obul Reddy	00027829	Executive Director	<p>Aged 57 years, he is one of the founder directors of APL. He is Vice President-Finance & Legal at Apollo Hospitals Enterprise Limited. He has over 30 years of experience in the areas of Corporate Finance, Legal and General Management. He also serves as a Director on the boards of important Companies as given below:</p> <ol style="list-style-type: none"> 1. Indo National Limited, 2. Apollo Nellore Hospitals Ltd, 3. Emedlife Insurance Broking Services Ltd., 4. PCR Investments Limited, 5. Indian Hospitals Corporation Ltd., 6. Apollo Rajshree Hospitals Private Limited.
3	Smt. Anuspala Kamineni	07486388	Executive Director	<p>Aged 29 years, she is one of the founder directors of APL. She holds Bachelor Degree in Business Management and Marketing. She has over 4 years of experience of the pharmacy industry. She serves as a director on the boards of Companies as given below:</p> <ol style="list-style-type: none"> 1. Indian Hospitals Corporation Limited, 2. Apollo Teleradiology Private Limited 3. Keiagrmed Private Limited.

Sr. No.	Name of Director	DIN	Designation (Independent / Whole time / Executive / Nominee)	Experience including current / past position held in other firms
4	Shri Jayakumar Pandurangan	07506688	Executive Director	Aged 46 years, he is one of the founder directors of APL. He holds a Master's Degree in Business Administration –Operations and is a Pharmacy Graduate. He is a Chief Operating Officer of the Standalone Pharmacy business segment of Apollo Hospitals Enterprise Limited and possesses professional experience of 25 years in Pharmacy Retail.

SHAREHOLDING PATTERN OF APOLLO PHARMACIES LIMITED

Sr. No.	Particulars	Number of Equity Shares	% holding of total share capital
1	Promoter and Promoter Group	50,000	100%
2	Public	-	-
	Total	50,000	100%

AUDITED FINANCIALS

Standalone Financials

(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
	Ind AS	I-GAAP	I-GAAP
Total income from operations (net)	-	-	-
Net Profit / (Loss) before tax and extraordinary items	(233,848)	(34,639)	(87,885)
Net Profit / (Loss) after tax and extraordinary items	(233,848)	(34,639)	(87,885)
Equity Share Capital	500,000	500,000	500,000
Reserves and Surplus / Other Equity	(356,372)	(122,524)	(87,885)
Net worth	143,628	377,476	412,115
Basic earnings per share	(4.68)	(0.69)	(1.76)
Diluted earnings per share	(4.68)	(0.69)	(1.76)
Return on net worth (%)	(162.82)	(9.18)	(21.33)
Net asset value per share	2.87	7.55	8.24

Apollo Pharmacies Limited does not have any subsidiary and accordingly, the requirement of a consolidated financial statement is not applicable.

INTERNAL RISK FACTORS

1. APL will be taking over the front end retail pharmacy business of AHEL upon the scheme becoming effective. The prevailing market conditions and the regulatory changes may impact pricing of the products and may not yield timely or effective results which may affect its financials conditions and results of the operations.
2. The Scheme of Arrangement is subject to the approval of (a) The shareholders of Apollo Pharmacies Limited (APL) and Apollo Hospitals Enterprise Limited (AHEL), including a majority of the public shareholders of AHEL

in accordance with the SEBI circular no.CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time; (b) Applicable third parties, including any applicable governmental authority in India; (c) The Competition Commission of India (d) The Hon'ble National Company Law Tribunal at Chennai in accordance with Section 230 to 232 of the Companies Act, 2013; and (e) BSE Limited and the National Stock Exchange of India Limited, where the securities of AHEL are listed.

3. The success of business being acquired by APL is largely dependent upon the knowledge and experience of the senior management, key management personnel and skilled manpower and an inability to attract and retain key personnel may have an adverse effect on its business prospects.
4. APL is an unlisted company and its equity shares are not available for trading on the stock exchange.
5. APL had negative cash flows in the previous financial years as the Company is yet to commence the operations.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

- A. Total number of outstanding litigations against and by the Company and amount involved - **Nil**
- B. Brief details of top 5 material outstanding litigations against the Company and amount involved- **Nil**
- C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters / Group companies in last 5 financial years including outstanding action, if any: **Nil**
- D. Brief details of outstanding criminal proceedings against Promoters- **Nil**

RATIONALE AND BENEFITS OF SCHEME OF ARRANGEMENT

The transfer of the Divestment Business pursuant to the Scheme would inter alia result in the following benefits:

In case of the Transferor Company –

- Divesting standalone pharmacy business and utilizing the proceeds towards growth and enhancement of other existing businesses:
- Enhancing strategic flexibility to build a viable platform solely focusing on each of the businesses; and
- Enable dedicated management focus, resources and skill set allocation to each business, which will in turn accelerate growth and unlock value for the shareholders

In case of the Transferee Company:

- Creation of value for shareholders by acquiring ready-to use assets, including business undertakings and reducing time to markets;
- Strengthening and streamlining the Direct-to-Consumer (D2C) front end operations of the standalone retail pharmacies;
- Enhancing the private label business; and
- Enabling foray into Digital I Online Pharmacy.

DECLARATION

We hereby declare that all relevant provisions of the SEBI Circular and Part E of Schedule VI of the SEBI (ICDR) Regulations, 2018 have been complied with and no statement made in this Document is contrary to the provisions of the SEBI Circular or the SEBI (ICDR) Regulations, 2018.

We further certify that all statements in this Document are true and correct.

For Apollo Hospitals Enterprise Limited,
sd/-
S.M Krishnan
Company Secretary & Compliance Officer

Place: Chennai

Date: 3rd September 2019

Apollo Hospitals Enterprise Limited
Corporate Identity Number : L85110TN1979PLC008035
Regd. Office : No. 19 Bishop Gardens, Raja Annamalaipuram, Chennai - 28, Tamil Nadu
Tel No. 44-28290956 , Fax+ 91-44-282 90956, Email : investor.relations@apollohospitals.com
Website: www.apollohospitals.com

1. Statement of Unaudited Standalone Financial Results for the three months ended June 30, 2019

Particulars	Three months ended 30/06/2019	Preceding Three months ended 31/03/2019	Corresponding Three months ended 30/06/2018	Current year ended 31/03/2019
	Unaudited	Refer Note 2	Unaudited	Audited
1 Income				
(a) Revenue from Operations	2,22,920	2,16,711	1,91,039	8,33,666
(b) Other Income	474	215	205	1,224
Total Income	2,23,394	2,16,926	1,91,244	8,34,890
2 Expenses				
(a) Cost of Materials Consumed	36,470	35,460	32,422	1,39,168
(b) Purchase of Stock-in-Trade	82,643	76,179	74,731	3,04,930
(c) Changes in inventories of stock-in-trade	(2,803)	977	(6,233)	(7,200)
(d) Employee Benefits Expense	35,284	34,736	29,586	1,29,509
(e) Finance Costs	9,991	7,093	6,207	26,802
(f) Depreciation and amortisation expense	10,981	7,704	7,240	29,989
(g) Other Expenses	38,746	42,778	37,868	1,65,445
Total Expenses	2,11,312	2,04,927	1,81,821	7,88,643
3 Profit before exceptional item and tax (1) - (2)	12,082	11,999	9,423	46,247
4 Exceptional Items	-	-	-	-
5 Profit before tax (3) - (4)	12,082	11,999	9,423	46,247
6 Tax Expenses				
Current Tax	5,722	2,865	2,406	11,120
Deferred Tax	(1,571)	1,466	1,001	4,851
7 Profit for the period / year (5) - (6)	7,932	7,668	6,016	30,276
8 Other Comprehensive Income				
Items that will not be reclassified to Profit and Loss				
-Remeasurement gains/(losses) on defined benefit plan	135	(541)	(997)	(2,912)
Other Comprehensive Income / (Loss)	135	(541)	(997)	(2,912)
9 Total Comprehensive Income for the period / year (after tax) (7) + (8)	8,067	7,127	5,019	27,364
10 Paid-up equity share capital (Face value Rs.5/- per share)				6,956
11 Reserves (excluding Revaluation Reserves)				3,81,384
12 Net Worth (Refer foot note 1)				3,70,057
13 Earnings per equity share of Rs.5/- each				
Basic and Diluted EPS before extraordinary items for the period (Rs.)	*5.70	*5.51	*4.32	21.76
Basic and Diluted EPS after extraordinary items for the period (Rs.)	*5.70	*5.51	*4.32	21.76
Additional Information :-				
Earnings before finance costs, tax, depreciation and amortization, exceptional items (EBITDA) (Refer footnote 2)	32,580	26,581	22,665	1,01,814

*Not annualised

Foot Notes:

- 1 Networth = Equity Share Capital + Other Equity excluding Capital Reserves, Capital Redemption Reserve and Debenture Redemption Reserve
- 2 the company has presented Earnings before Finance costs, Tax, Depreciation, Amortization, Other income and Exceptional items (EBITDA) additionally as part of Financial Results.



For APOLLO HOSPITALS ENTERPRISE LTD.

Suneeta Reddy
Suneeta Reddy
Managing Director

Apollo Hospitals Enterprise Limited
Regd. Office : No. 19 Bishop Gardens, Raja Annamalaipuram, Chennai-28, Tamil Nadu

2. Standalone Segment wise Revenue, Results, Segment Assets and Segment Liabilities

(Rs. In lakhs)

Particulars	Three months ended 30/06/2019	Preceding Three months ended 31/03/2019	Corresponding Three months ended 30/06/2018	Current year ended 31/03/2019
	Unaudited	Refer Note 2	Unaudited	Audited
1. Segment Revenue				
Total Income from operations, Net				
a) Healthcare Services	1,17,258	1,14,894	1,01,855	4,45,141
b) Pharmacy	1,05,684	1,01,837	89,207	3,88,604
SUB - TOTAL	2,22,942	2,16,731	1,91,062	8,33,745
Less : Intersegmental Revenue	22	20	23	79
Income from Operations	2,22,920	2,16,711	1,91,039	8,33,666
2. Segment Results				
a) Healthcare Services	15,760	14,198	12,097	55,008
b) Pharmacy	5,839	4,679	3,328	16,817
SUB - TOTAL	21,599	18,877	15,425	71,825
Less : (i) Finance Cost	9,991	7,093	6,207	26,802
(ii) Other un-allocable income (net of expenditure)	474	215	205	1,224
Profit Before Tax	12,082	11,999	9,423	46,247
3. Capital employed				
Segment assets-Segment liabilities				
a) Healthcare Services *				
Segment Assets	6,57,834	6,00,665	5,80,202	6,00,665
Segment Liabilities	(1,54,868)	(76,713)	(75,737)	(76,713)
b) Pharmacy				
Segment Assets	1,77,970	1,12,335	1,03,774	1,12,335
Segment Liabilities	(94,660)	(22,497)	(17,451)	(22,497)
c) Unallocated				
Assets	1,32,317	1,29,846	1,21,994	1,29,846
Liabilities	(3,46,320)	(3,55,296)	(3,38,413)	(3,55,296)
Total	3,72,273	3,88,340	3,74,369	3,88,340
* Includes segment assets in various hospital projects under construction	81,576	81,881	70,212	81,881



For APOLLO HOSPITALS ENTERPRISE LTD.

Suneeta Reddy
 Suneeta Reddy
 Managing Director

NOTES:

1. The unaudited standalone financial results of Apollo Hospitals Enterprise Limited ("the Company") for the three months ended June 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meetings held on August 12, 2019 and August 13, 2019, respectively, and have been subjected to limited review by the statutory auditors.
2. The standalone financial results for the three months ended March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year and the unaudited year to date figures for the period ended December 31, 2018 which were subject to limited review.
3. The listed non-convertible debentures of the Company aggregating Rs. 70000 lakhs as on June 30, 2019 are secured by way of first charge on the Company's properties and the asset cover thereof exceeds hundred percent of the principal amount of the said debentures.
4. The Board of Directors at their meeting held on November 14, 2018 have approved a Scheme of Arrangement ("the Scheme") between Apollo Hospitals Enterprise Limited ("AHEL") and Apollo Pharmacies Limited ("APL") and their respective shareholders in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, for the transfer of the front-end retail pharmacy business ("the disposal group") carried out in the standalone pharmacy segment with effect from April 1, 2019 or such other date as may be approved by the Competent Authority or any other appropriate authority to APL by way of slump sale, subject to necessary approvals by stock exchanges, shareholders, National Company Law Tribunal and all other requisite regulatory authorities.

The Company, during July 2019, received no objection letters from National Stock Exchange of India Limited and BSE Limited so as to enable the Company to file the Scheme with the Honourable National Company Law Tribunal (NCLT).

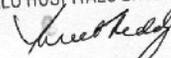
The Company has, subsequently in August 2019, filed the requisite applications with NCLT seeking direction to convene a shareholders meeting through e-voting process for obtaining their approval.

Pending receipt of necessary approvals, no effect for the Scheme has been given in the results for the three months ended June 30, 2019.

5. The Board of Directors of the Company, through a circular resolution on June 19, 2019, approved the sale of the entire 9.96% equity stake (3,57,09,000 equity shares of Rs. 10/- each) held by the Company in Apollo Munich Health Insurance Company Limited to HDFC Limited for a cash consideration of Rs. 26,152 lakhs (subject to indemnity related deductions) and Rs.3,822 lakhs from Munich Health Holding AG towards JV termination fee. The sale is subject to meeting closing conditions which includes obtaining regulatory approvals from Insurance Regulatory and Development Authority of India (IRDA), Competition Commission of India (CCI) and National Housing Bank (NHB). Pending fulfilment of the said conditions, no effect of the sale has been given in the results for the three months ended June 30, 2019.



For APOLLO HOSPITALS ENTERPRISE LTD.


Suneeta Reddy
Managing Director

6. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to lease contracts existing as on the said date, using the modified retrospective method, except for one lease arrangement for which the modified prospective approach has been used. Under the modified retrospective method, the cumulative effect of initial application is recognised in retained earnings at April 1, 2019.

On transition to Ind AS 116, the Company recognised right-of-use assets amounting to Rs. 119,988 lakhs (net of related accumulated depreciation), lease liabilities amounting to Rs. 141,340 lakhs and Rs. 24,170 lakhs (debit) in retained earnings (net of deferred tax) as at April 1, 2019. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019 for measuring the lease liability.

During the quarter, the Company has recognized interest expense on lease liabilities amounting to Rs. 3,020 lakhs and depreciation on right-of-use asset amounting to Rs. 3,470 lakhs. The effect of applying this standard resulted in reduction of profit by Rs. 1,328 lakhs for the three months ended June, 30, 2019.

7. The aforesaid financial results are also available on the Company's website (www.apollohospitals.com).

For APOLLO HOSPITALS ENTERPRISE LIMITED

Place: Chennai
Date: August 13, 2019

Dr. Prathap C Reddy
Executive Chairman



A handwritten signature in black ink, appearing to read "Prathap C Reddy".

Deloitte Haskins & Sells LLP

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

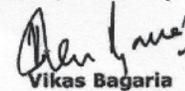
Tel: +91 80 6188 6000
Fax: +91 80 6188 6011

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF APOLLO HOSPITALS ENTERPRISE LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **APOLLO HOSPITALS ENTERPRISE LIMITED** ("the Company"), for the three months ended June 30, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Vikas Bagaria
Partner
(Membership No. 060408)
(UDIN: 19060408AAAABA4205)

Place: Bengaluru
Date: August 13, 2019

1. Statement of Consolidated Financial Results for the quarter ended June 30, 2019

(Rs. in lakhs)

Particulars	Three months ended 30/06/2019	Preceding Three months ended 31/03/2019	Corresponding Three months ended 30/06/2018	Previous year ended 31/03/2019
	Unaudited	Refer Note 2	Refer Note 2	Audited
1 Income				
(a) Revenue from Operations	2,57,189	2,49,950	2,21,047	9,61,744
(b) Other Income	986	1,176	464	3,144
Total Income (a + b)	2,58,175	2,51,126	2,21,511	9,64,888
2 Expenses				
(a) Cost of Materials Consumed	42,872	41,642	38,382	1,64,488
(b) Purchases of Stock-in-Trade	83,735	77,215	75,624	3,08,755
(c) Changes in Inventories of stock-in-trade	(2,831)	1,013	(6,177)	(7,156)
(d) Employee Benefits Expense	43,341	42,560	36,677	1,59,824
(e) Finance Costs	12,577	8,542	7,619	32,702
(f) Depreciation and amortisation expense	14,401	10,490	9,509	39,553
(g) Other Expenses	53,700	59,583	53,297	2,29,467
Total Expenses	2,47,795	2,41,025	2,14,931	9,27,633
3 Profit before share of profit in associates / joint ventures and exceptional items (1) - (2)	10,380	10,101	6,580	37,255
4 Share of profit of associates / joint ventures	(940)	1,416	(312)	98
5 Profit before exceptional item and tax (3) + (4)	9,440	11,517	6,268	37,353
6 Exceptional Item	-	-	-	-
7 Profit before tax (5) + (6)	9,440	11,517	6,268	37,353
8 Tax Expenses				
Current Tax	6,085	3,145	2,744	12,588
Deferred Tax	(1,560)	764	1,190	4,749
9 Profit for the year (7) - (8)	4,915	7,608	2,334	20,016
10 Other Comprehensive Income				
Items that will not be reclassified to Profit or Loss				
Remeasurement gains / (losses) on defined benefit plan	139	(483)	(1,242)	(2,884)
Equity instruments through other comprehensive income	-	-	-	(28)
Total Other Comprehensive Loss	139	(483)	(1,242)	(2,912)
11 Total Comprehensive Income for the year (after tax) (9) + (10)	5,054	7,125	1,092	17,104
Profit for the year attributable to:				
Owners of the parent	5,720	8,489	3,394	23,604
Non-controlling interest	(805)	(881)	(1,060)	(3,588)
Other Comprehensive Loss for the year attributable to:				
Owners of the parent	139	(458)	(1,242)	(2,919)
Non-controlling interest	-	(25)	-	7
Total Comprehensive Income for the year attributable to:				
Owners of the parent	5,859	8,032	2,152	20,685
Non-controlling interest	(805)	(906)	(1,060)	(3,581)
12 Paid-up equity share capital (Face value Rs.5/- per share) Reserves (excluding Revaluation Reserves)				6,956 3,25,611
13 Earnings per equity share of Rs.5/- each				
Basic and Diluted EPS before extraordinary items for the period (Rs.)	*4.11	*6.10	*2.44	16.97
Basic and Diluted EPS after extraordinary items for the period (Rs.)	*4.11	*6.10	*2.44	16.97

*Not annualised



For APOLLO HOSPITALS ENTERPRISE LTD.

Suneeta Reddy
Suneeta Reddy
Managing Director

Apollo Hospitals Enterprise Limited
Regd. Office : No. 19 Bishop Gardens, Raja Annamalaipuram, Chennai-28, Tamil Nadu

2.Consolidated Segment wise Revenue, Results, Segment Assets and Segment Liabilities

(Rs. in lakhs)

Particulars	Three months ended 30/06/2019	Preceding Three months ended 31/03/2019	Corresponding Three months ended 30/06/2018	Previous year ended 31/03/2019
	Unaudited	Refer Note 2	Refer Note 2	Audited
1.Segment Revenue				
a) Healthcare Services	1,35,855	1,33,196	1,19,057	5,16,184
b) Pharmacy	1,05,684	1,01,837	89,207	3,88,604
c) Clinics	18,220	15,537	13,222	58,875
d) Others	108	99	99	397
SUB - TOTAL	2,57,867	2,50,669	2,21,585	9,64,060
Less : Intersegmental Revenue	678	719	538	2,316
Income from Operations	2,57,189	2,49,950	2,21,047	9,61,744
2. Segment Results				
a) Healthcare Services	17,321	15,910	13,717	61,977
b) Pharmacy	5,839	4,679	3,328	16,817
c) Clinics	(1,138)	(2,864)	(3,192)	(11,490)
d) Others	(51)	(258)	(118)	(490)
SUB - TOTAL	21,971	17,467	13,735	66,814
Less : (i) Finance Cost	12,577	8,542	7,619	32,702
(ii) Other un-allocable income, (net of expenditure)	986	1,176	464	3,144
Profit Before Tax	10,380	10,101	6,580	37,256
3. Capital employed				
a) Healthcare Services *				
Segment Assets	7,43,375	6,78,241	6,67,436	6,78,241
Segment Liabilities	(2,29,120)	(1,44,647)	(1,44,825)	(1,44,647)
b) Pharmacy				
Segment Assets	1,77,970	1,12,335	1,03,774	1,12,335
Segment Liabilities	(94,660)	(22,497)	(17,451)	(22,497)
c) Clinics				
Segment Assets	80,948	45,805	53,194	45,805
Segment Liabilities	(59,987)	(16,926)	(14,736)	(16,926)
d) Others				
Segment Assets	4,822	5,053	4,619	5,053
Segment Liabilities	(1,779)	(1,765)	(1,702)	(1,765)
e) Unallocated				
Assets	77,040	76,877	59,484	76,877
Liabilities	(3,90,553)	(3,99,133)	(3,83,277)	(3,99,133)
Total	3,08,056	3,33,343	3,26,516	3,33,343
* Includes Capital employed in various hospital projects under construction	82,088	82,177	71,585	82,177



For APOLLO HOSPITALS ENTERPRISE LTD.

Suneeta Reddy
Suneeta Reddy
Managing Director

NOTES:

1. The unaudited consolidated financial results of Apollo Hospitals Enterprise Limited Group ('Group') for the three months ended June 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors of the Parent Company at their meetings held on August 12, 2019 and August 13, 2019, respectively, and have been subjected to limited review by the statutory auditors of the Group.
2. The consolidated results for the three months ended June 30, 2018, are approved by the Parent's Board of Directors and have not been subjected to limited review by the statutory auditors. The consolidated financial results for the three months ended March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year ended March 31, 2019 and the unaudited year to date figures for the period ended December 31, 2018 as approved by the Parent's Board of Directors and have not been subjected to limited review by the statutory auditors.
3. The listed non-convertible debentures of the Parent Company aggregating Rs.70000 lakhs as on June 30, 2019 are secured by way of first charge on the Parent Company's properties and the asset cover thereof exceeds hundred percent of the principal amount of the said debentures.
4. The Board of Directors of the Parent Company at their meeting held on November 14, 2018 have approved a Scheme of Arrangement ("the Scheme") between Apollo Hospitals Enterprise Limited ("AHEL") and Apollo Pharmacies Limited ("APL") and their respective shareholders in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, for the transfer of the front-end retail pharmacy business ("the disposal group") carried out in the standalone pharmacy segment with effect from April 1, 2019 or such other date as may be approved by the Competent Authority or any other appropriate authority to APL by way of slump sale, subject to necessary approvals by stock exchanges, shareholders, National Company Law Tribunal and all other requisite regulatory authorities.

The Parent Company, during July 2019, received no objection letters from National Stock Exchange of India Limited and BSE Limited so as to enable the Parent Company to file the Scheme with the Honourable National Company Law Tribunal (NCLT).

The Parent Company has, subsequently in August 2019, filed the requisite applications with NCLT seeking direction to convene a shareholders meeting through e-voting process for obtaining their approval.

Pending receipt of necessary approvals, no effect for the Scheme has been given in the results for the three months ended June 30, 2019.

5. The Board of Directors of the Parent Company, through a circular resolution on June 19, 2019, approved the sale of the entire 9.96% equity stake (3,57,09,000 equity shares of Rs. 10/- each) held by the Parent Company in Apollo Munich Health Insurance Company Limited to HDFC Limited for a cash consideration of Rs. 26,152 lakhs (subject to indemnity related deductions) and Rs.3,822 lakhs from Munich Health Holding AG towards JV termination fee. The sale is subject to meeting closing conditions which includes obtaining regulatory approvals from Insurance Regulatory and Development Authority of India (IRDA), Competition Commission



For APOLLO HOSPITALS ENTERPRISE LTD.

Suneeta Reddy
Suneeta Reddy
Managing Director

of India (CCI) and National Housing Bank (NHB). Pending fulfilment of the said conditions, no effect of the sale has been given in the results for the three months ended June 30, 2019.

6. Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", applied to lease contracts existing as on the said date, using the modified retrospective method, except for two lease arrangements for which the modified prospective approach has been used. Under the modified retrospective method, the cumulative effect of initial application is recognised in retained earnings at April 1, 2019.

On transition to Ind AS 116, the Group recognised right-of-use assets amounting to Rs. 158,657 lakhs (net of related accumulated depreciation), lease liabilities amounting to Rs. 189,937 lakhs and Rs. 30,523 lakhs (debit) in retained earnings (net of deferred tax) as at April 1, 2019. The Group has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019 for measuring the lease liability.

During the quarter, the Group has recognized interest expense on lease liabilities amounting to Rs. 4,104 lakhs and depreciation on right-of-use asset amounting to Rs. 4,670 lakhs. The effect of applying this standard resulted in reduction of profit by Rs. 1,783 lakhs for the three months ended June, 30, 2019.

7. The proceedings initiated against Imperial Hospitals and Research Centre Limited, a subsidiary company, by the Government of Karnataka alleging, non-compliance of certain conditions associated with the allotment of land, has been stayed by the Honourable High Court of Karnataka on April 27, 2018. Based on legal opinion, the management is of the opinion that it has adequate grounds to demonstrate compliance with applicable conditions and therefore the proceedings are not sustainable. There have been no further developments during this quarter.
8. The aforesaid financial results are also available on the Parent Company's website (www.apollohospitals.com).

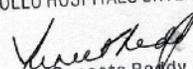
For APOLLO HOSPITALS ENTERPRISE LIMITED

Place: Chennai
Date: August 13, 2019

Dr. Prathap C Reddy
Executive Chairman



For APOLLO HOSPITALS ENTERPRISE LTD.


Suneeta Reddy
Managing Director

**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM
CONSOLIDATED FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF
APOLLO HOSPITALS ENTERPRISE LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **APOLLO HOSPITALS ENTERPRISE LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net loss after tax and total comprehensive loss (net) of its associates and joint ventures for the three months ended June 30, 2019 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

Attention is drawn to Note 2 to the Statement which states that the consolidated figures for the corresponding three months ended June 30, 2018 and previous three months ended March 31, 2019, as reported in the accompanying Statement have been approved by the Parent's Board of Directors, but have not been subjected to review.

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4. The Statement includes the results of the following entities:

Name of the Company	Relationship
Apollo Hospitals Enterprise Limited	Parent
Apollo Home Healthcare (India) Limited	Subsidiary
Apollo Home Healthcare Limited	Subsidiary
AB Medical Centres Limited	Subsidiary
Samudra Health Care Enterprises Limited	Subsidiary
Imperial Hospitals & Research Centre Limited	Subsidiary
Apollo Hospitals (UK) Limited	Subsidiary
Apollo Health and Lifestyle Limited (AHLL)	Subsidiary
Alliance Dental Care Limited	Subsidiary of AHLL
Apollo Dialysis Private Limited	Subsidiary of AHLL
Apollo Sugar Clinics Limited	Subsidiary of AHLL
Apollo Speciality Hospitals Private Limited	Subsidiary of AHLL
AHLL Diagnostics Limited	Subsidiary of AHLL
AHLL Risk Management Private Limited	Subsidiary of AHLL
Apollo Bangalore Cradle Limited	Stepdown Subsidiary of AHLL
Kshema Healthcare Private Limited	Stepdown Subsidiary of AHLL
Apollo Nellore Hospital Limited	Subsidiary
Sapein Bio-sciences Private Limited	Subsidiary
Apollo Hospitals International Limited (AHIL)	Subsidiary
Apollo-Amrith Oncology Services Private Limited	Associate of AHIL
Apollo CVHF Limited	Subsidiary of AHIL
Western Hospitals Corporation Limited	Subsidiary
Apollo Lavasa Health Corporation Limited	Subsidiary
Apollo Rajshree Hospital private Limited	Subsidiary
Future Parking Private Limited	Subsidiary
Total Health	Subsidiary
Apollo Hospitals Singapore Pte Limited	Subsidiary
Assam Hospitals Limited	Subsidiary
Apollo Health Care Technologies Solution Limited	Subsidiary
Apollo Medical Private Limited (AMPL)	Subsidiary
Apollo Pharmacy Limited	Subsidiary of AMPL
Apollo Gleneagles Hospitals Limited	Joint venture
Apollo Gleneagles PET-CT private Limited	Joint venture
ApoKos Rehab Private limited	Joint venture
Medics International Lifesciences Limited	Joint Venture
Apollo Munich Health Insurance Company Limited	Associate
Family Health Plan Insurance (TPA) Limited	Associate
Indraprastha Medical Corporation Limited	Associate
Stemcyte India Therapeutics Private Limited	Associate

h.

**Deloitte
Haskins & Sells LLP**

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to Note 7 to the Statement in respect of proceedings initiated against the company's subsidiary, Imperial Hospital & Research Centre Limited, by the Government of Karnataka, as reported by the other auditors of the said subsidiary company. Our conclusion on the Statement is not modified in respect of this matter.
7. We did not review the interim financial results of 20 subsidiaries included in the consolidated unaudited financial results, whose interim financial results reflect total revenues of Rs. 21,933 lakhs for the three months ended June 30, 2019, total net profit after tax of Rs. 113 lakhs for the three months ended June 30, 2019 and total comprehensive income of Rs. 111 lakhs for the three months ended June 30, 2019, as considered in the Statement. The consolidated unaudited financial results also includes the Group's share of loss after tax of Rs. 118 lakhs for the three months ended June 30, 2019 and total comprehensive loss Rs. 128 lakhs for the three months ended June 30, 2019, as considered in the Statement, in respect of 2 joint ventures and 3 associates, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of these matters.

8. The consolidated unaudited financial results includes the interim financial information of 7 subsidiaries which have not been reviewed / audited by their auditors, whose interim total revenue of Rs.7 lakhs for the three months ended June 30, 2019, total loss after tax of Rs. 29 lakhs for the three months ended June 30, 2019 and total comprehensive loss Rs. 29 lakhs for the three months ended June 30, 2019, as considered in the Statement. The consolidated unaudited financial results also includes the Group's share of loss after tax of Rs. 1,087 lakhs for the three months ended June 30, 2019 and total comprehensive loss of Rs. 1,057 lakhs for the three months ended June 30, 2019, as considered in the Statement, in respect of 1 joint venture and 2 associates, based on its interim financial information which have not been reviewed / audited by their auditors.

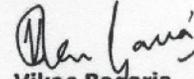


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Haskins & Sells LLP**

According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

Our Conclusion on the Statement is not modified in respect of our reliance on the interim financial information certified by the Management.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Vikas Bagaria

Partner
(Membership No. 060408)
(UDIN: 19060408AAAABB3853)

Place: Bengaluru
Date: August 13, 2019

Apollo Pharmacies Limited

Balance Sheet As At 30 June 2019

Particulars	Notes	30 June 2019 (Rs.)	31 March 2019 (Rs.)
<u>ASSETS</u>			
<u>Current Assets</u>			
Financial Assets			
Cash and Cash equivalents	1	220,164	234,478
Total Current Assets		220,164	234,478
Total Assets		220,164	234,478
<u>EQUITY AND LIABILITIES</u>			
<u>Equity</u>			
(a) Equity Share Capital	2	500,000	500,000
(b) Other Equity	3	(361,286)	(356,372)
Total Equity		138,714	143,628
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Other Current Liabilities	4	81,450	90,850
Total Current Liabilities		81,450	90,850
Total Liabilities		81,450	90,850
Total Equity and Liabilities		220,164	234,478

Place: Chennai

Date: 09-August-2019

For Apollo Pharmacies Limited


S Obal Reddy
 Director



Apollo Pharmacies Limited

Statement of Profit and Loss A/c for the Quarter ended 30 June 2019

S.No.	Particulars	Notes	Quarter ended 30 June 2019 (Rs.)	Previous Year ended 31 March 2019 (Rs.)
I	Income			
	Revenue from Operation		-	-
II	Other Income		-	-
III	Total Income		<u>-</u>	<u>-</u>
IV	Expenses			
	Finance costs	5	-	15
	Other expenses	6	4,914	233,833
	Total Expenses		<u>4,914</u>	<u>233,848</u>
V	Profit (Loss) before tax (III - IV)		(4,914)	(233,848)
VI	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
VII	Profit (Loss) for the year (V - VI)		<u>(4,914)</u>	<u>(233,848)</u>
VIII	Other Comprehensive Income			
	Total Other Comprehensive Income		<u>-</u>	<u>-</u>
IX	Total comprehensive income for the year (VII+VIII)		(4,914)	(233,848)
X	Earnings per equity share:			
	Basic	7	<u>(0.10)</u>	<u>(4.68)</u>

Place: Chennai

Date : 09-AUGUST-2019

For Apollo Pharmacies Limited

S Omi Reddy
Director



Apollo Pharmacies Limited

Statement of Changes in Equity for the Quarter ended 30 June 2019

(a) Equity Share Capital

Particulars	Amount (Rs.)
Balance as at 1 April 2019	500,000
Changes in equity share capital during the period	-
Balance as at 30 June 2019	500,000

(b) Other Equity

Particulars	Reserves and Surplus Retained Earnings	Items of OCI	Total Other Equity
	(Rs.)	(Rs.)	(Rs.)
Balance as at 01 April 2019	(356,372)	-	(356,372)
Loss for the period	(4,914)	-	(4,914)
			-
Total comprehensive income / loss for the period and Balance as at 30 June 2019	(361,286)	-	(361,286)

Place: Chennai

Date: 09-August-2019

For Apollo Pharmacies Limited


S Otal Reddy
Director



Apollo Pharmacies Limited

Notes forming part of the financial statements

Particulars	30 June 2019		31 March 2019	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Note 2				
<u>Equity Share Capital</u>				
<u>Authorised</u>				
1,00,000 Equity Shares of Rs. 10/- each	100,000	1,000,000	100,000	1,000,000
	100,000	1,000,000	100,000	1,000,000
<u>Issued, Subscribed and Paid up</u>				
50,000 Equity shares of Rs.10/- each fully paid up	50,000	500,000	50,000	500,000
	50,000	500,000	50,000	500,000

The reconciliation of the number of shares and amount outstanding at the beginning and at the end of the period.

Particulars	Number	Amount (Rs.)	Number	Amount (Rs.)
Shares outstanding at the beginning of the period	50,000	500,000	50,000	500,000
Shares Issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	50,000	500,000	50,000	500,000

No of Shares held by each shareholder holding more than 5% of the aggregate Share Capital

Name of Share Holders	Number of Shares	% of Holding	Number of Shares	% of Holding
Mrs. Preetha Reddy	1	0.002%	1	0.002%
Mrs. Suneeta Reddy	1	0.002%	1	0.002%
Mrs. Shobana Kamineni	1	0.002%	1	0.002%
Mrs. Sangita Reddy	1	0.002%	1	0.002%
Ms. Anuspala Kamineni	1	0.002%	1	0.002%
Mr. C Sreethar	1	0.002%	1	0.002%
Mr. P B Ramamoorthy	1	0.002%	1	0.002%
M/s. Apollo Medicals Private Limited	49,993	99.986%	49,993	99.986%
	50,000	100.00%	50,000	100.00%



Apollo Pharmacies Limited

Notes forming part of the financial statements

Particulars	30 June 2019	31 March 2019
	(Rs.)	(Rs.)
Note 1		
<u>Cash and cash equivalents</u>		
Balance with bank	208,128	216,008
Cash on hand	12,036	18,470
	220,164	234,478
Note 3		
<u>Other Equity</u>		
<u>Retained Earnings</u>		
Opening Balance	(356,372)	(122,524)
Surplus/(Deficit) during the period	(4,914)	(233,848)
Closing Balance	(361,286)	(356,372)
Note 4		
<u>Other Current Liabilities</u>		
Provision for Expenses	81,450	90,850
	81,450	90,850



Apollo Pharmacies Limited

Notes forming part of the financial statements

Particulars	Quarter ended 30 June 2019 (Rs.)	Previous Year ended 31 March 2019 (Rs.)
Note 5		
<u>Finance Costs</u>		
Bank Charges	-	15
	-	15
Note 6		
<u>Other Expenses</u>		
Professional Charges	3,180	23,400
Printing and Stationery	240	8,040
Rates and Taxes	1,200	103,273
Software Expenses	-	63,720
Miscellaneous Expenses	294	-
Audit Fees	-	35,400
	4,914	233,833
Note 7		
<u>Earning Per Equity Share</u>		
Profit (Loss) for the Period	(4,914)	(233,848)
No. of Equity Shares	50,000	50,000
	(0.10)	(4.68)



Apollo Pharmacies Limited

Cashflow Statement for the Quarter ended 30 June 2019

Particulars	For the Quarter ended 30 June 2019 (Rs.)	For the Previous year ended 31 March 2019 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES (A)		
Net Loss for the period	-4914	-233,848
Operating Cash Flow before working capital changes	<u>-4,914</u>	<u>-233,848</u>
Increase/(decrease) in operating liabilities		
Other current liabilities	-9400	41,300
Cash (used in) / generated from operating activities (A)	<u>-14,314</u>	<u>-192,548</u>
CASH FLOW FROM INVESTING ACTIVITIES (B)	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES (C)		
Repayment of borrowings	-	-84,885
Cash (used in) / generated from Financing activities (C)	<u>-</u>	<u>-84,885</u>
Net increase/(decrease) in cash & cash equivalent [(A)+(B)+(C)]	<u>-14,314</u>	<u>-277,433</u>
Cash and cash equivalents at the beginning of the period (Refer Note:1)	234,478	511,911
Cash and cash equivalents at the end of the period (Refer Note: 1)	<u>220,164</u>	<u>234,478</u>

Place: Chennai

Date: 09-August-2019

For Apollo Pharmacies Limited

S. S. Reddy
Director



Meeting of Equity Shareholders

Date : October 21, 2019

Day : Monday

Time : 11.00 a.m.

Venue : The Music Academy, No. 168, TTK Road, Royapettah, Chennai – 600 014

