

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF APOLLO HOSPITALS ENTERPRISE LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter reference no. VB/AHEL/EL/001A/2018-19 dated November 8, 2018.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Apollo Hospitals Enterprise Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended March 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by Institute of the Chartered Accountants of India (the ICAI), the standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2019.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the Management has conducted the affairs of the Company.

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

Vikas Bagaria
Partner
(Membership No. 060408)

Place: Mumbai
Date: May 30, 2019

MANAGEMENT DISCUSSION & ANALYSIS

HEALTHCARE IS MORE THAN MEDICINE AND DOCTORS—IT IS BEING AWARE OF ONE'S BODY AND PURSUING WELLNESS. IT MEANS PREVENTIVE MEDICINE, HEALTH CHECKS, AND ASSURED, EQUITABLE ACCESS TO BASIC HEALTHCARE FACILITIES. ALL OF THESE IN SOME MEASURE, CONTRIBUTE TO A BETTER QUALITY OF LIFE FOR A NATION'S PEOPLE.

Regardless of economic strata or geographical location, nothing is more important to a person than his health. For this reason, people interact with the local healthcare system in various ways and to differing degrees throughout one's life. Until recently healthcare consumers have interacted with the health system only when they were sick or injured. But the future of health is going to usher significant changes to that norm. It is going to focus on well-being and prevention rather than treatment. According to Deloitte Centre for Health Solutions, by 2040, more health spends will be devoted to sustaining well-being and preventing illness while less will be tied to treating illness. Greater emphasis on identifying health risks earlier will result in fewer and less severe diseases, which will reduce healthcare spending and allow the reinvestment of this well-being dividend towards expanding the benefits to the broader population.

The use of actionable health insights will be driven by interoperable data and smart AI. This will help identify illness early, enable proactive intervention and improve the understanding of disease progression. Technology will also help break down barriers such as cost and geography and democratize healthcare. Data and technology will empower the consumer to such an extent that the consumer rather than health plans or providers, will determine when, where, and with whom they will engage to sustain well-being or to seek care.

Understanding India's Healthcare Services Landscape

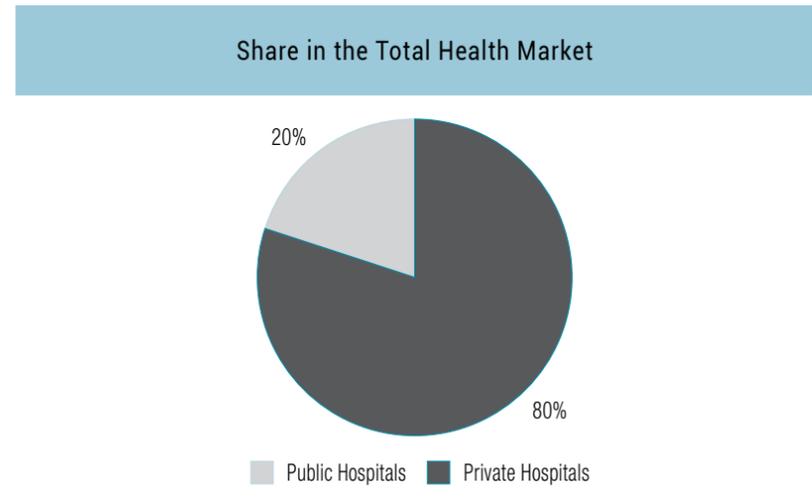
Many studies have shown that health can be a leading factor that affects a country's aggregate level of economic growth. A comparison of the basic health indicators clearly reveals that the developed nations of the world fare far better on healthcare provision and utilization, when compared to developing nations. The allocation of resources—money, infrastructure, people, education, and products, one of the biggest differences between developed and developing countries, is the main reason for this. Countries with low human development have made lower allocations to healthcare infrastructure and as a result, the sector as a whole remains largely untapped and neglected. The primary challenge then for a developing country today, is ensuring universal healthcare—how can access to healthcare be improved,

PRIVATE HEALTHCARE INSTITUTIONS IN INDIA PROVIDE WORLD CLASS FACILITIES, EMPLOY HIGHLY SKILLED AND GLOBALLY RECOGNIZED PROFESSIONALS, LEVERAGE ADVANCED TECHNOLOGY IN TREATMENTS, AND MAINTAIN HIGH STANDARDS OF QUALITY.

both in terms of reach and affordability; how can the needs of the vulnerable and under-privileged populations be addressed rather than overlooked?

India's basic and limited healthcare infrastructure is starkly inadequate for meeting the demands of her large and diverse population. The unmet opportunity combined with strong fundamentals in the market, has led to the emergence of private healthcare service providers, giving a fillip to the country's healthcare system. Today, India has one of the largest private health sectors in the world, mainly because the country's Public Healthcare facilities have neither been able to meet the needs of the population adequately nor reach the interiors of the country. Additionally, several of these facilities are understaffed, poorly equipped in terms of basic infrastructure and equipment, and severely lack even basic quality standards. In contrast, private healthcare institutions provide world class facilities, employ highly skilled and globally recognized professionals, leverage advanced technology in treatments, and maintain high standards of quality. Admittedly, this is a phenomenon in the Tier I urban areas of the country, but nevertheless, the private sector has done a commendable job in creating these pockets of excellence while simultaneously generating significant value. The enduring success of the early movers has encouraged the emergence of multiple players in this space and spawned industry diversification and in-depth specialization. The Indian healthcare industry has today become a preferred sector for strategic and financial investments.

Private sector players occupy a major share of nearly 80% of the country's total healthcare market. They also account for almost 74% of the country's total healthcare expenditure. Their share in hospitals alone is estimated at 74% while the share of hospital beds is estimated at 40%.



Source: A report on 'Indian Hospital Services Market Outlook' by consultancy RNCOS, Grant Thornton, LSI Financial Services, OECD

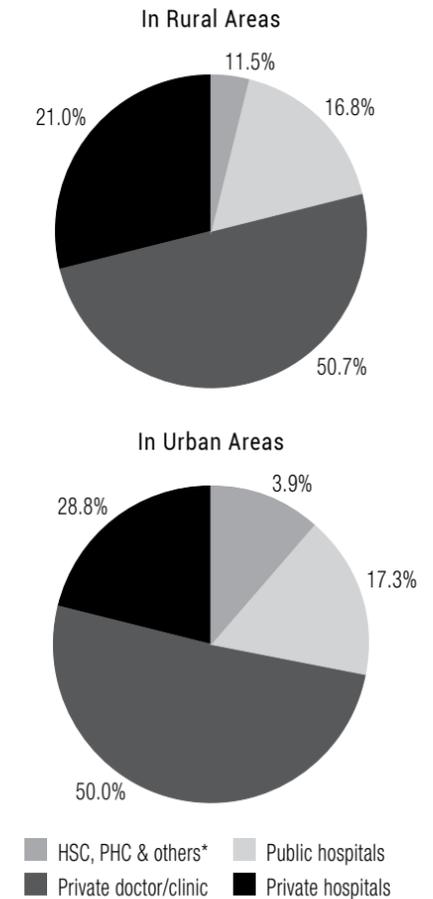
Based on the success and breadth of services offered by the private sector hospitals, rural populations are increasingly seeking care from this sector. Of all the levels of care mentioned in the chart below, treatment by a private

Rural Areas
21.0%
Ailments treated by Private Hospitals

Urban Areas
28.8%
Ailments treated by Private Hospitals

doctor/clinic is the single most important point of contact for treatment of ailments for rural areas (50.7%) and urban areas (49.3%). This is followed by treatments at private hospitals, public hospitals and Health Sub Centres (HSC) , Primary Health Centres (PHC) & others.

Percentage of ailments treated by different levels of care



Source: MoSPI, NSS 71st Round (January-June 2014)

Note: Public sector includes HSCs, PHCs & others*, and public hospitals. Private sector includes private doctors/clinics and hospitals.

* Others include Auxillary Nurse Midwives (ANM), Accredited Social Health Activists (ASHA), Anganwadi Workers (AWW), Dispensaries, Continuing Healthcare (CHC), and Mobile Medical Units (MMU)

Government initiatives that support sectional growth

It is important to mention that the Country's healthcare sector is strongly supported by the Indian Government which has been undertaking commendable work to develop India as a global healthcare hub. The Government has a goal of raising its healthcare spending to 2.5% of GDP from the current level of 1.1% of the GDP by 2025 under the National Health Policy 2017.

THE AYUSHMAN BHARAT – PRADHAN MANTRI YOJANA (PMJAY), THE LARGEST GOVERNMENT FUNDED HEALTHCARE PROGRAMME TARGETING MORE THAN 500 MILLION BENEFICIARIES, WAS ALLOCATED A SUM OF USD 887.04 MILLION.

Over the years, several initiatives to drive the growth of the healthcare sector in the country have been yielding positive results. These initiatives have gone a long way in not only improving the overall healthcare access for the general population but have also enhanced the quality of healthcare in the country.

Some important healthcare initiatives undertaken in the Union Budget 2019-20 are as follows:

1. The allocation to the Ministry of Health and Family Welfare has increased by 16.28% year-on-year to USD 8.51 billion.
2. The Government of India has allocated a sum of USD 4.40 billion under the National Health Mission.
3. The Government has announced setting up of 24 new Government medical colleges and hospitals by upgrading existing district hospitals in the country.
4. The Ayushman Bharat – Pradhan Mantri Yojana (PMJAY), the largest Government funded healthcare programme targeting more than 500 million beneficiaries, has been allocated a sum of USD 887.04 million.

Additionally, the Government of India has launched a registry with standardized, authentic and updated geo-spatial data of all public and private healthcare facilities called the National Health Resource Repository (NHRR) in June 2018.

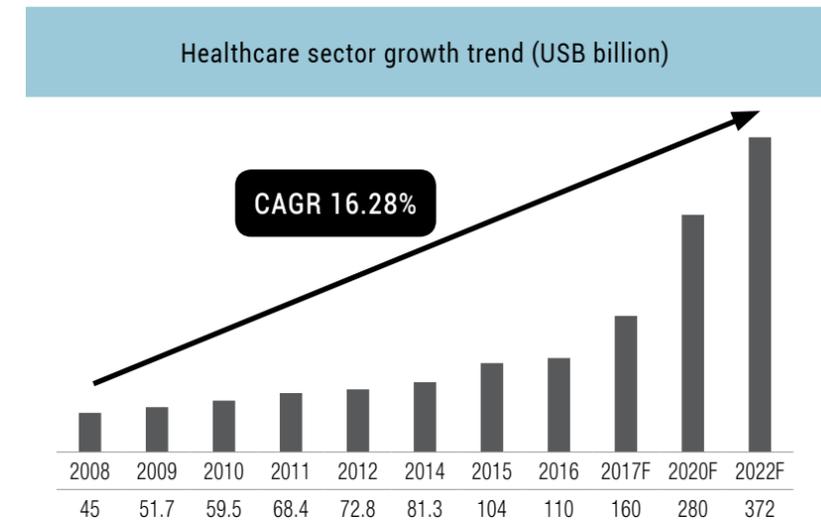
India had bilateral trade relations with 53 countries in the healthcare sector, as of August 2018. These relationships will potentially encourage joint initiatives in health manpower development, training, exchange of experts, exchange of information, capacity building, and technical support in establishing laboratories/hospitals and research.

Growing market size

As per a report from the Ministry of Commerce and Industry, the Indian healthcare sector, which stood at a size of USD 110 billion in 2016, is expected to reach a size of over USD 372 billion by 2022, registering a CAGR of 22%. The hospital industry in India stood at USD 61.79 billion in 2017 and is expected to increase at a 16-17% CAGR to reach a size of USD 132.84 billion by 2023. The Country ranks 145 among 195 countries in terms of quality and accessibility of healthcare. These statistics indicate that there is tremendous scope for enhancing healthcare services penetration in India and ample opportunity for the development of the healthcare industry as a whole. Conducive policies for encouraging FDI, tax benefits, and favourable Government policies coupled with promising growth prospects are helping the industry attract private equity, venture capital and foreign players. Today, Indian companies are entering into alliances with domestic and foreign companies to drive growth and gain new markets. Going ahead, strong fundamental factors such as rising income levels, ageing population, growing health awareness and changing attitude towards preventive healthcare are expected to boost healthcare services demand.

The Indian healthcare sector was ranked as the 4th largest employer with a total employee base of 319,780 people in FY17. By 2020, the sector is expected to generate 40 million jobs in India. The Country is also expected to rank amongst the top 3 healthcare markets in terms of incremental growth by 2020.

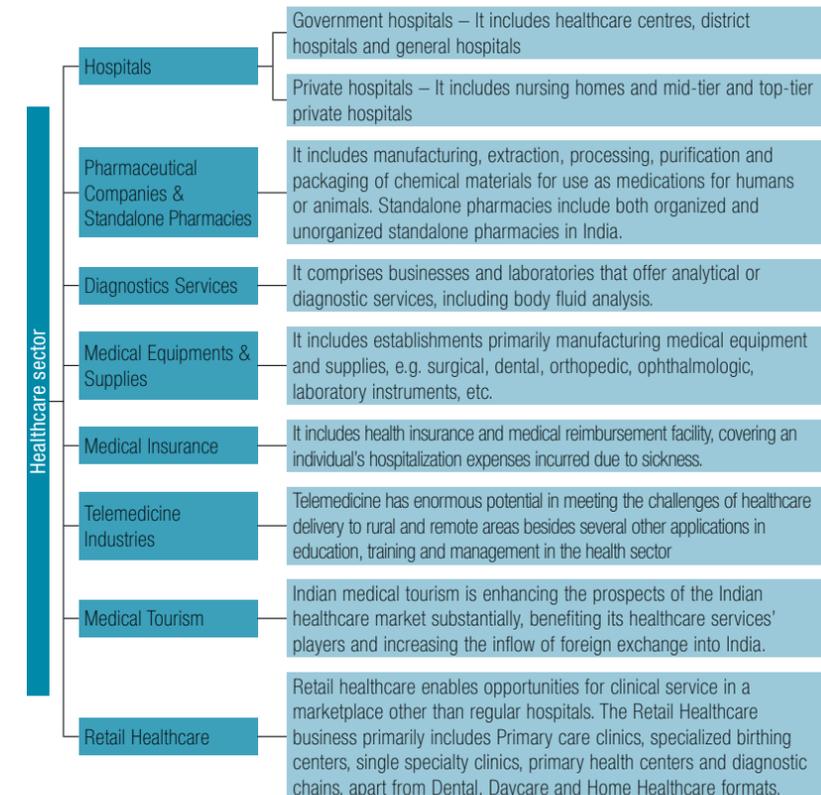
THE INDIAN HEALTHCARE SECTOR, ONE OF THE FASTEST GROWING INDUSTRIES, WHICH STOOD AT A SIZE OF USD 110 BILLION IN 2016, IS EXPECTED TO REACH A SIZE OF OVER USD 372 BILLION BY 2022, REGISTERING A CAGR OF 22%.



Source: Frost & Sullivan, LSI Financial Services, Deloitte, TechSci Research

The Healthcare Service Delivery Landscape in India

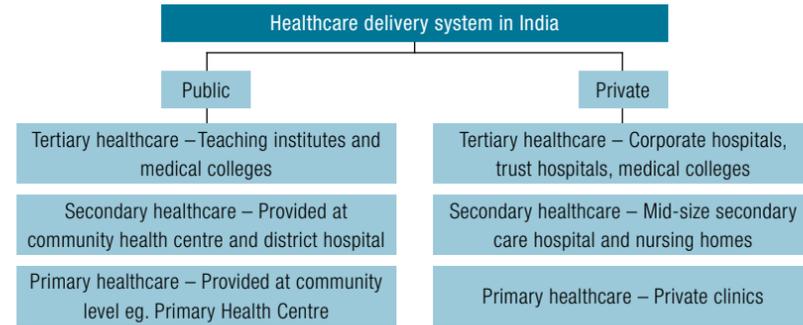
The Healthcare sector in India broadly includes Hospitals, Pharmaceutical Companies & Standalone Pharmacies, Diagnostic Services, Medical Equipment and Supplies, Medical Insurance, Telemedicine Companies, Medical Tourism and Retail Healthcare.



Source: Hospital Market – India by Research on India, Aranca Research

Structure of healthcare delivery landscape in India

The Healthcare sector is primarily divided into three categories: primary, secondary and tertiary. The primary sector which mainly operates at the grass-root level has minimal involvement of private players. However, a major portion of the secondary and tertiary healthcare institutions which are concentrated in the metros, Tier II and Tier I cities, are run by the private sector.



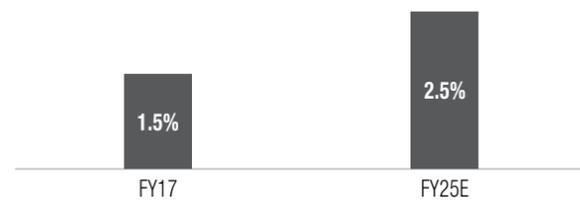
Source: Frost & Sullivan analysis

How does India's healthcare infrastructure compare with global benchmarks?

The Government of India's expenditure on healthcare stood at 1.5% of GDP in FY17. In comparison to other countries, this figure not only falls behind those of developed countries such as the US and UK, but also developing countries such as Brazil and Malaysia

Economically weaker States in India are particularly susceptible to low public health investments. The continued disparity of healthcare spends between urban and rural areas has resulted in sharp disparity in healthcare availability across the country. The Government of India is planning to increase public health spending to 2.5% of the Country's GDP by 2025.

Healthcare spending as a percentage of GDP



Source: WHO World Health Statistics 2015, E&Y, LSI Financial Services

Even though the Country is witnessing a rapid expansion in the healthcare sector, the shortage of medical workforce remains a big challenge.

As per World Health Statistics primary data 2007-2016, the density of physicians per 1,000 population for India stands at 0.8 which is very low

HOSPITAL BED DENSITY IN INDIA IS MERELY 0.9 PER 1,000 PERSONS

compared to the number for USA that stands at 2.6. As per the National Health Profile 2018, India has a density of 30.2 skilled health professionals (physicians/nurses/midwives) per 10,000 population and the Sustainable Development Goal (SDG) target is a density of 44.5 per 10,000 population. To achieve the ratio reported by the USA with respect to the density of physicians, India will require an addition of around 24.4 lakh physicians in the country.

Additionally, hospital bed density in India is merely 0.9 per 1,000 persons, while the minimum advocated by the WHO is 3.5 beds per 1000 people. It is estimated that an additional 3 million beds will be needed to achieve the target of 3 beds per 1,000 people by 2025. These statistics indicate the alarming healthcare infrastructure gap in the country and the tremendous growth potential of the Indian healthcare industry for the country to progress towards the global mean.

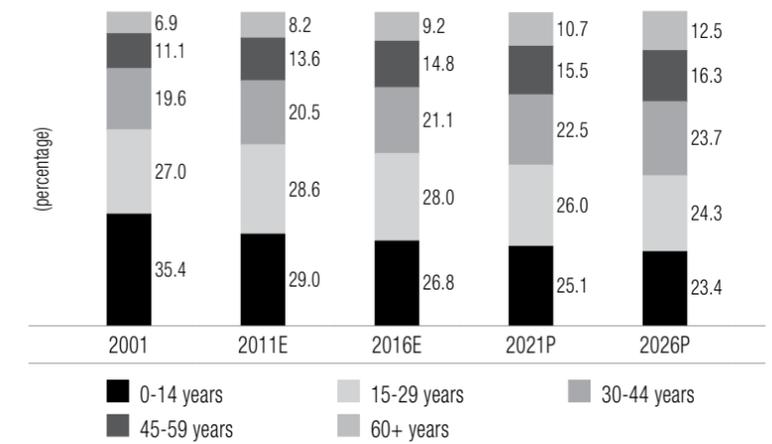
Forces of change and potential growth drivers in India

Strong fundamentals inherent to the sector are expected to accelerate further growth of healthcare demand in India. The industry in India is broadly characterized by the following:

Increase in population and demographic trends

With improving life expectancy, the demography of the country is also witnessing a change. As of 2011, nearly 8% of the Indian population was aged 60 years or more, and this is expected to surge to 12.5% by 2026. However, the availability of a documented knowledge base concerning the healthcare needs of the elderly (aged 60 years or more) continues to remain a challenge, although the higher vulnerability of this age group to health-related issues is an accepted fact.

Break-up of population by age



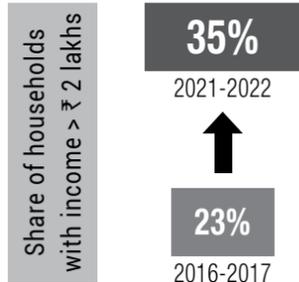
Source: CRISIL Research

THE GOVERNMENT OF INDIA IS PLANNING TO INCREASE PUBLIC HEALTH SPENDING TO 2.5% OF THE COUNTRY'S GDP BY 2025.

The Difference between Good and Great

INDIAN POPULATION IS EXPECTED TO GROW TO A SIZE OF ~1.44 BILLION BY 2023.

Source: CRISIL Research



Source: CRISIL Research

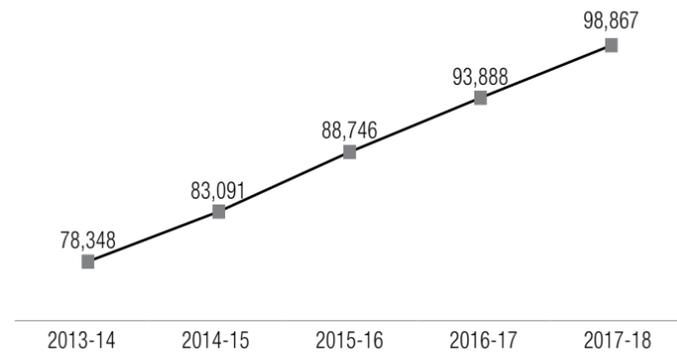
According to the Report on Status of Elderly in Select States of India 2011, published by the United Nations Population Fund (UNFPA) in November 2012, chronic ailments such as arthritis, hypertension, diabetes, asthma, and heart diseases were commonplace among the elderly, with ~66% of the respective population reporting at least one of these. In terms of gender-based tendencies, while men were more likely to suffer from heart, renal and skin diseases, women showed higher tendencies of contracting arthritis, hypertension, and osteoporosis.

With the Indian population expected to grow to ~1.44 billion by 2023 and considering the above mentioned factors, the need to ensure access to healthcare services for this vast populace is an imperative. This provides an attractive opportunity to expand into a sector with huge potential for growth.

Rising per capita income and widening of income inequalities

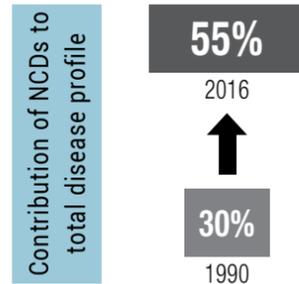
According to the IMF, the Indian economy is poised to be one of the top five economies by 2020, following robust GDP growth supported by a strong industry base. The last decade has witnessed remarkable economic development with rise in per capita income which has paved the way for increasing demand of healthcare services and access to better healthcare facilities. However, even as India continues to develop, the difference in earnings is giving rise to wide levels of inequality. The people in the various income slab categories fall into unique baskets typified by varying healthcare needs. Each of these presents a market in terms of the addressable value proposition. The growth in the affordable segment of population, on account of rising income levels, supports the need for quality medical care that comes at a relatively higher price. Growth in household incomes, and consequently, disposable incomes, is, therefore, critical to the overall growth in demand for healthcare delivery services in India. The share of households falling in the income bracket above ₹ 2 lakhs is expected to go up to 35% in 2021-22 from 23% in 2016-17, providing a potential target segment (with more paying capacity) for hospitals.

Trend in India's per capita Gross Domestic Product (GDP) at constant market prices (in ₹)



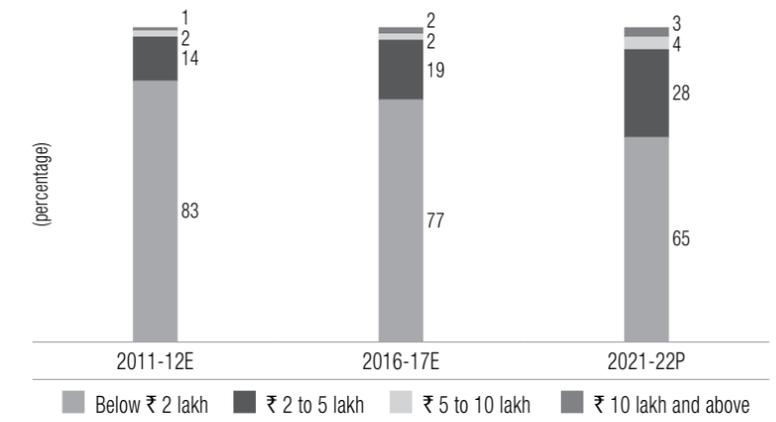
Source: CME, Base year 2011-12

ALMOST 70 PERCENT OF INDIA'S 1.3 BILLION PEOPLE, LIVE IN RURAL AREAS.



Source: CRISIL Research

Income Demographics



Source: CRISIL Research

Under-Served, Under-Consumed

The healthcare service delivery landscape demonstrates a lag with regard to accessibility and geographical reach in meeting the requirements of the nation's 1.3 billion people, almost 70 percent of who, live in rural areas. Public health care institutions—ranging from primary health centers that form the backbone of the system in rural areas to larger district-level hospitals are hampered by a lack of manpower and inadequate resources such as diagnostics, pathology services and stock-outs.

In terms of global comparison, with only 1 bed per 1,050 population, versus a global average of approximately 2.9 beds per 1,000 population, the current hospital infrastructure in India is woefully inadequate. Approximately 1.7 million beds have to be added by 2025 to meet the rising demand and address the current shortage. A combination of unaffordability and minimum access to healthcare facilities, especially for the under privileged people belonging to the lower strata of society has led to a massive under consumption of healthcare services in the country.

Transition in disease profile

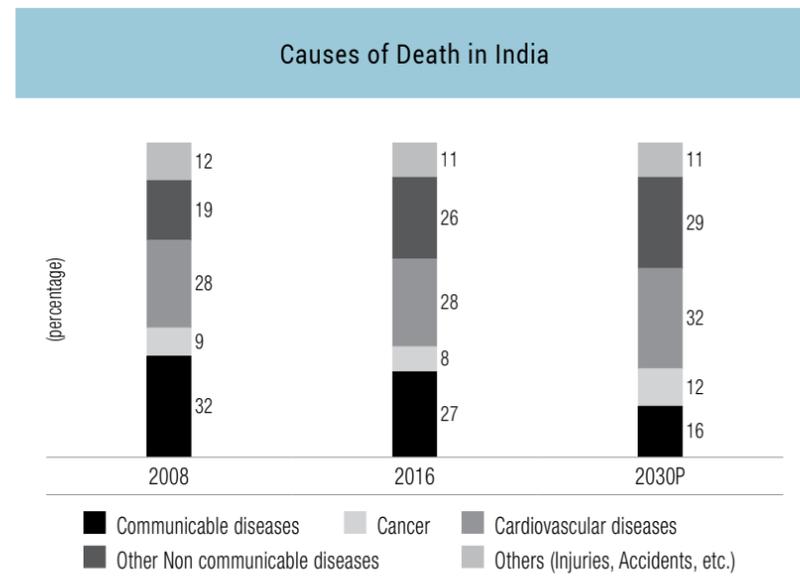
As opposed to the decreasing rate in communicable diseases, lifestyle-related illnesses or non-communicable diseases (NCDs) have been increasing rapidly in India over the last few years. The contribution of NCDs to the total disease profile has risen from 30% in 1990 to 55% in 2016. Statistics show that these illnesses accounted for nearly 62% of all deaths in India in 2016. As per the World Economic Forum, the world will lose nearly 30 trillion USD by 2030 for NCD treatments and India's share of this burden will be 5.4 trillion USD.

The contribution of a group of risks towards this disease burden—unhealthy diet, high blood pressure, high blood sugar, high cholesterol and obesity, which mainly cause ischemic heart disease, stroke and diabetes—has

WHO PROJECTS AN INCREASING TREND IN NCDs BY 2030, FOLLOWING WHICH CRISIL HAS FORECAST RISING DEMAND FOR HEALTHCARE SERVICES ASSOCIATED WITH LIFESTYLE-RELATED DISEASES SUCH AS CARDIAC AILMENTS, CANCER AND DIABETES.

risen to nearly 25% in 2016. Although the combination of these risks was highest for states like Punjab, Tamil Nadu, Kerala, Andhra Pradesh and Maharashtra, it has increased in all other states as well. There were 380 lakh cases of cardiovascular diseases (CVDs) in 2005; this rose to nearly 641 lakh cases in 2015.

CRISIL Research believes that NCDs exhibit a tendency to increase in tandem with rising income levels. WHO projects an increasing trend in NCDs by 2030, following which CRISIL has forecast rising demand for healthcare services associated with lifestyle-related diseases such as cardiac ailments, cancer and diabetes. Another emerging market in the country is orthopaedics, which currently comprises a very small proportion as compared with NCDs. The orthopaedics market can be classified into four different segments, viz., knee, hip, trauma, and spine, of which the knee replacement market holds the biggest share, followed by trauma and spine. Contrary to other countries, hip replacement in India is still a very small segment as compared to knee replacements.



Source: WHO Global burden of disease, India: Health of the Nations States, CRISIL Research

Health Infrastructure is skewed towards urban areas

Healthcare infrastructure is very asymmetric between rural and urban India. The current healthcare facilities in Tier II and Tier III cities still remain far behind in comparison to urban areas with many rural areas lacking even basic amenities. Rural infrastructure has largely been supported by public health facilities which are ill equipped to deal with the massive need for healthcare access. The concentrated healthcare facilities in urban areas are not so easily accessible for most of the people living in rural and remote areas of the country.

Low per capita income, low expenditure on healthcare, and low number of doctors coupled with poor insurance penetration in rural areas are reasons

NEIGHBOURHOOD FACILITIES ARE FAST GAINING FAVOUR AS THEY OFFER EASIER TRAVEL OPTIONS AND OTHER CONVENIENCES.

for the vast disparity in offerings when compared with urban and semi-urban areas. Apart from these issues, drinking water facilities, nutritional intake, sanitation facilities, awareness about diseases, etc. are also important factors that influence the health of a person. Urban areas are believed to have a better score on these parameters. Today, there exists a substantial demand for high-quality and specialist healthcare services in Tier-II & Tier-III cities.

Changing Nature of Cities and Towns

Earlier, patients travelled from various parts of the country to well-known healthcare centres, usually concentrated in pockets within key urban cities, to access services. Even within the same city, some facilities would be more popular with patients. With cities and metros quickly increasing in size and numbers, large standalone multi-specialty hospitals are being overlooked by residents in favour of neighbourhood facilities as they offer easier travel options and other conveniences. These centres are also less intimidating to consumers and require lower capital to set up. Economic migration has numbed the traditional doctor-patient dynamic. Patients are therefore increasingly found to be accessing healthcare services which are conveniently located near their homes.

Increasing health awareness to boost hospitalisation rate

Although a majority of healthcare enterprises in India are concentrated in urban areas, increasing migration of the people from rural to urban areas, has heightened awareness about the availability of healthcare services for both preventive and curative care. This is bound to increase further. CRISIL Research, therefore, believes that hospitalisation rate for in-patient treatment as well as “walk-in” out-patients will surge with growing urbanization and increasing literacy.

Scaling up of Medical Value Travel (MVT)

MVT is a burgeoning multi-billion dollar industry and likely to grow further due to the many benefits offered to patients. India has emerged as a pre-eminent destination for medical tourism and is one of the major hubs in the world (along with Thailand, Singapore, Malaysia and South Korea). A rare combination of world-class hospitals, equipped with best-in-class technology, skilled medical professionals, low treatment costs, and process improvements like e-medical visa, have made India a preferred destination for medical tourism. Treatments that are most in demand include heart surgeries, knee implants, cosmetic surgeries and dental care—all of which are largely driven by the private sector. India had 38 JCI accredited hospitals in 2018, and witnessed close to 5,00,000 medical value travellers in 2017. Nearly 95% of the medical tourists are from countries in Africa, West Asia and South Asia. However, numbers from countries like the UK and Canada are also steadily increasing because of high costs and long waiting periods for treatment in these countries.

The Government estimates that the size of the medical tourism market would be around 9 billion USD by 2020 amounting to 20% of the global share; up from a size of 3 billion USD in 2015.

A RARE COMBINATION OF WORLD-CLASS HOSPITALS, EQUIPPED WITH BEST-IN-CLASS TECHNOLOGY, SKILLED MEDICAL PROFESSIONALS, LOW COST OF TREATMENT, AND PROCESS IMPROVEMENTS LIKE E-MEDICAL VISA, HAS MADE INDIA A PREFERRED DESTINATION FOR MEDICAL TOURISM.

Country-wise cost of ailments

Treatment	USA US\$	Korea US\$	Singapore US\$	Thailand US\$	India US\$
Hip Replacement	50,000	14,120	12,000	7,879	7000
Knee Replacement	50,000	19,800	13,000	12,297	6,200
Heart Bypass	1,44,000	28,900	18,500	15,121	5,200
Angioplasty	57,000	15,200	13,000	3,788	3,300
Heart Valve Replacement	170,000	43,500	12,500	21,212	5,500
Dental Implant	2,800	4,200	1,500	3,636	1,000

Source: CRISIL Research

The Government of India has undertaken several initiatives to support medical tourism which in turn is enhancing India's image as a preferred destination for medical tourists. For e.g. the e-Visa facility now covers practically all the countries of the world (166 countries). E-Medical visa facility for the attendant has also been introduced. Further process simplifications will strengthen India's position as an attractive destination for medical travellers.

As a unique value proposition, India offers holistic healthcare options including Yoga, Meditation, Ayurveda, and other traditional methods of treatment. These treatments have been popular with medical tourists from European Nations and the Middle East. With a view of promoting holistic treatments like Ayurveda, Yoga, and AYUSH at an international level, the Government of India has allocated ₹ 923.10 million (US\$ 12.79 million) in the 2019-20 budget towards various initiatives. It has also allowed 100% FDI in the AYUSH sector for the pursuit of wellness and medical tourism. An integrated approach to Medical Value Travel will boost India's share in this sector.

Rising Investments in the Indian Healthcare space:

Today, it is not only important for India to increase its healthcare expenditure but also undertake serious initiatives to build up its health infrastructure and health human resource. Foreign investments in the healthcare space go a long way in strengthening healthcare infrastructure.

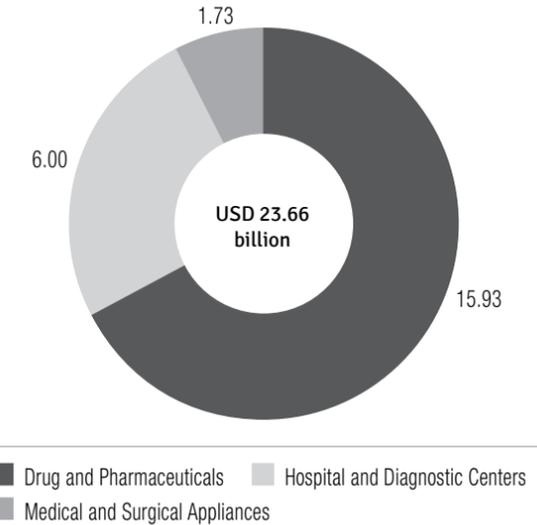
Over the past few years, Indian healthcare funding has witnessed a dynamic growth by venture capitalists and private equity funds. Foreign investors have been playing a significant role in the development of the healthcare sectors. These multinational players have been trying to deepen their presence through partnerships and investments. These trends indicate rising investor confidence in the Indian healthcare space and deepen the perception of India as an attractive healthcare investment destination.

AS A UNIQUE VALUE PROPOSITION, INDIA OFFERS HOLISTIC HEALTHCARE OPTIONS INCLUDING YOGA, MEDITATION, AYURVEDA, ALLOPATHY AND OTHER TRADITIONAL METHODS OF TREATMENT.

THE INDIAN RETAIL PHARMACY MARKET IS ESTIMATED TO GROW AT A RATE OF 10-12% CAGR OVER THE NEXT DECADE.

FDI in the health care sector has gathered momentum in recent years. During April 2000-December 2018, FDI inflows into the drugs and pharmaceuticals sector stood at a figure of USD 15.93 billion. Demand growth, cost advantages and policy support have played a very important role in attracting FDI in the healthcare sector.

Cumulative FDI inflows from April 2000 up to December 2018 into the healthcare sector (US \$ billion)



Source: Department of Industrial Policy and Promotion

Allied formats taking centre-stage

The Indian retail pharmacy market will be a bright spot for the Healthcare sector over the next decade. It is estimated to grow at a rate of 10-12% CAGR in this period. Worth ~ USD 18 bn currently, it is expected to reach a size of USD 50 bn by 2025. Retail Pharmacy is one of the most fragmented sub-segments in the entire Healthcare delivery value chain. The total number of retail pharmacies (chemists) in India are estimated to be 850,000 with ~845,000 falling under the unorganized category. Branded, organized pharmacy stores are less than 6,000 and constitute < 5% of the total market size. Therefore, there is tremendous scope for organized players to increase presence and market share.

Organized Retail Pharmacy refers to trading activities undertaken by licensed retailers which include corporate-backed hypermarkets, retail chains and privately owned large retail businesses. Organized pharmacy players are venturing into the market with either wholly owned pharmacies or through franchising. They are scaling up by setting up several service touch points in cities across India, and are changing the face of the pharmacy sector by bridging the service gap. Organized retail pharmacy has been growing at an average of 22-25%, and is expected to grow between 20-22% over the coming decade. Analysts expect investments in excess of USD 1 bn over the next few years in this sector.

ORGANIZED PHARMACY PLAYERS ARE CREATING ROBUST WAREHOUSING AND SUPPLY CHAIN INFRASTRUCTURE.

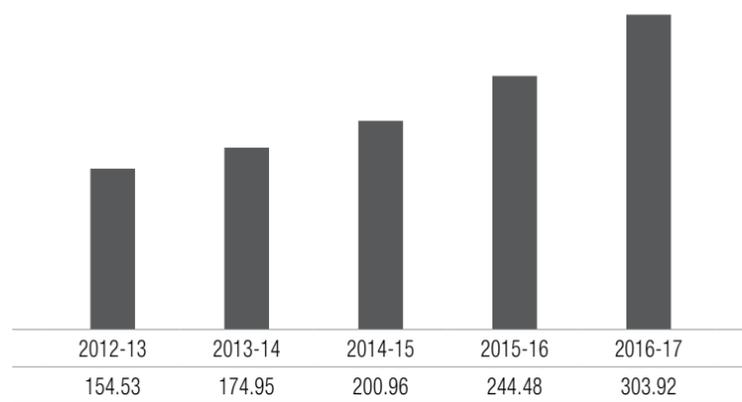
Organized Pharmacy players like Apollo Pharmacies offer a wide array of pharmaceutical products. In addition to basic services, they offer value-added ones like loyalty programs, tele-consultation, private label products, basic diagnostics and health insurance plans. These services have been received well by consumers. These organized players are creating robust warehousing and supply chain infrastructure, and leveraging technology to make their offerings more consumer friendly. An example of this is the digitization of prescriptions, which has significantly reduced the waiting time for consumers.

The online purchase of medicines has gained huge momentum with the emergence of several market players in this sector who have successfully penetrated the market and are providing quality services to consumers. With consumers using technology to bridge the service quality gap, digital pharmacies are gaining popularity in Tier I and Tier II cities, as they are banking on scale and better distribution networks. Eventually the online mechanism is bound to spread to Tier III and Tier IV cities which will help generate higher revenues for the sector.

Growing Health Insurance Market

Growing incidence of disease combined with increasing healthcare costs in the face of low Government funding, has created major financial burdens for people and brought into focus the dire need for health coverage schemes. Health insurance encourages the demand for healthcare services as the insured pays a premium covering risk of hospitalisation which is reimbursed by the insurer in case he/she has to undergo treatment on account of illness. As the individual's burden of healthcare costs is largely reduced, an increase in health insurance coverage will drive demand for healthcare services.

Trend in health insurance premium (in ₹ billion)



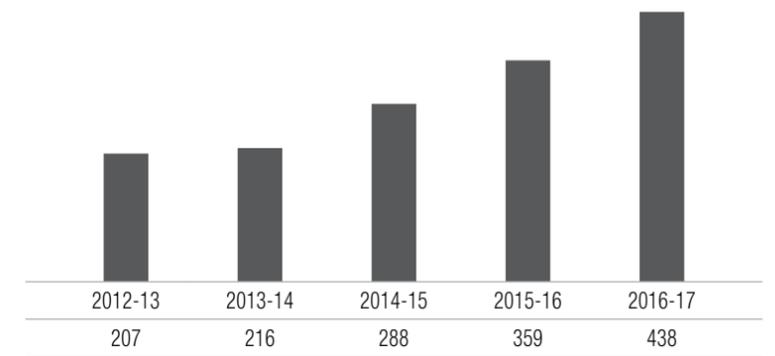
Source: Insurance Regulatory and Development Authority, Hospital Market India—By Research on India, LSI Financial Services, World Bank, TechSci Research

PRIVATE INSURANCE COVERAGE IS EXPECTED TO GROW BY APPROXIMATELY 15% ANNUALLY TILL 2020.

The Difference between Good and Great

THE RETAIL HEALTHCARE BUSINESS INCLUDES PRIMARY CARE CLINICS, SPECIALIZED BIRTHING CENTERS, SINGLE SPECIALTY CLINICS, PRIMARY HEALTH CENTERS AND DIAGNOSTIC CHAINS, APART FROM DENTAL, DAYCARE AND HOME HEALTHCARE FORMATS.

Trend in number of persons covered under health insurance (millions)



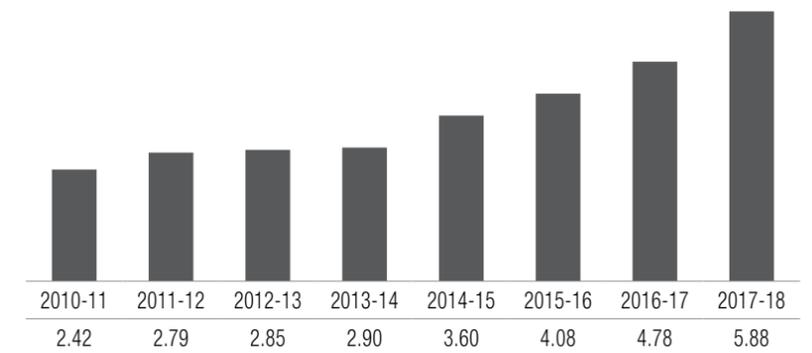
Source: Insurance Regulatory and Development Authority, Hospital Market India—By Research on India, LSI Financial Services, World Bank, TechSci Research

From the above charts, it can be seen that the market for health insurance is on the rise. Total health insurance premium and the number of persons covered under health insurance almost doubled in 2016-17 as compared to their levels in 2012-13—premium collected was at ₹303.92 billion and the number of persons covered under health insurance stood at 438 million persons.

Schemes providing health insurance coverage to corporate employees are further helping market penetration of insurance players. On a relative basis, Government-funded health insurance programs have proven less attractive, making the market lucrative for private players. Private insurance coverage is expected to grow by approximately 15% annually till 2020.

An increase in demand for quality healthcare services backed by rise in per capita income, favourable demographics, and growing health insurance penetration, augurs well for the growth of the healthcare services sector in India.

Health insurance premium collection (USD billion)



Source: Insurance Regulatory and Development Authority, Hospital Market India—By Research on India, LSI Financial Services, World Bank, TechSci Research

Annual Report 2018-19

Retail Healthcare

CONSUMERS HAVE MADE IT CLEAR THAT THEY ARE LOOKING FOR CONVENIENCE AND FLEXIBILITY, AND HEALTHCARE PROVIDERS CAN OFFER THESE BY DESIGNING LOCALLY RELEVANT SPACES THAT ARE TAILORED TO SPECIFIC NEEDS.

The philosophy of 'Retail Healthcare' is to meet the consumers' healthcare needs right where they are. Convenience has been playing a key role in the decision making process while selecting a healthcare provider. Increasingly, consumers are choosing proximity over distance, opting for reduced waiting time, same-day scheduling and extended opening hours (including weekends). Therefore, locating services in a retail setting within a neighbourhood has become very popular.

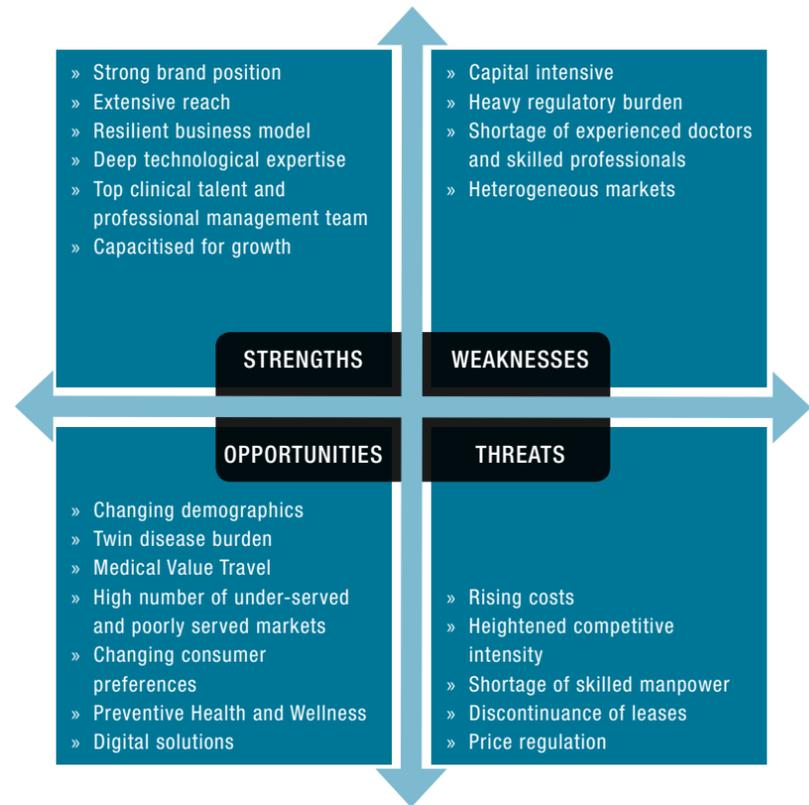
These changing consumer preferences and the increased use of technology have successfully spearheaded the transition to retail healthcare. Retail Healthcare begins with a focus on preventive health and extends to the treatment of low complexity cases. The key aim of Retail Healthcare is to provide several quality services at lower costs in convenient settings. The growing mindset of people to maintain good health and stay medically fit, demands a seamless healthcare delivery format to treat minor illnesses within a relaxed environment when compared to a hospital.

Consumers have made it clear that they are looking for convenience and flexibility, and healthcare providers can offer these by designing locally relevant spaces that are tailored to specific needs. The spaces should primarily focus on vaccination, patient education, information sharing, specimen collection and reports, wound dressing and aftercare, injections and tele-consultations. The Retail Healthcare business includes Primary Care Clinics, specialized birthing centers, single specialty clinics, primary health centers and diagnostic chains, apart from Dental, Daycare and Home Healthcare formats.

Globally, Retail healthcare has grown substantially over the last decade. All the verticals under the Retail Healthcare umbrella are emerging as a significant opportunity in the healthcare landscape and providing sizable untapped avenues which will further drive penetration of Indian healthcare service providers into local communities and neighbourhoods. The retail healthcare delivery system supports the service provider for providing cost-effective and quality services to consumers.

Single specialty healthcare centers operating under the Retail Healthcare delivery format have already experienced growing popularity over the past few years in India. The segment now includes multiple treatment categories in areas such as fertility, maternity, ophthalmology, dental health, dialysis and diabetic care.

Where the sector stands – SWOT Analysis



Strengths

Strong brand position; Widely acknowledged as a leader

For over 35 years of its existence, Apollo Hospitals has built and sustained a strong leadership brand position. The group is respected as India's foremost integrated healthcare provider. This position is largely due to the pioneering spirit which is exemplified in its effort to be at the cutting edge of clinical protocols and technology. Apollo Hospitals has taken the initiative to bring many Firsts to India, for e.g. First MRI, First PET CT, First Proton Therapy, etc., thereby making sure that Indian patients have access to world-class healthcare. The reputation and trust built by the group is a strong asset, and continues to help the group attract large numbers of patients, as well as the most talented clinicians and staff.

Extensive Reach

Apollo Hospitals leads the way as the most comprehensive healthcare services provider in the country. Currently its footprint includes 10,167 beds, 3,428 pharmacies and 765 retail healthcare centers across the country, as well as a deep online presence as well. The network is well-spread pan-India and provides services across 55 specialities. Apollo Hospitals has been playing a crucial role in enhancing the nation's overall healthcare standards by providing comprehensive healthcare services in

70
Hospitals across
55
Specialties

multiple delivery formats at different patient touchpoints to fulfil healthcare requirements across the spectrum—from primary care at neighbourhood clinics, and short stay surgeries, to complex quaternary care at the flagship hospitals. The company has also established newer delivery models such as home care, to complete the continuum of care value proposition.

Resilient business model

Apollo Hospitals has consistently delivered strong operating and financial results, and returns to shareholders higher than industry benchmarks. The diversified business portfolio, and widespread geographical presence, insulates the Group’s performance from localised and sporadic events. The size and scale of the Group also gives it strength to transition over periods of regulatory headwinds, without compromising on shareholder value.

Deep Technological Expertise

Apollo Hospitals has been the frontrunner in adopting new technology for its medical procedures. Apollo invests in cutting edge technology to enhance treatment procedures, reduce recovery time and enhance healthcare outcomes.

Top Clinical Talent and Professional Management Team

Over 10,000 experienced clinicians, across 55 specialities and 70 hospitals, define Apollo Hospitals’ commitment to excellence and exemplify the Group’s #PatientFirst approach. The group continues to be a preferred employer, and is able to attract and retain top talent, both clinical and professional, from India and abroad. The Group’s Senior Management team comprises proficient professionals with rich industry experience and a proven track record.

Capacitised for Growth

Over the last 5 years, the Apollo Hospitals Group has invested significantly in growing its assets and infrastructure. With 10,167 capacity beds, the Group now has sufficient headroom to achieve accelerated top line and EBITDA growth, without the necessity of making further large capital investments. Also, with an ongoing focus on reducing the length of hospital stays, the Group will be able to utilise existing assets at much faster turns.

Weaknesses

Capital Intensive

The sector is very capital intensive. Land, building, medical equipment etc., require heavy investments along with high operating costs. This creates a significant barrier to entry and expansion, and is one of the key reasons why bed density continues to lag requirements. It is critical that the sector is recognised as a National Priority Sector, and sufficiently incentivised to expand for improving access.

Heavy regulatory burden

Healthcare as a sector, is heavily regulated. While traditionally, regulations have focused on licensing and approvals, recently, the Government has

also begun regulating prices of drugs and consumables. While the intent to make healthcare more affordable is laudable, it is important to ensure that healthcare providers are able to remain financially sustainable in the long-term.

Shortage of experienced doctors and skilled professionals

The healthcare industry requires skilled professionals. The quality of doctors and support healthcare professionals is crucial for ensuring high standards of healthcare delivery. Skilled professionals in the healthcare industry enjoy attractive opportunities in India and are in demand in overseas markets as well. In spite of having some of the best educational institutions in the country, gaps in medical education in India are significant. This has resulted in sub-optimal numbers of qualified healthcare professionals and a lacuna in skilled manpower including doctors, nurses and para-medical staff. Intense competitiveness amongst healthcare providers in urban areas has led to unsustainable increases in remuneration for qualified personnel. The shortage of skilled professionals is a potential show stopper for ensuring growth of the sector.

Heterogeneous Markets

With our increasing population, the need for quality healthcare services in India is high. However, these requirements are defined by the unique characteristics of local markets—demographics, disease profiles, customer attitudes, seasonal variations, price sensitivity and so on. Even hospitals in two different cities in the same state or hospitals in the same city and in its suburbs will operate under different sets of parameters. Due to the complexities involved, significant management oversight is required in sustaining clinical standards, balancing case mix, ensuring adequate volumes and upgrading technology regularly.

Opportunities

Changing Demographics

India’s twin demographic pattern of significant growth in the number of young and old people, presents an opportunity to serve the healthcare expectations of the young, while attending to the increasing healthcare requirements of the elderly. Alongside, the country is witnessing sharp increases in disposable income for several groups, including a burgeoning middle class, who can afford to pay for quality healthcare. This presents an exciting opportunity for growth to service providers.

Twin Disease Burden

The rise of Non-Communicable Diseases, and their contribution to the country’s disease burden presents an important opportunity to healthcare providers. Lifestyle diseases such as Cardiac ailments, diabetes, hypertension, cancer and orthopaedic ailments will drive the need for curative care. The burden of communicable diseases will also continue to be an area of focus, as provision of water, sanitation and nutrition for all citizens is yet to be satisfactorily accomplished.

LIFESTYLE DISEASES SUCH AS CARDIAC AILMENTS, DIABETES, HYPERTENSION, CANCER AND ORTHOPAEDIC AILMENTS WILL DRIVE THE NEED FOR CURATIVE CARE.

#PatientFirst

The Difference Between Good and Great

Medical Value Travel

India has been a prominent destination for medical value travel. The country is well-known for delivering clinical outcomes of world-class standards, at less than one-tenth of the international cost. Indian doctors are recognised for their competence and expertise, and the quality service they provide. The country's unique value proposition of integrated healing, using alternative forms such as Yoga and Ayurveda, presents ample scope for India to become the leading global destination for healing.

High Number of Under-Served and Poorly-Served Markets

There is a visible disparity in the availability and quality of healthcare between metro cities and urban areas compared to rural and secluded areas in the country. Access to health services is critical for good health, but our rural population faces various barriers to access. Even citizens with the means to pay for quality healthcare are compelled to travel to urban areas to access them. There is an opportunity for healthcare providers to explore newer (e.g. telemedicine) or leaner business models which will enhance access and affordability in more of the poorly-served markets.

Changing Consumer Preferences

The general notion is that hospitals tend to be intimidating to patients, especially those with relatively simple ailments who do not need the acute care facilities of a large hospital. They seem to respond better in a relaxed atmosphere. Healthcare providers have responded to this need, by providing a variety of options such as short stay centres, single specialty centers, neighbourhood clinics, and home services. These healthcare delivery formats are economically attractive as they require lower capital investment, achieve faster breakeven and deliver a better return profile.

Community Development

At Apollo, we support the prestigious global UHC 2030 partnership and are committed to meeting the Sustainable Development Goals. Our Total Health initiative which we launched in 2013 in Aragonda village aims to create an enabling environment at all levels, for sustainable development. This involves building and expanding equitable, resilient and sustainable health systems based on preventive health and primary health care, that deliver integrated, comprehensive, people-centred, quality health services for all. Our PPP initiatives in Andhra Pradesh in the Madanapalle District in partnership with the state government, seek to ensure that all people and communities have access to needed quality health services without risk of financial hardship - all firm steps towards a safer, fairer and healthier world by 2030.

Preventive Health and Wellness

Health awareness is on an increased trajectory across the country. More and more people are personally aware of the state of their health, and are willing to invest time, money and efforts for improving it and in preventing critical illness. This awareness has led to a promising opportunity in the areas of preventive health and wellness, encompassing preventive health checks, diet and nutrition, exercise and well-being.

Enhanced access and lower cost of delivery through Digital Solutions

The growth of technology in recent decades has opened up possibilities for lowering cost of delivery, and increasing healthcare penetration, by leveraging digital solutions and telemedicine. These solutions will be most effective in expanding access to rural and far-flung areas, and in delivering the first level of care without necessitating long trips to urban centres. Public-private partnerships are also expanding in this area.

Threats

Rising Costs

Input costs in healthcare are rising. Minimum wage revisions are underway in several categories of manpower; real estate continues to inflate; and import costs of equipment and consumables are high. Increased competition has also meant that compensation expectations for skilled manpower is very high. In light of the Government's thrust to reduce prices through regulation, there is a real threat of hospital finances being rendered unviable.

Heightened Competitive Intensity

Competitive intensity and presence has increased, especially in key markets in the country. There are even pockets of over-capacity. Every market player, whether from the organized or the unorganized sector, is striving for market leadership. This could lead to cut-throat competition and unfair practices for survival.

Shortage of Skilled Manpower

There is an acute shortage of skilled healthcare resources across the board. At 8 physicians and 12 nursing personnel per 10,000 population, India alarmingly trails the global median of 14 physicians and 29 nursing personnel. We also lag behind other developing nations like Brazil on these parameters. Unless immediate steps are taken to increase the number of doctors, nurses and paramedics, the shortage of manpower will lead to prohibitive costs and derail the delivery of healthcare services.

Price Regulation

The intrinsic value of a service is more than just the cost of inputs. Any attempt to regulate the prices of healthcare inputs without addressing and providing for the comprehensive costs of providing quality services, will cripple the sector's finances, and compromise quality of care.

What's ahead. Building the healthcare system of the future

Quality, outcomes, and value, are the watchwords for health care in the 21st century. Sector stakeholders around the globe are looking for innovative, cost-effective ways to deliver patient-centered, technology-enabled "smart" care, both inside and outside hospital walls. Independently and collectively, health care stakeholders are likely to face a number of existing and emerging challenges in this journey.

PEOPLE ARE
INCREASINGLY WILLING
TO INVEST TIME,
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IN THE PURSUIT
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DRIVING SYNERGIES
ACROSS THE
SYSTEM TO IMPROVE
EFFICIENCY WILL
ENSURE LONG-TERM
SUSTAINABILITY

Creating a positive margin in an uncertain and changing health economy:

For sustained success, healthcare providers will need to increase system efficiencies beyond what is needed to be profitable. Long-term sustainability will require a fundamental transformation of the way healthcare services are organized and delivered. Consolidating where appropriate and looking for synergies across the system can improve efficiency. A strategy to diversify beyond the core hospital set up will also be key, by investing in outpatient services, step-down care, urgent care, etc. Another important aspect will be to improve revenue cycle management, and leverage scale by reducing the number of supply chain vendors.

Strategically moving from volume to value

Healthcare is continuing its transition from fee-for-service (FFS) reimbursement to outcomes, and value-based payment models. While traditional payment systems have focused on volume based payments to physicians, future models envisage maximising the value of healthcare delivered by standardized protocols, transparent information sharing, investment in clinical integration and alignment of incentives.

Engaging with Empowered Consumers

The very definition of the word “patient” has a notion of dependency on the doctors or the health care providers for the person undergoing treatment. The doctor–patient relationship is critical for patients as they rely on the physician’s competence, skills and goodwill. Hence, for long, there has been a supply-side dominance in health care, which has defined the way health care systems have evolved and care provided. The nature of this relationship is slowly but surely undergoing a transformation—India is witnessing the emergence of the empowered consumer, who is well-informed and aware of the choices and options available to them. Surveys and research show that Indians want to act as an equal partner in shared clinical decision making; they want to become more health literate, and are increasingly keen on managing their own health. In order to meet the expectations of this new class of consumers, healthcare providers will need to embrace a new paradigm of Consumer Centricity, which focuses on empathy, transparency, clarity in communication and ease of access and convenience.

Focus on health, not sickness

75% of all health costs derive from preventable conditions. It is now the growing belief that the core purpose of any healthcare system is not only to provide treatment to the sick but also to promote health and well-being. Globally, the needle is moving from treatment to prevention as health care costs continue to escalate, and governments, health systems, health plans, and other stakeholders understand that it makes clinical and financial sense to invest in keeping individuals and populations healthy. Value-based payment models that reward health systems for improved quality and outcomes have the potential to enhance margins and reduce total cost of care. Therefore, there is a need to focus on promoting the adoption of healthy behaviour among individuals, through a combination of levers including m-Health, wearables, use of social networks and peer groups, programmes to drive diet, exercise and adherence to therapy, as well as economic incentives to reward desired behaviour.

THE FUTURE OF WORK IS LIKELY TO BE POWERED BY TECHNOLOGY ADVANCEMENTS AND AN AUGMENTED WORKFORCE THAT COMBINES PEOPLE AND MACHINES TO GET THINGS DONE IN A WAY THAT’S NOT ONLY MORE PRODUCTIVE, BUT ALSO MORE REWARDING.

Investing in exponential technologies to reduce costs, increase access, and improve care

Exponential technologies are helping to drive transformational change in healthcare by making care delivery less expensive, more efficient, and more accessible. For example, beginning in 1999, scientists spent five months and approximately USD \$300 million to generate the first initial “draft” of a human genome sequence. The cost to do that now is less than USD \$1,000, and could eventually drop to less than USD \$1. In coming years, exponential technologies have the potential to dramatically disrupt systems and processes that have historically defined the industry. Synthetic biology, 3D printing and nano-technology, Genomics and proteomics, blockchain, gig economy, additive manufacturing, artificial intelligence, data democratization, ambient computing, and bio sensors, are all areas with tremendous potential.

Shaping the workforce of the future

Health care workforce challenges are being felt across more and more countries. Staffing shortages are evident in a number of hospital specialties (emergency medicine and geriatrics) and in general practice; there are also growing nursing shortages across both health and social care. Compounding the problem is a scarcity of leaders who can guide and support the transformation of organizations to become patient-centric, insight-driven, and value-focused. The future of work is likely to be powered by technology advancements and an augmented workforce that combines people and machines to get things done in a way that’s not only more productive, but also more rewarding. When planning for the future of work, health care organizations will need to assess the trajectory of specific jobs and workflows, evaluate the mix of factors that combine to operate those jobs and processes, and determine how they can be re-envisioned through enabling technologies and new talent models.

Company Overview

Apollo Hospitals was established in 1983 by Dr. Prathap C Reddy, renowned as the architect of modern healthcare in India. As the nation’s first corporate hospital, Apollo Hospitals is acclaimed for pioneering the private healthcare revolution in the country.

Apollo Hospitals has emerged as Asia’s foremost integrated healthcare services provider and has a robust presence across the healthcare ecosystem, including Hospitals, Pharmacies, Primary Care & Diagnostic Clinics and several Retail Health models. The Group also has Telemedicine units across 10 countries, Health Insurance Services, Global Projects Consultancy, Medical Colleges, Medvarsity for E-Learning, Colleges of Nursing and Hospital Management and a Research Foundation. In addition, ‘ASK Apollo’—an online consultation portal and Apollo Home Health complete the care continuum.

The cornerstones of Apollo’s legacy are its unstinting focus on clinical excellence, affordable costs, technology and forward-looking research

HEALTHCARE IN 2030 WILL BE A WORLD APART FROM WHAT WE HAVE NOW.

Apollo has touched
120 mn
people from
120+
countries

& academics. Apollo Hospitals was among the first few hospitals in the world to leverage technology to facilitate seamless healthcare delivery. The organization embraced rapid advancement in medical equipments worldwide, and pioneered the introduction of several cutting edge innovations in India. Recently, South East Asia's first Proton Therapy Centre commenced operations at the Apollo Proton Cancer Centre in Chennai.

Apollo Hospitals has been honoured by the trust of over 120 million patients from over 120 countries. At the core of Apollo's patient-centric culture is TLC (Tender Loving Care), the magic that inspires hope amongst its patients.

As a responsible corporate citizen, Apollo Hospitals takes the spirit of leadership well beyond business and has embraced the responsibility of keeping India healthy. Recognizing that Non Communicable Diseases (NCDs) are the greatest threat to the nation, Apollo Hospitals is continuously educating its fellow Indians on preventive healthcare as the key to wellness. Likewise, envisioned by Dr. Prathap C Reddy, the "Billion Hearts Beating Foundation" endeavours to keep Indians heart-healthy.

Apollo Hospitals has championed numerous social initiatives—Save a Child's Heart Initiative (SACHI) which screens and provides paediatric cardiac care to underprivileged children with congenital heart diseases, Society to Aid the Hearing Impaired (SAHI) and the CURE Foundation which is focused on cancer care and also assists children from financially challenged homes. To introduce population health into the Indian narrative, Total Health, an initiative of Apollo Hospitals, as envisaged by Dr. Reddy, is piloting a unique model of healthcare in the Thavanampalle Mandal of Andhra Pradesh. It aims to provide "holistic healthcare" for the entire community starting from birth, through one's journey into childhood, adolescence, adulthood and old age.

In a rare honour, the Government of India issued a commemorative stamp in recognition of Apollo's widespread contributions—the first for a healthcare organization. In addition, a stamp was also released to mark the 15th anniversary of India's 1st successful liver transplant performed at Apollo Hospitals. More recently, Apollo Hospitals was again honoured with a postal stamp for having successfully performed 20 million health checks and for its pioneering efforts in encouraging preventive healthcare in the country.

Dr. Prathap C Reddy, Founder Chairman of the Apollo Hospitals Group was conferred with the prestigious Padma Vibhushan, India's second highest civilian award in 2010.

Healthcare Services

Apollo's healthcare services segment consists of hospitals, hospital based pharmacies and projects and consultancy services.

Hospitals

As of March 31, 2019 the Group had a capacity of 10,167 beds in 70 hospitals located in India and overseas. Of the 10,167 beds, 8,683 beds

owned in 44 hospitals; 283 beds in 10 cradles; 267 beds in 11 day care/ short surgical stay centers; and 934 beds in 5 hospitals under management through operations and management contracts.

Particulars	31.03.2019	31.03.2018
Number of owned hospitals at the end of the period	65	65
Number of owned beds at the end of the period	9,233	8,910
Number of operating beds at the end of the period	7,246	7,111
In-patient discharges	4,51,894	4,27,661
Adjusted discharges	6,47,120	6,05,605
Average length of stay (days)	3.99	3.99
Average daily census	4,938	4,670
Bed occupancy rate (%)	68%	66%
Average revenue per occupied bed per day	34,226	31,967

Clinical Excellence

Clinical Excellence is the edifice around which Apollo's healthcare operations are structured. The Group consistently endeavours to deliver the highest standards of clinical outcomes across various specialties. Apollo benchmarks itself against institutions with the best clinical performance in the world in their respective specialties and set internal standards with the intention to match or surpass this performance.

In order to ensure sustainable clinical outcomes, the Company follows an internal quality management process known as the "Apollo Clinical Excellence" program which is referred to as "ACE @ 25". This has been implemented across the entire network of hospitals. ACE @ 25 assesses performance based on 25 clinical parameters which are critical to delivering the very best clinical outcomes.

There were 3 revisions of ACE parameters and their bench marks since 2008 during the years 2011, 2013 and 2015. The 4th revision of ACE under ACE 3.0 was done in the year 2017.

This sustained focus of the Apollo Group on Clinical Excellence has enabled it to continuously assess the quality of care provided to its patients and allowed it to objectively measure the consistency and success of its healthcare delivery services. It is a key contributor to the rich track record of the group and has helped it to achieve high success rates even in surgeries of high complexity such as transplants, cardiac care and oncology.

Training and Continuing Medical Education

Apollo encourages its medical professionals and other staff to opt for continuing medical education and upgradation of skills on a periodic basis. The Group ensures that professionals and staff get acquainted with the newest techniques and procedures in the medical field in order to enhance offerings to patients. Partnerships with some of the most renowned institutes

**ACE @ 25 ASSESSES
PERFORMANCE BASED
ON 25 CLINICAL
PARAMETERS WHICH
ARE CRITICAL
TO DELIVERING
THE VERY BEST
CLINICAL OUTCOMES.**

in the world facilitates knowledge sharing and deepening the repositories of medical know-how and literature.

Apollo Clinical Knowledge Network (ACKN) and Distinguished Lecture Series have been created as knowledge platforms for an academic exchange across different Apollo institutions.

Academics and Research

India has become a hub for R&D for international players due to the relative low cost of clinical research in the country. In terms of research, Apollo Hospitals currently is India's single largest clinical site solutions organization having undertaken over 850 clinical studies.

As an academic institution, Apollo Hospitals conducts the largest number of DNB/FNB programs under the aegis of the National Board of Examinations (NBE). A total of 781 DNB/FNB candidates are currently undergoing training in 11 Apollo Hospital units. The 452 seats in 2017 were increased to 507 in 2018.

Adjunct titles of Professorships and Associate Professorships of Apollo Hospitals Education and Research Foundation (AHERF) have been conferred upon 115 Apollo Hospitals Consultants.

Currently 79 consultants are holding Adjunct titles of Clinical Tutor, Distinguished Clinical Tutor and Emeritus Clinical Tutor.

To run the Clinical Fellowship program, 48 seats have been approved in 31 specialties across 13 Apollo Hospitals locations.

Accreditations

Eight hospitals in the group have received accreditations from the Joint Commission International, USA for meeting international healthcare quality standards for patient care and management. JCI is the world's premier accreditation body for patient safety and provision of quality healthcare. The hospitals at Chennai, Bengaluru, New Delhi, Dhaka, Hyderabad, Kolkata, Ahmedabad and Navi Mumbai are JCI and NABH accredited. The total number of NABH accredited hospitals in the group are 23.

Strategic Focus Areas

The Company continues to focus on growth with the aim of improving operating efficiency and clinical outcomes simultaneously. The aim is to achieve this through:

1. Driving growth in the hospital network

Apollo Hospitals has facilities located in large urban centers such as Chennai, Hyderabad, Kolkata, Bengaluru, New Delhi, Ahmedabad, Mumbai, Bhubaneshwar, Madurai and Mysore among others. The Group has also invested in other centres in Tier II and Tier III cities, with attractive demographic indicators such as growing population, disposable income potential, and largely under-served with respect to healthcare services. All these markets will continue to demonstrate high demand for high quality tertiary services including transplants, robotics and complex procedures under cardiac, oncology and orthopaedic specialties.

Given the existing capacity and operational beds already created, there is significant headroom for growth in these centres. With a strong focus on asset turns, asset utilisation, clinical differentiation and outcomes, these units are expected to deliver significant top-line growth, as well as expanded margins (given that fixed costs have largely been absorbed).

2. Enhanced focus on Centres of Excellence

One of the key elements of strategy going forward, will be to nurture and grow national Centres of Excellence (COEs) in focus specialities— Cardiac Sciences, Neuro Sciences, Orthopaedics, Oncology, Transplants, Emergency, Critical Care and Preventive Health. Each of these COEs will be comprehensively developed across Clinical Differentiation, Protocols, Outcomes and Benchmarks, Market Share, Talent, Academics and Research, under the supervision of dedicated Service Line Managers. The focus on COEs will lead to enhanced case mix, and thereby a superior margin profile. As occupancy levels improve to optimal levels, such case mix changes and improvements will ensure that topline growth and quality of revenue are fully protected.

3. Retail models to drive discontinuous growth

True to its vision, the Apollo Hospitals group has invested in multiple formats of retail healthcare, to maximise the number of lives touched, and to provide ease of access to consumers across the care continuum. The retail health assets are housed within the subsidiary Apollo Health and Lifestyle Limited (AHLL). These formats cater to the changing profile of healthcare consumers, and hence will be growth models for the future— short-stay surgeries, boutique birthing and ubiquitous access to clinics and diagnostics services. They will strengthen Apollo's efforts to gain top-of-mind recall and market share. The Group has also invested in ensuring that services across all formats are seamlessly delivered, under the One Apollo initiative. This initiative is aimed at building deep relationships with the Apollo consumer across categories—hospitals, pharmacy, clinics, and diagnostics and also unlocking potential for up-sell, cross-sell, and loyalty driven behaviour using advanced analytics.

4. Focus on life enhancing procedures and elective surgeries

With increasing health awareness and disposable incomes, there is a growing demand for elective or planned surgeries. Therefore, apart from focusing on 'Centers of Excellence', Apollo plans to build a strong presence in the growing market of elective and life enhancing procedures.

The hospitals are well-equipped to offer various elective procedures like knee replacements, hip replacements, cosmetic surgeries, dental services and other similar procedures. Going ahead, the plan is to increase the volume of such procedures performed in the hospitals by recruiting more specialist surgeons, creating specialized centers, and investing in the latest medical technologies to improve clinical outcomes in these areas.

**APOLLO PLANS TO
FOCUS ON AND BUILD
A STRONG PRESENCE
IN THE GROWING
MARKET OF ELECTIVE
AND LIFE ENHANCING
PROCEDURES.**

JCI
8
NABH
23

THE COMPANY
FOCUSES ON DEVISING
STRATEGIES TO
MANAGE LEANER
OPERATIONS AND
ENHANCE ASSET
TURNOVER.

5. Enhancing operating efficiencies, profitability and optimization of asset utilization in mature facilities and increase in capital efficiency

There is tremendous focus on stabilizing and compressing time-to-maturity at the new facilities. Specialist consultants have joined the COEs, especially in new centres, to ensure superior specialization mix. The phased commissioning of the additional beds linked to occupancy levels at new facilities will keep fixed costs lower to achieve the objective. The aim is to also reduce Average Length of Stay (ALOS). Today, new improvements in medical technology and the advent of minimally invasive surgeries have considerably reduced surgical trauma and patient recovery time. Minimally invasive surgeries and day care surgeries will help reduce ALOS. Additionally, this will also lead to a faster turnaround time, facilitating treatment of more patients from the existing capacity as well as resulting in increased patient turnover rate and revenue per occupied bed per day.

Maximizing operating efficiency and profitability across the network is the crux of the growth strategy. The three essentials for maximizing efficiencies are greater integration, better supply chain management and human resource development. By capitalising on synergies across the network, the goal is to minimize costs of expensive drugs and medical consumables like stents, implants and other surgical materials through standardization across the network, optimizing procurement costs, consolidating suppliers and optimizing the use of medical consumables by establishing guidelines for medical procedures.

Lastly, in order to remain competitive and to increase capital efficiency, the Company continues to devise strategies to manage leaner operations. A comprehensive strategy to enhance asset turnover is being implemented.

6. Digital Initiatives

To enhance accessibility and allow a patient the flexibility of making a doctor appointment at their personal convenience, Apollo Hospitals launched AskApollo—a direct-to-patients M-health platform, that guides the patient engagement cycle—from scheduling a doctor’s appointment for consultation, health checks and diagnostic services, to virtual consults, anytime-anywhere access to electronic health records, wellness tips and advice, as well as chat-based assistance.

The Group’s partnership with Microsoft to develop and deploy new AI and machine learning models to predict patient risk for heart disease and assist doctors on treatment plans, is the first step in the journey towards AI-based predictive health across the disease spectrum. The Oncology hospital in Chennai has deployed IBM Watson for Oncology and Genomics, which leverages cognitive computing to provide insights to oncologists. The Apollo online expert opinion service for Oncology provides convenient and affordable access to Tumour Board Experts in 24 hrs. The Group partnered with Google India to launch a new feature in its Search offering called ‘Symptom Search’. These are just a few examples of the deep and exciting digital work being carried out across the Group. These digital initiatives will strengthen brand differentiation and build lasting relationships with consumers.

APOLLO WAS THE
FIRST TO INTRODUCE
THE MASTER HEALTH
CHECK PROGRAMME
IN THE COUNTRY,
AND TO ADVOCATE
TAX EXEMPTIONS
FOR EXPENSES ON
HEALTH CHECKS.

7. Assured Pricing Plans

One of the key concerns within the private Indian healthcare sector has been the cost of care (although Indian health care costs are already significantly lower than international costs). In order to address patient anxiety on the financial implications of treatment, as well as to deliver on Apollo Hospitals’ commitment to fairness and transparency, Assured Pricing Plans have been introduced across several surgical procedures. These plans give complete peace of mind to the patients and their families, and facilitate better marketplace conversations with General Practitioners and Nursing Homes on costs of treatment. The initiative helps drive attention towards the intrinsic value of the delivered service and not on individual inputs.

8. Preventive Health

As a Group, Apollo Hospitals has always embraced wellness and paid attention to the need for comprehensive Preventive Health programs, to keep citizens healthy. The Group was the first to introduce the Master Health Check Programme in the country, and to advocate tax exemptions for expenses on health checks. This important program is a cornerstone of the group’s strategy for the next decade, as the country faces the ongoing burden of Non Communicable Diseases, most of which are preventable, or can be easily detected by early—stage screening, controlled or cured.

9. Public-Private Partnerships

In recent years, the Union Government has signalled its strong intent to move forward on Universal Health care for all citizens. Such a grand vision can only be executed with deep collaboration of Private and Public Partners (PPP). PPP models in healthcare have proven to be very effective as they play to the respective strengths of each partner. For e.g., in partnership with the Andhra Pradesh Government, Apollo Hospitals manages over 150 Urban Primary Health Centres (e-UPHCs). Apart from providing primary health services, these centres provide specialist services through connectivity with Apollo Tele-Health Hub. These models are low-cost, can be scaled quickly, and generate world-class outcomes, both for population health and specialist support.

Expansion Plans

The Group recently concluded a large multi-year expansion plan which has enabled the expansion of bed count to 10,167 beds across 70 hospitals as on March 31, 2019. The focus is to now increase occupancy across all units, and enhance specialties at new centres while optimising overall case mix and strengthening infrastructure at existing centres. Given the focus on utilising the existing infrastructure better, the present plan envisages adding only 150 beds in the near future across 1 hospital which will expand the overall network of hospitals to 71.

As such, the focus of the investment plan will be to enhance and upgrade existing offerings and undertake specific interventions in areas of special emphasis. The company estimates an investment of ₹ 2 billion over the next one year. This will be towards the addition of the 150 bed Oncology

**THE GROUP RECENTLY
INAUGURATED THE
APOLLO PROTON
CANCER CENTRE
IN CHENNAI.**

hospital at the Apollo Proton Cancer Centre campus which will become fully operational over the next 18 months. The group plans to strengthen its national position in the Oncology COE both in terms of clinical differentiation and volumes.

The recently inaugurated Apollo Proton Cancer Centre in Chennai and the 180-bed Oncology hospital, will become fully operational over the next 18 months. It is important to note that currently, this treatment facility is only available in two countries in the Asia-Pacific region i.e. in China and Japan and India has become only the third country to offer this treatment protocol.

Apollo Hospitals continues to look for favourable opportunities to expand its presence in the healthcare market. As such, any bolt-on opportunities in the existing centres will be considered.

Medical Value Travel

India is among the top three Medical Value Travel destinations in Asia along with Thailand and Singapore. The Apollo Hospitals Group is at the forefront of this initiative to make India the Global Healthcare destination. Over the years, Apollo Hospitals has been able to attract International patients in large numbers due to its state-of-the-art medical facilities and cutting-edge technologies. Apollo Hospitals has a well-established track record of providing clinical outcomes comparable to the best in the world at a fraction of the international costs.

The Group undertakes several camps in overseas markets to build the doctor connect for patients. Further, overseas patients can now easily make appointments for personal consultations for their treatment in India through the Apollo website and dedicated messaging service. In order to gain significant market share of the growing Medical Value Travel segment in India, Apollo has stepped up marketing efforts in International centers and is driving in-person consultations with senior specialists.

The efforts have been successful in attracting a large number of patients from neighbouring countries as well as from Middle East and Africa. Patients from ASEAN countries (Myanmar, Cambodia, Indonesia, Philippines) and the Pacific Islands (Fiji, Samoa and Tonga) also trust Apollo for their healthcare needs. The Group has agreements with Ministries of Health in several countries across the world for treatment of patients referred by them.

The Indian Government is facilitating the entry of International patients into the country by providing special medical visas and undertaking a number of initiatives to encourage Medical Value Travel in the country. Apollo Hospitals has been leading advocacy in this area with the Indian Government, and is working closely with them to ensure seamless implementation of new policy initiatives. The Hospitals has partnered with the Ministry of External Affairs, Government of India, for providing training to doctors and paramedics from Africa and worked hard to ensure that Apollo is the preferred healthcare provider for diplomats of several countries based in India.

**THE SEGMENT HAS
RECORDED IMPRESSIVE
GROWTH (28% CAGR)
ON REVENUE OVER THE
LAST 10 YEARS.**

Having served patients from over 120 countries, Apollo continues to offer a wide range of high quality services including Preventive Health Checks, Organ Transplantation (kidney, liver and cornea transplantation), Robotic Surgery, Cancer Treatment, Joint Replacement Surgery, cosmetic procedures, eye procedures, brain and spine surgeries, etc. Apollo Hospitals is extremely well positioned to address the needs of the growing Medical Value Travel segment in the country.

Standalone Pharmacies

Apollo has been a key market player in the Standalone Pharmacy Business for over two decades. It is by far, the largest organised retail pharmacy chain in India. The segment has recorded impressive growth (28% CAGR) on revenue over the last 10 years. The network has also expanded with presence now in ~400 cities/ towns spread across 20 States and 4 union territories, with a total of 3,428 stores as on 31st March 2019. During the year, net additions to the network was 407 stores.

The product offering across this chain has evolved from being focused on pharmaceutical products, to a wide variety of wellness and private label products. The optimal product mix for each store is consciously designed. A cluster analysis mechanism has been put in place, and each cluster is managed by an independent manager. The Senior Management Team performs ongoing reviews of the viability of each store in terms of its real estate costs, supply chain, cost-benefit ratios and various other operating metrics. Value added services such as home deliveries, prescription refill reminders, diagnostic reminders as well as loyalty discounts are offered to customers.

Steps like increasing the proportion of private label products and rationalizing the store network through the discontinuation of non-viable stores have helped to steadily improve the business profitability profile. Large organized players with superior operating scale have a high potential for significant growth in this sector; and as the undisputed market leader, Apollo Pharmacies has a distinct advantage.

Pharmacy Restructuring

Recognising that AHEL's standalone pharmacy business stands at an inflection point, requiring greater focus and attention independent of the hospital business, to fully leverage its potential and growth opportunity, the Apollo Hospitals Board approved its restructure in November 2018. The proposal for the restructuring is currently in the process of regulatory approval. All approvals are expected to be in place by the end of November 2019.

The reorganization will focus on the following objectives:

Build a multi-year growth platform to achieve 5,000 pharmacy outlets in 5 years and INR 100 Billion in Revenues.

Enhance Private Label Business share to over 12%, by broadening and deepening the product portfolio.

Strengthen the Direct-to-Consumer (D2C) front-end operations to drive same-store growth, prescription fill rates and overall experience; Overall Business ROCE target of 30 + % in 5 years.

Enhance Private Label Business share to over 12%, by broadening and deepening the product portfolio.

Foray into Digital Commerce and execute an Omni-Channel strategy, leading to increased consumer convenience

Build an integrated customer loyalty platform centred around a satisfied and engaged customer, leading to repeat business and higher customer retention.

Most importantly, the reorganization will maximize Shareholder Value and set the platform for “Value Discovery” of the pharmacy business at a later stage, through a regulatory compliant structure.

Under this arrangement, the front-end retail pharmacy business carried out in the standalone pharmacy segment will be segregated into a separate Company—Apollo Pharmacies Ltd. (APL). APL will be a wholly-owned subsidiary of Apollo Medicals Pvt. Ltd. (AMPL). Apollo Hospitals will own 25.5% of APL and the remaining stake will be held by three private investors. Post this transaction, the back-end business related to the standalone pharmacies and ~85% of business economics will continue to be with Apollo Hospitals.

Apollo Hospitals will be the exclusive supplier for APL under a long term supplier agreement and will also enter into a brand licensing agreement with APL to license the “Apollo Pharmacy” brand to front-end stores and online pharmacy operations.

The Company is currently in the process of regulatory approvals for the reorganization proposal. All approvals are expected to be in place by the end of November 2019.

APOLLO GLOBAL
PROJECTS &
CONSULTANCY
SERVICES IS AMONG
THE LARGEST HOSPITAL
CONSULTANCY
SERVICES IN
THE WORLD.

Projects & Consultancy

Apollo Global Projects & Consultancy services is among the largest hospital consultancy services in the world. It is the consulting, implementation and operations management arm of the Apollo Hospitals Group. With over 30 years of domain expertise in healthcare, the unit has the distinction of being the trusted advisor of investors, Governments and other entities for establishing world-class healthcare facilities or improving the clinical quality and operating efficiencies of existing ones.

The unit’s healthcare consulting assignments across the globe are testimony to its ability to work effectively with the “local” people, respecting their social, cultural and traditional ways. It has worked on establishing and operating healthcare facilities spread across culturally diverse geographies. It has completed over 60+ projects from concept to commissioning, 200+ feasibility studies and commissioned over 2,500 beds over the last 5 years.

Consultancy services can be categorized into:

1. Setting up a Healthcare Facility:

- » Business Planning & Clinical Visioning
- » Hospital Planning and Design
- » Medical Equipment Planning and Procurement
- » Human Resources Planning
- » Information Technology and Telemedicine
- » Hospital Commissioning and Start-up assistance

2. Hospital Operations Management

The Unit manages hospitals for partners. Apollo’s role as a hospital operator is guided by its commitment to:

- » Ensuring that the skill-sets of key clinical and managerial team members are amongst the best
- » Achieving and maintain accreditation status and international standards
- » Developing a sustainable competitive advantage for the hospital to ensure high levels of quality, customer service and competitiveness

3. Strategic Consultancy

Strategic exercises to review existing systems and operations of healthcare institutions with the objective of enhancing their performance, are also undertaken.

4. Hospital Training

Apollo Hospitals offers custom-built training programs for medical and administrative staff. These physician training / nurse training / technician training programs focus on building capabilities and skills in specific areas.

5. Hospital Quality Management & Consulting

Hospital Quality Consulting services offers clients unparalleled expertise through training, audit and accreditation services so that people throughout the world are benefited with access to the highest quality of healthcare.

Medical Insurance – Apollo Munich Health Insurance

APOLLO MUNICH HEALTH INSURANCE WAS ONE OF THE FIRST STANDALONE HEALTH INSURANCE COMPANIES TO ENTER THE MARKET AFTER LIBERALIZATION OF THE INDIAN INSURANCE INDUSTRY.

186
branches
pan India

A joint venture between Apollo Hospitals Group and Munich Health ushered the Group into the insurance market, bringing into existence, Apollo Munich Health Insurance. This company was one of the first standalone health insurance companies to enter the market after liberalization of the Indian insurance industry. Apollo Munich Health Insurance Company is dedicated to providing a wide range of affordable health insurance plans to cater to the needs of individuals, families and senior citizens.

The company's products are very popular amongst the market participants and are very highly rated by them. Apollo Munich grew its Gross Written Premium (GWP) from ₹17.2 Billion in FY 2017-18 to ₹21.9 Billion in FY 2018-19, reflecting a growth of around 28% year-on-year. It is the fastest insurance company to reach a break-even point and the Company has consistently made profits over the last five years. The profit for the year was ₹69 million in comparison to ₹152 million during FY 2017-18. The Company has achieved an impressive growth rate over the last ten years, at a CAGR of 46.26%.

Today, Apollo Munich has over 186 branches pan India with a 9.17% share in the health segment amongst the private players and 18.67% share in the health segment amongst standalone health insurers. Apollo Munich enjoys one of the best claims ratios in the industry. It is known to serve its customers with high quality services and has a very strong loyal customer base. The company is confident of ensuring sustainable and profitable growth in the years ahead.

Retail Healthcare – AHLL

Apollo Health & Lifestyle Limited (AHLL), a subsidiary of the Company, operates in the Retail Healthcare space. As healthcare markets grow and evolve, AHLL is expected to play a defining role in the transformation of healthcare, bringing it closer to every individual, and making healthcare more accessible and convenient in a friendly, user-centric environment. Over the past 5 years, Apollo Health & Lifestyle, has grown significantly, expanding its geographic and service footprint, as it implemented the vision of the Group Chairman to take Apollo's clinical expertise and Tender Loving Care closer to the home of each family in the country.

From being a 1 billion company with aspirations to touch many lives, AHLL has grown today to become India's leading Retail Healthcare Services Company. AHLL crossed ₹ 6 billion mark in revenues in 2018-2019, across 8 business segments—Clinics, Sugar, Diagnostics, Dental, Dialysis, Cradle, Fertility & Spectra and has spread its wings to over 750 patient touchpoints with 4,500+ people serving patients every day.

Apollo Clinics was the first offering from AHLL, established in 2002. This experience facilitated the selection of geographies, the right doctor mix, product mix and franchising for later set-ups. The formats are run like

strategic business units (SBU) as it helps them specialize in customer care, appreciate their requirements, build a range of specialized brands, create visibility for customers within those brands, and ensure accessibility as well as high quality of services.



Apollo Clinics

This represents a very large opportunity with the private primary care market which is estimated to be more than ₹1,800 bn with a major part of it still unorganized. The Apollo Clinic is a trusted brand when it comes to family medicine and primary care. It creates the bridge between patients and Apollo Hospitals. Apollo Clinics will become a platform to address future healthcare challenges in India, particularly in the face of growing non-communicable, lifestyle and chronic diseases. The low penetration of preventive healthcare—adoption of preventive health checks and vaccination, is a key area that needs to be addressed. Apollo Clinics has owned clinics and franchisees in hospital centric clusters, e.g., Chennai, Hyderabad, Bangalore, Delhi, Kolkata. These will act as feeder markets for the tertiary care hospitals, will increase the reach and presence of Apollo Clinics as a brand as well as address the glaring issue of inadequate healthcare accessibility.

Apollo Diagnostics

The Diagnostics market represents a significant opportunity with the market size estimated at ₹450 bn, around 80% of which is unorganized. With the organized sector growing at > 30% p.a., the opportunity to create a retail diagnostics brand is significant. Apart from being a large market, there is a strong synergy with the Group's other businesses.

500+
touch points
80+
cities
12
states

Apollo Diagnostics is building a large network in its geographies and plans to be amongst the top players in this market. The business model at Apollo Diagnostics is focused on building a pathology lab business with a consumer-centric approach by creating a network of company owned labs with frontend franchisee collection centres and networks in Tier II & Tier III towns in each state.

Within the first 4 years of operations, Apollo Diagnostics has already created a network of more than 500 touch points across 80+ cities in 12 states. At the end of March 2019, it runs 40+ laboratories and 19 Hospital Lab Management centers with a network of more than 400 collection centers around them.

Apollo Sugar Clinics

With a rapidly changing health care delivery model, treatment offerings for diabetes are also changing. Apart from the traditional model of personalized treatment offered by doctors, digital solutions targeted at monitoring patient lifestyles and remote monitoring of patient vitals are also gaining popularity and are poised to grow. Apollo Sugar Clinics is well positioned to offer these digital solutions together with its connected Glucometer devices, holistic long term care packages and condition management programs.

Apollo Cradle

Apollo Cradle, a line of hospitals for women and children, offers services of international standards in a premium environment while creating an unforgettable experience for the mother and her family. The Apollo Hospitals Group was the pioneer in establishing boutique birthing hospitals in India with the first Apollo Cradle opening in New Delhi in 2004. The concept is well accepted in urban markets and is another stride towards the emergence of specialized hospitals.

Apollo Cradle has been able to differentiate itself by bringing the best clinical care to patients while adding to it all the luxury and experience components which women are looking for today. It is focused on ensuring holistic care for women, right from her early 20's to the late 50's and comprehensive care for the child in the initial years of life. Today, the country presents a huge opportunity for the premium maternity / delivery market. Apollo Cradle has successfully grown the network in the last few years to 12 Cradles.

Apollo Fertility offers several specialized investigative and treatment procedures for infertility in men and women. Backed by Apollo's 35 year legacy of clinical excellence and a network of 7 IVF centres, Apollo Fertility brings to the table unparalleled commitment towards successful outcomes.

Apollo Spectra Hospitals

The market for short stay surgeries has grown in India over time, with Apollo Spectra leading the way as being the largest chain of hospitals providing short-stay surgical services across departments—Orthopaedics, General Surgery, Urology, ENT & Bariatric Surgery. The ease of access, faster discharge, access to top-end infrastructure, lower susceptibility to infections within the premise of a

12
Cradles network

7
IVF centres

12
centres across
8
major cities

much less intimidating environment has made patients choose short-stay format over traditional tertiary care hospitals. The model supports lower overhead costs, faster turnaround, and higher theatre & equipment utilization. Apollo Spectra is a well-known brand in the field with 12 centres spread across 8 major cities of India.

Apollo Dialysis

Apollo Dialysis continues to provide high quality dialysis services through its network of centres. The Group has established 14 dialysis units in the state of Andhra Pradesh (via PPP model), and will now do the same in Assam, and other states.

Apollo White

Apollo White, is a single specialty business offering complete dental services in all areas including general care, cosmetic dentistry and implants. The Group aspires to create a profitable network, position the brand in metro cities and Tier II towns and grow the network through clusters. Apollo White centres exist shop-in-shop in both hospitals and clinics and as standalone centres.

Discussion on Consolidated Financial Performance and Results of Operations

The following table present summaries of results of operations for the years ended March 31, 2019 and 2018: (₹ in million)

Particulars	31.03.2019	%	31.03.2018	%
Operating Revenue	96,174		82,435	
Add: Other Income	314		322	
Total Income	96,488	100	82,757	100
Operative expenses	46,609	48.31	40,327	48.73
Salaries and benefits	15,982	16.56	14,044	16.97
Administration and other expenses	22,947	23.78	20,132	24.33
Financial expenses	3,270	3.39	2,951	3.57
Depreciation and Amortisation	3,955	4.10	3,590	4.34
Profit before Income tax—exceptional and extraordinary	3,725	3.87	1,712	2.07
Add: Share of profit of equity accounted investee	10	0.01	2	0.00
Profit before tax	3,735	3.87	1,715	2.07
Provision for taxation	1,734	1.80	1,119	1.35
Profit after tax (including minority interest)	2,001	2.07	596	0.72
Other Comprehensive Income for the period	(291)	(0.30)	(172)	(0.21)
Total Comprehensive Income	1,710	1.77	424	0.51
Less: Minority interest	(358)	(0.37)	(580)	(0.70)
Profit after minority interest	2,068	2.14	1,003	1.21

Revenues

The total operating revenue grew 17% from ₹82,435 million in FY18 to ₹96,174 million in FY19 with healthcare revenues growing by 14% from ₹45,157 million to ₹51,426 million as a result of 5% growth in volumes at existing facilities as well as contribution from new facilities. Revenues at existing hospitals were also supported by case mix improvements and pricing. The standalone pharmacy business witnessed 19% revenue growth from ₹32,689 million to ₹38,860 million in FY19. The number of stores within the network of Standalone Pharmacies was 3,428 in 2019 as compared to 3,021 stores as at March 31, 2018.

The following table shows the key drivers of our revenues for the periods presented

Year ended March 31, 2019

Particulars	31.03.2019	31.03.2018	Increase (Decrease)	% Increase (Decrease)
Discharges	451,894	427,661	24,233	5.7
Revenues per in-patient (₹)	110,508	103,559	6,949	6.7
Average length of stay (days)	3.99	3.99	0	0.0
Out-patients	4,161,736	3,772,878	388,858	10.3
Revenue per bed day (₹)	34,226	31,967	2,259	7.1

Expenses

Salaries and Benefits

Our salaries and benefits expense of ₹14,044 million during 2018 increased by 13.80% to ₹15,982 million in 2019. This increase was a result of annual compensation increases for our employees, plus the impact of an increasing number of employed physicians within our hospitals and pharmacies for the SAPs and also the compensation increases for our employees during the year.

Year ended March 31, 2019

(₹ in million)

Particulars	31.03.2019	% of Revenue	31.03.2018	% of Revenue	Increase (Decrease)	% Increase (Decrease)
Salaries, wages and benefits (excluding managerial remuneration)	15,982	16.56	14,044	16.97	1,938	13.80
No. of employees	60,374		54,698			

Operative Expenses

During 2019, our material cost of ₹46,609 million increased 15.58%, as compared to a figure of ₹40,327 million in 2018. The increase in material cost was in line with the growth in operating revenues.

Administrative Expenses

The following table summarizes our operating and administrative expenses for the periods presented.

Year ended March 31, 2019

(₹ in million)

Particulars	31.03.2019	% of Revenue	31.03.2018	% of Revenue	Increase (Decrease)	% Increase (Decrease)
Repairs and maintenance	1,826	1.90	1,697	2.06	129	7.57
Rents and leases	3,502	3.64	3,190	3.87	312	9.79
Outsourcing expenses	2,890	3.01	2,310	2.80	580	25.12
Marketing and advertising	1,839	1.91	1,743	2.11	96	5.50
Legal and professional fees	1,213	1.26	939	1.14	274	29.20
Rates & taxes	183	0.19	186	0.23	(3)	(1.85)
Provision for doubtful debts & Bad debts written off	657	0.68	588	0.71	69	11.70
Other administrative expenses	10,837	11.27	9,479	11.50	1,358	14.33
Total	22,947	-	20,132	-	-	-

Depreciation and Amortization

Our depreciation and amortization expense increased to ₹3,955 million during 2019, as compared to ₹3,590 million during 2018. The increase is largely due to capital improvement projects completed during the year and normal replacement costs of facilities and equipment. On new facilities we were eligible for higher depreciation under section 35AD of the Income-tax Act, 1961.

Financial Expenses

Our financial expenses increased to ₹3,270 million during 2019, compared to ₹2,951 million during 2018. The increase is largely due to interest on funds deployed in commissioning of new hospital projects as well as for construction in progress at other facilities.

Provision for Income Taxes

The provision for taxes during the year ended March 31, 2019 is ₹1,734 million compared to ₹1,119 million in the previous year ended March 31, 2018.

Key Financial Ratios

There is no significant change (i.e change of 25% or more as compared to the immediately previous financial year) in the key financial ratios viz., Debtors Turnover, Inventory Turnover, Interest Coverage, Current Ratio, Debt Equity, Operating Profit and Net Profit Margins (which are calculated on a standalone basis).

Return on Networth ratio increased from 6.31% to 7.80% for the financial year ended 31st March 2019, calculated on a standalone basis.

Liquidity

Our primary sources of liquidity are cash flows generated from our operations as well as long-term borrowings. We believe that our internally generated cash flows, amounts invested in liquid funds and our approved and proposed debt will be adequate to service existing debt, finance internal growth and deploy funds for capital expenditure.

Capital Expenditure

In addition to the continued investments in new hospital facilities, there have also been investments made in new clinics, cradles and dental centres . These investments would help in our efforts to attract and retain physicians and to get more patient footfalls at our hospitals.

Risks and Concerns

Given the multi-fold increase in scale and the expanded area of operations since inception, Apollo Hospitals is automatically exposed to a wider range of risks and uncertainties than earlier. These internal and external factors may affect achievements of the organization's objectives—whether they are strategic, operational, or financial.

The business environment in which Apollo Hospitals operates is characterized by increasing competition and market unpredictability. Apollo is exposed to numerous risks in the ordinary course of business. Risks are unavoidable as there can be no entrepreneurial activity without the acceptance of risks and associated profit opportunities.

Apollo Hospitals believes it is imperative to identify business sustainability risks and opportunities on an ongoing basis and integrate them into the existing risk management framework. The Group adopts processes which continuously enhance risk awareness and promote a culture of risk management.

The Senior Management of each business unit undertakes the practice of Risk Management under the guidance of the Board of Directors. As risks cannot be completely eliminated, adequate actions are taken to mitigate areas of significant risks that have been identified. Also, risk management systems ensure that risks are contained within manageable levels.

In the areas of operational risks, the Management continuously monitors and reviews various units by using an elaborate system of metrics and operational updates. These are reviewed on a periodic basis and urgent attention is given to metrics even before they approach levels which require reporting and corrective action. Multiple platforms have been established to help employees manage, monitor and mitigate risks appropriately.

Risk management programs are run by individual units and centres and these are integrated with the Risk Management Programs of business units and of regional control centres. Finally, the risk management programs at the overall entity level encompass the detailed risk management protocols at the underlying levels. This gives rise to a multi-layered risk management system which comprehensively addresses risks. In the event of failure to identify risk at the primary level, the risks can be identified and contained at subsequent levels. These comprehensive risk management practices ensure sustainability and longevity of the business.

Internal Controls

Apollo Hospitals is committed to maintaining a high standard of internal controls throughout its operations. The internal control framework deploys a well-designed robust system which allows optimal use and protection of assets, facilitates accurate and timely compilation of financial statements and management reports, and ensures compliance with statutory laws, regulations and company policies.

While no system can provide absolute assurance against material loss or financial misstatement, the robust internal control systems which are reviewed periodically provide reasonable assurance that all company assets are safeguarded and protected. The Internal control system is designed to manage rather than to completely eliminate the risk of failure to achieve business objectives.

The system is designed to ensure that all transactions are evaluated, authorized, recorded and reported accurately. In addition to this, extensive budgetary control reviews form the mechanism for timely review of comparison of actual performance with forecasts.

The management is responsible for assessing business risks in all aspects of its operations and for implementing effective and efficient processes and controls while ensuring compliance with internal and external rules and regulations. While reviewing the Group's internal controls, sufficient regard is given to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

Human Resources

The foundation of outstanding quality care is a highly skilled, caring workforce that is proficiently trained to provide personalized and evidence-

THE INTERNAL CONTROL FRAMEWORK DEPLOYS A WELL-DESIGNED ROBUST SYSTEM WHICH ALLOWS OPTIMAL USE AND PROTECTION OF ASSETS, FACILITATES ACCURATE AND TIMELY COMPILATION OF FINANCIAL STATEMENTS AND MANAGEMENT REPORTS, AND ENSURES COMPLIANCE WITH STATUTORY LAWS, REGULATIONS AND COMPANY POLICIES.

based care. Therefore, the success of Apollo Hospitals largely depends on the high level of skills, commitment and professionalism of its people. They form the nucleus of everything that Apollo does, and their contribution in the Group's journey towards touching a billion lives, is significant.

The Group has built an effective Human Resources department which supports the business in achieving sustainable and responsible growth by building the right capabilities in the organization. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline. The Human Resources function contributes to the success of Apollo and its employees through leadership, service and excellence in human resources management. Human Resources supports Apollo employees throughout their employment life cycle.

As on March 31, 2019 the Apollo Group comprised a total employee strength of 60,374 (including subsidiaries, joint ventures and associates). Together, these diverse employees bring their experience, culture and commitment to the work they do every day to improve the health of patients. Every employee of the Apollo family embraces the Group's "Tender Loving Care" philosophy in dealing with patients and are committed to the Group Vision – "To Touch a Billion Lives."

Investment in continuous learning is an integral component of the HR system which empowers employees to be well-prepared for providing superior patient care. Programs related to Talent Attraction, Talent Development and Talent Management continue to be institutionalized for delivering outstanding patient experience. Training has been extensively used as a potent tool to engage and energise talent.

Cultural integration of the workforce has always been a key focus area and the organization's learning initiatives are designed around assimilation and development of individual and team competencies to create a patient centric culture. Commitment and competence of employees are key drivers of overall organizational performance and thus every endeavour is made to strengthen organizational culture and retain the best talent.

Cautionary Statement

Some of the statements in this Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations and predictions contain certain 'forward looking statements' within the meaning of applicable laws and regulations. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Important developments that could alter your Company's performance include increase in material costs, technology developments and significant changes in political and economic environment, tax laws and labour relations.

60,374
employees embrace
Apollo's signature
Tender Loving Care

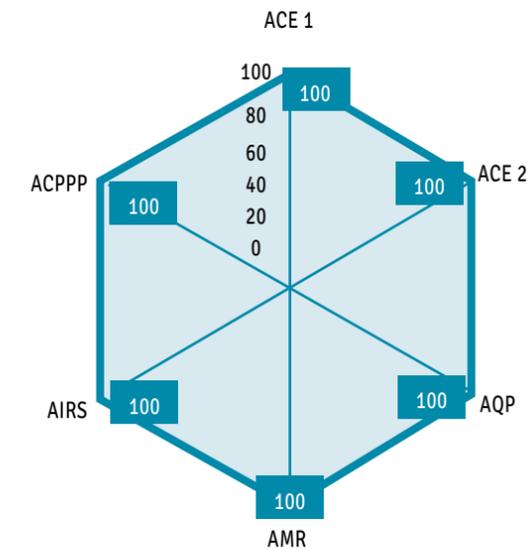
CLINICAL GOVERNANCE

THE APOLLO STANDARDS OF CLINICAL CARE (TASCC)

Apollo Hospitals has established the highest standards of clinical care and patient safety for all its hospitals irrespective of their location and size. The Apollo Standards of Clinical Care (TASCC) were implemented across Apollo Hospitals to standardize processes and measurement of outcomes in 2012.

TASCC seeks to improve patient care and outcomes through systematic review of care against clearly defined criteria. TASCC comprises of six components that include clinical dashboards ACE 1 and ACE 2, Apollo Quality Plan (AQP), Apollo Mortality Review (AMR), Apollo Incident Reporting System (AIRS) and Apollo-Critical-Policies-Plans-and Procedures (ACPPP).

TASCC Monthly Graphical Representation



ACE 1

ACE 1 is a clinical balanced scorecard incorporating 25 clinical quality belonging to COEs specialties like Cardiology/CTVS, Neurology, Neurosurgery, Orthopedics, Transplantation, Oncology, Nephrology, Urology, Gastroenterology and covered complication rates, mortality rates, hospital acquired infection rates, one-year survival rates and average length of stay. These parameters have been benchmarked against published results of reputed international institutions including Cleveland Clinic, Mayo Clinic, National Healthcare Safety Network, AHRQ US, NY State Deptt. of Health, National Kidney Foundation, University of California and US National Average.

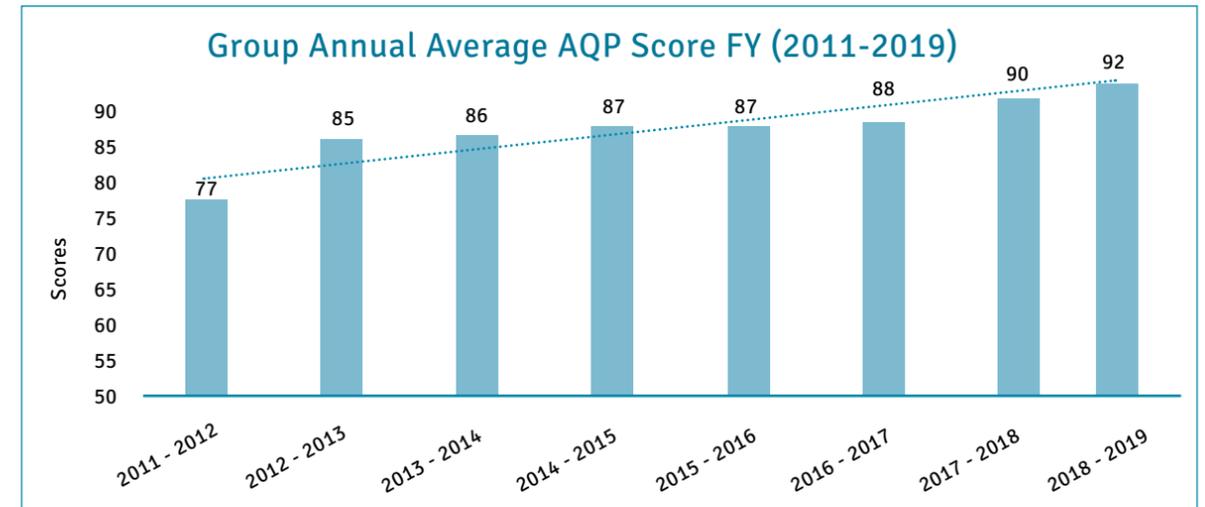
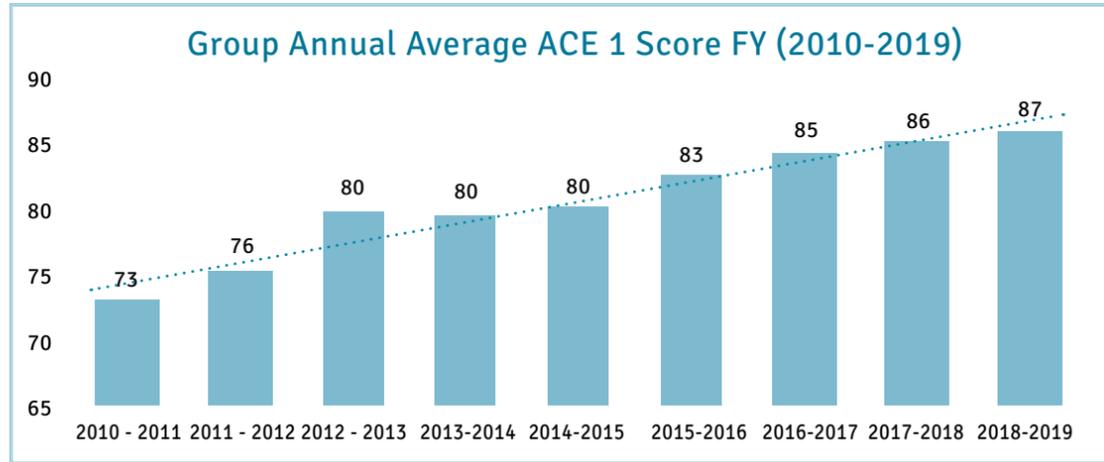
The weighted scores for outcomes are colour coded green, orange and red as per performance. The cumulative score achievable is capped at 100. The numerators, denominators and inclusions and exclusions are defined lucidly and methodology of data collection is standardized. Data is uploaded online every month through a unique login ID and password. Action taken reports for parameters falling in red are submitted quarterly by all hospitals and reviewed by the board. A quarterly, half yearly and annual analysis of the trends is done. The collective data for all locations can be viewed by the Group leadership at any point in time.

Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Dhaka and Navi Mumbai reported data for Group A parameters. Bilaspur, Madurai, Mysore, Pune, Vizag, Bhubaneswar, Karimnagar, Secunderabad, Hyderguda, Trichy, Vanagaram, Indore, ASH OMR, Nashik, Nellore, Seshadripuram, Health City Vizag, Guwahati reported data for Group B parameters. Aragonda, Apollo First Med Hospitals, Apollo Speciality Cancer Hospital Teynampet, Tondiarpet, Sowcarpet, Kakinada, NMDC Bachel, Noida, Apollo Children's Hospital, Ambavadi, DRDO, Karur, ASH Jayanagar, Karaikudi, AMC Karapakkam and Apollo Women's Hospital SMR reported data for Group C parameters.

APOLLO QUALITY PROGRAM

The Apollo Quality Program was started in December 2010 to implement patient safety practices in all Apollo Hospitals irrespective of the accreditation status.

It covers five broad areas: Safety during Clinical Handovers, Surgical Safety, Medication Safety, the Six International Patient Safety Goals of JCI and Standardisation of Minimum Content of Medical Records.



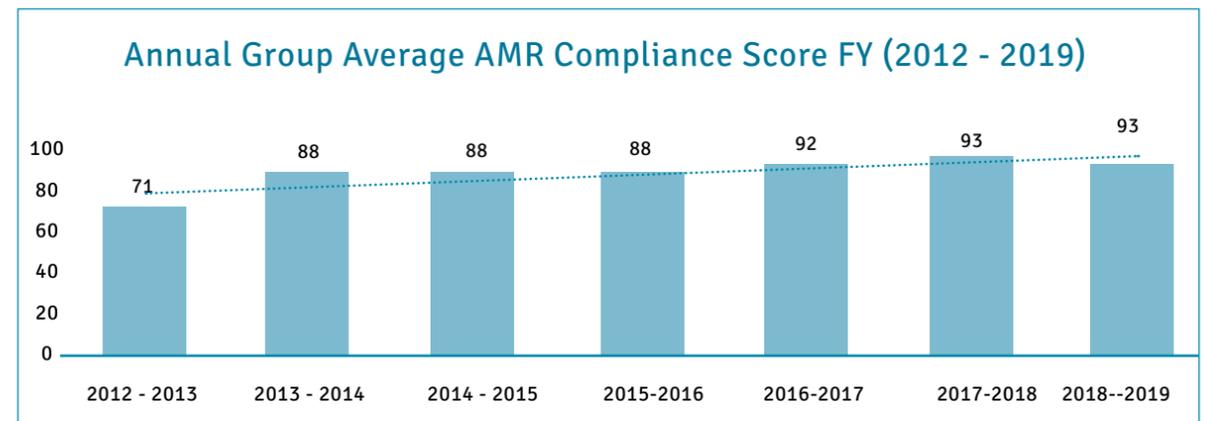
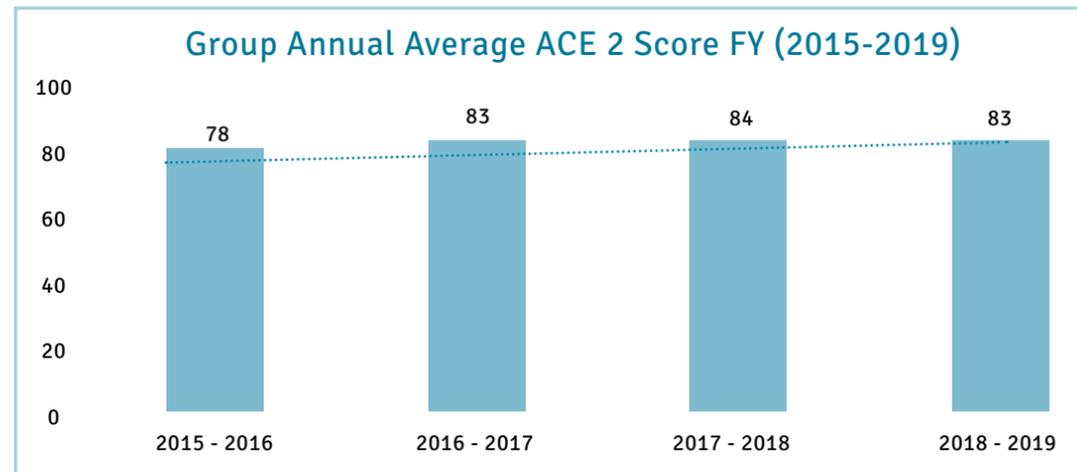
The hospital scoring the highest is awarded the ACE 1 Champion Award. Apollo Main Hospitals, Chennai reporting Group A parameters, Apollo Hospitals, Seshadripuram, reporting Group B parameters and Apollo Reach Hospital, Karaikudi reporting Group C parameters were declared ACE 1 Champions and were awarded the trophies along with cash prizes.

ACE 2

ACE 2 earlier known as RACE, for centers of excellence; Cardiac Sciences, Oncology, Transplantation, Neuro sciences and Orthopedics. A set of 25 clinical parameters other than those covered under ACE 1, was created to assess the outcomes. All parameters were again benchmarked against the best published outcomes of the world's best institutions.

MORTALITY REVIEW

The mortality review in all Apollo Hospitals is standardized with trigger criteria, checklists, peer review processes and mortality meeting formats. Formal, structured review of deaths (not just unexpected deaths) help detect quality issues around every day processes of care.



360 DEGREE REVIEWS

360 Degree reviews were conducted across the Apollo Hospitals. The objectives of these reviews was to identify any fraudulent or unsafe practices, patient specific concerns and assessment of the readiness of quality processes and outcomes 24/7. The review also included spotting behaviours associated with insufficient knowledge, misrepresentation of information and lack of objectivity.

The review included the evidences of everything that was implemented as a part of the Annual Operating Plan (AOP), validation of the data reported and also actual implementation of accreditation standards as applicable.

The review was done for the following disciplines namely- Clinical, Quality, Non-Clinical, Risk Management and Financial.

CHECKLISTS

The WHO Safe Surgery checklist is a proven tool that promotes surgical safety. Having piloted this at some of the Apollo hospitals, inputs were obtained from these locations to standardize the Apollo Safe Surgery Checklist. The checklist comprises of 3 components; sign-in, time-out, sign-out. This forms a part of the patient file and fulfils all accreditation requirements. It has now been implemented across the Group.

The ICU checklist is used in all the ICUs for every patient. The checklist augments the daily, multidisciplinary rounds and alerts the doctor so that important issues are not missed. This is an evidence-based tool to achieve care goals. Both the Safe Surgery Checklist and the ICU Checklist implementation across the Apollo Group are closely monitored using defined indicators.

RECOGNITION

- Apollo Hospitals was recognized and felicitated at various national and international forums for achievements and contributions, in the year 2018.
- The Sixth Asia Pacific HIMSS-Elsevier Digital Healthcare global awards forum recognizes outstanding achievements and innovations towards the implementation and usage of health information and technology. The award was conferred to Apollo Hospitals Enterprises Limited.
- The Asian Hospital Management Awards recognizes and honours hospitals in Asia that implement best practices. It is the accepted hospital management awards program for the Asia Pacific region. For the HMA Awards 2018, held at Bangkok, Thailand, there were 451 entries from 123 hospitals in 18 countries. Apollo Hospitals Group won 11 awards, the highest number of awards won by any organisation.
- The Best Hospital Survey 2018, conducted by THE WEEK in association with Hansa India, ranked Apollo Hospitals, Chennai as the best corporate multi – speciality hospital in the country in 2018. Indraprastha Apollo Hospitals, Delhi was ranked as the third best corporate multispecialty hospital.
- All India Lifestyle Hospital and Clinic Ranking Survey 2018 by Times of India ranked Apollo Hospitals, Chennai as the best hospital in India for the specialties of Bariatrics, Orthopedics and Dermatology. Indraprastha Apollo Hospitals, Delhi was ranked as the best hospital for the specialties of Cosmetic and Plastic Surgery
- All India Critical Care Hospital Ranking Survey 2018 by The Times of India ranked Apollo Hospitals, Chennai as the best hospital for the specialties of Gastroenterology and Hepatology, Nephrology, Neuro Sciences, Emergency and Trauma, Urology in India. Indraprastha Apollo Hospitals Delhi was ranked as the best hospital for the specialties of Paediatrics, Gynaecology and Obstetrics.

- FICCI Medical Value Travel Awards 2018 has emerged as the definitive recognition for contribution to healthcare in the country over the years based on Innovation, Sustainability, Impact and Scalability which forms the four criteria's for evaluation. The Apollo Hospitals Group won 5 awards in 4 categories.
- National Board of Examination (NBE) Award is for 'Excellence in Medical Education' for outstanding commitment to excellence in Postgraduate Medical Education and Clinical Research. The award was conferred on the Apollo Hospitals Group.
- Brand of the Year 2018' was awarded to Apollo Hospitals Group for the category Hospitals and Healthcare and was reckoned amongst the top 35 brands.
- Express Healthcare Excellence Awards serve as a platform for organizations to showcase their innovative operational processes, strategies and techniques that facilitate them to achieve better medical outcomes, reach profitability and improve processes with their organizations. The Apollo Hospitals Group was conferred the award in 3 categories.
- Healthcare Excellence Award 2018 was conferred on Apollo Hospitals, Navi Mumbai for the category Best Multispecialty Hospital.
- Guinness World Record 2018 was conferred on Apollo Hospitals, Navi Mumbai for forming the largest human image of a human bone with 948 participants.
- HR Excellence Award 2018 was conferred on Apollo Hospitals, Mysore for the projects- "Spot Light of Day-U Made My day and Employee Hospital Health Care Cost-refocusing the strategy".
- Dr APJ Abdul Kalam Sadbhawana Award 2018 was conferred on Apollo Hospitals, Kolkata by National Achievers Recognition Forum for the category 'Excellence in Healthcare'.
- Rastriya Chikitsa Samman Puruskar 2018 was conferred on Apollo Hospitals, Kolkata by National Achievers Recognition Forum.
- Medical Excellence Award 2018 was conferred on Apollo Hospitals, Kolkata by Indian Solidarity Council for the category 'Outstanding Achievements and Remarkable Role in the Field of Medical Sciences'.
- World Healthcare Achievers Summit and Awards 2018 was conferred on Apollo Hospitals, Kolkata for the category 'Best Hospital for Innovation of the Year'.
- Best Hospital Award 2018 was conferred on Apollo Hospitals, Madurai by the Consumer Rights Protection Council.
- CII Kaizen Award 2018 was conferred on Apollo Hospitals, Teynampet in the category for 'Service Sector'.
- CII Poke Yoke 2018 was conferred on Apollo Hospitals, Vanagaram in the category for 'Service Sector'.
- AP Green Award 2018 was conferred on Apollo Hospitals, Nellore by Andhra Pradesh Greening and Beautification Corporation, Government of Andhra Pradesh.
- CAHOCON 2018 was conferred to Apollo Hospitals, Bangalore for the categories 'CSSD Practices' and 'Quality'.
- Healthcare Asia Awards 2018 was conferred on Indraprastha Apollo Hospitals, Delhi for the categories: Corporate Social Responsibility of the Year - A Healthy Start, Patient Safety Initiative of the Year-Tracking the patient safety through International Patient Safety Goal (IPSG) and Patient Care Initiative of the Year-Patient and family education- the foundation of patient care.
- Food Safety Award 2018 was given to Apollo Hospitals, Ahmedabad for 'Food Safety' by Equinox Labs.
- Excellent Customer Services Awards 2018 was conferred on Apollo Hospitals, Ahmedabad for the category 'Excellence in Customer Service' by Bajaj Allianz.

- Best Multi-Specialty Hospital 2018 was conferred on Apollo Hospitals, Ahmedabad for 'Clinical Services'.
- Best Critical Care Department 2018 was conferred on Apollo Hospitals, Ahmedabad for 'Best Critical Care Services'.
- Gujarat Best Employer Brand Awards 2018 was conferred on Apollo Hospitals, Ahmedabad for Employee Satisfaction.
- Health Icon Award 2018 was conferred on Apollo Hospitals, Ahmedabad for the category Multispecialty Hospitals-Hub for Medical Tourism.
- Innovative Technology Intervention, HOSMAC Awards 2018 was conferred on Apollo Hospitals, Ahmedabad for their project on Heat Pump.
- LIVES 2018 Abstract Awards- ESICM's annual congress at Paris, LIVES, attracted audiences of over 6,000 physicians, anaesthetists, trainees and nursing and allied health professionals, from 97 different countries. The abstract submitted by Apollo Hospitals, Nashik for Quality Improvement was awarded for being one of the Top 10 Abstracts.
- Best Hospital to work for 2018 was conferred on Apollo Hospitals, Hyderabad by the Association of Healthcare Providers (India).
- ET Now-Rise with India (Modi for Excellence in Healthcare) Award 2018 was conferred on Apollo Hospitals, Hyderabad for the categories: Best Quality Initiative in Healthcare and Best Multispecialty Hospital.
- Healthcare Achiever and Leaders Awards 2018 was conferred on Apollo Hospitals, Hyderabad for Best Quality Initiative in Healthcare.
- Swachh Hospital Competition 2018 - Apollo Hospitals, Navi Mumbai was bestowed the 'Winner Award' for the competition by Swachh Bharat Mission (NMMC).
- Zonal Transplant Centre Mumbai-Appreciation Award 2018 was conferred on Apollo Hospitals, Navi Mumbai for Valuable Contribution towards Organ Donation Program.
- SimWars, Competition a simulation-based competition between emergency teams from across India in various aspects of patient care was organized at the 20th National Emergency Medicine Conference at Bangalore. The first prize was conferred on Apollo Hospitals, Navi Mumbai.
- 4th North East Patient Safety Workshop-Poster Competition 2018 - Apollo Hospitals, Guwahati was the bestowed as the winner for posters presented for Needle Stick Injuries, Patient Falls, Catheter Associated Urinary Tract Infections, and Catheter Associated Blood Stream Infections.
- Times Icon Award 2018 was conferred on Apollo Hospitals, Indore for the category Best Multispecialty Hospitals.
- APSIC CSSD Center of Excellence Award 2018 was conferred on Apollo Hospital, Kolkata.
- Best Hospital Pharmacy Citations 2018- Multispecialty Hospital Chain-Express Healthcare was conferred on Apollo Hospital, Kolkata.
- Dream Companies to work for 8th Edition-Award 2018 was conferred on Apollo Hospital, Kolkata for Managing Health at work.
- Golden Peacock Awards 2018, instituted by the Institute of Directors (IOD), India is considered the hallmark of excellence worldwide. The award was conferred on Apollo Hospital, Hyderabad for HR Excellence.
- India's 15 Best Workplaces in BFSI 2018 was conferred on Apollo Munich by Great Place to Work Institute, India.

- Service Excellence Award 2018 was conferred on Apollo Munich by ASSOCHAM, for providing unprecedented service to customers across different business categories.
- Health Insurance Company of the Year- Large (Private Sector) Award 2018 was conferred on Apollo Munich by ABP News for being the leading health insurer of the country with overall leadership in revenues, product mix, customer mix and business model effectiveness.
- Health Financing Brand 2018 was conferred on Apollo Munich by India Health and Wellness Summit in recognition as the best health financing brand of 2018.
- 7th ACEF Asian Leadership Awards 2018 was conferred on the Total Health Program for the category Corporate Social Responsibility (CSR).
- Smart Health Conference- Top 50 Healthcare Companies Award 2018 was conferred on Apollo Telehealth Services (ATHS).
- WISH Innovation Showcase 2018 - Apollo Telehealth Services (ATHS) was represented in the WISH (World Innovation Summit for Health) in their Innovation Showcase at Qatar, for the projects eUPHC, Tele-Emergency in Himalayas. The WISH 2018 Innovation Showcases represent some of the world's most exciting healthcare innovations.
- CII Industrial Innovation Awards 2018 was conferred on Apollo Telehealth Services (ATHS). ATHS was amongst the top 25 innovative companies to be honoured with this award.
- IHW (India Health and Wellness) Awards platform recognizes well-established brands that have contributed towards health by consistently providing healthcare and related services through direct or indirect medium of delivery. The award was conferred on Apollo Telehealth Services (ATHS) for the category Health Delivery Brand of the Year.
- Indywood Medical Excellence Awards 2018- Each year these awards are organised to recognize and felicitate healthcare practitioners and organisations for their relentless services to the society. Apollo Telehealth Services (ATHS) was conferred the award for the category Largest Telemedicine Network.

ACCREDITATION

Joint Commission International (JCI) Accredited Apollo Hospitals

The following eight Apollo Hospitals are JCI Accredited

Hospital	Locations
Indraprastha Apollo Hospitals	Delhi
Apollo Hospitals	Hyderabad
Apollo Hospitals	Chennai
Apollo Hospitals	Bangalore
Apollo Hospitals	Kolkata
Apollo Hospitals	Dhaka
Apollo Hospitals	Ahmedabad
Apollo Hospitals	Navi Mumbai

National Accreditation Board for Hospitals and Healthcare Providers (NABH) Accredited Apollo Hospitals

The following 23 Apollo Hospitals are NABH Accredited

Hospital	Locations
Apollo Hospitals	Ahmedabad
Apollo Hospitals	Bilaspur
Apollo Speciality Hospitals	Madurai
Apollo BGS Hospitals	Mysore
Apollo Jehangir Hospital	Pune
Apollo Hospitals	Bhubaneswar
Apollo Hospitals	Secunderabad
Apollo Hospital	Hyderguda
Apollo Specialty Hospitals	Vanagaram
Apollo Hospitals	Kakinada
Apollo Hospitals	Noida
Apollo Specialty Cancer Hospital	Teynampet
Apollo Hospitals	Trichy
Apollo Hospitals	Indore
Apollo Hospitals	Nashik
Apollo Medical Centre	Karapakkam
Apollo Hospitals	Navi Mumbai
Apollo Hospitals	Seshadripuram
Apollo Hospitals	Jayanagar
Apollo Children's Hospital	Chennai
Apollo KH Hospitals	Ranipet
Apollo Speciality Hospitals	OMR
Apollo Hospitals	Vizag

DNB/ FNB PROGRAM AT APOLLO HOSPITALS

The National Board of Examinations (NBE) has accredited Apollo Hospitals for training and examinations in 15 Broad Specialities, 19 Super Specialties and 8 Postdoctoral Fellowship (FNB) programs. There are 507 DNB/FNB seats and 781 trainees are pursuing the DNB/FNB programs in 11 Apollo Hospitals.

Broad Specialities (DNB)	
1.	Anaesthesiology
2.	Emergency Medicine
3.	ENT
4.	Family Medicine
5.	General Medicine

6.	General Surgery
7.	Nuclear Medicine
8.	Obstetrics and Gynaecology
9.	Orthopaedics
10.	Pathology
11.	Paediatrics
12.	Radio diagnosis
13.	Radiotherapy
14.	Respiratory Diseases
15.	Transfusion Medicine

Postdoctoral Fellowships (FNB)

1	Critical Care Medicine
2	Infectious Diseases
3	Interventional Cardiology
4	Minimal Access Surgery
5	Paediatric Gastroenterology
6	Paediatric Haemato Oncology
7	Paediatric Intensive care
8.	Liver Transplant

Super Specialties (DNB)

1	Cardiac Anaesthesia
2	Cardio Thoracic Surgery
3	Cardiology
4	Endocrinology
5	Gastroenterology
6	Genito Urinary Surgery
7	Medical Oncology
8	Nephrology
9	Neuro Anesthesia and Critical Care
10	Neurosurgery
11	Neurology
12	Paediatric Cardiology
13	Paediatric Surgery
14	Plastic Surgery
15	Rheumatology
16	Surgical Gastroenterology
17	Surgical Oncology
18	Vascular Surgery
19	Hematology

DNB/FNB programs proposed to NBE for 2019

- | | |
|-----|------------------------------------|
| 1. | Anaesthesiology for Minimal Access |
| 2. | Bariatric and Metabolic Surgery |
| 3. | Paediatric Urology |
| 4. | Organ Transplantation |
| 5. | Fetal Medicine |
| 6. | Molecular Biology |
| 7. | Clinical Immunology |
| 8. | Genetics |
| 9. | Disaster Management |
| 10. | Geriatrics |

ADJUNCT TITLES OF PROFESSORSHIPS AND ASSOCIATE PROFESSORSHIPS OF AHERF

The policy to grant of Adjunct Title of Professor and Associated Professor of Apollo Hospitals Educational and Research Foundation (AHERF) was implemented in the year 2012.

Senior faculty members from Apollo Hospitals Group, who have an active interest in academics and research are nominated for the grant of these Adjunct Titles.

ADJUNCT TITLES OF CLINICAL TUTORSHIP, DISTINGUISHED CLINICAL TUTORSHIP AND EMERITUS CLINICAL TUTORSHIP OF AHERF

The policy to grant of Clinical Tutorship, Distinguished Clinical Tutorship and Emeritus Clinical Tutorship of AHERF was implemented in the year 2017 in order to boost the state of clinical training across the Apollo Hospitals Group.

Senior faculty members from Apollo Hospitals Group, who have an active interest in clinical training are nominated for an adjunct title post.

79 consultants are currently holding Adjunct titles of Clinical Tutor, Distinguished Clinical Tutor and Emeritus Clinical Tutor respectively in AHERF in various specialties covering Anaesthesia, Critical Care Medicine.

RECOGNITION OF PUBLISHED PAPERS

Apollo Hospitals encourages consultants, junior Medical staff and DNB trainees to undertake research activities in their areas of expertise. Apollo supports the effort of its staff and recognizes their achievements in publishing research papers.

314 papers of Apollo Group consultants were recognized either with cash awards along with citation or only with citation from the Group Chairman during 2018.

ADJUNCT TITLE OF INTERNATIONAL PROFESSOR

The policy to boost the state of research and academics across Apollo Hospitals Group, Adjunct International

Professorship was implemented in January 2019. Senior faculty members from renowned healthcare institutions overseas, who have excellence in academics and research are invited.

15 distinguished doctors working in renowned healthcare institutions overseas were conferred with Adjunct title of International Professor.

RECOGNITION OF BOOKS

Guidelines to recognize books published by consultants were institutionalized in December 2018.

17 books of Apollo Group consultants were recognized with cash awards along with citation from the Group Chairman.

APOLLO INNOVATION AND QUALITY AWARDS

Apollo Innovation and Quality Awards is a platform to highlight the distinctive initiatives and unrelenting efforts undertaken at each location of the Apollo Hospitals Group to recognize the efforts being made to improve quality and safety for patients. Nominations for Apollo Innovation and Quality Awards 2018 were invited from all locations in six categories. In 2018, 219 nominations were received from 31 locations. The nominations were judged by an esteemed panel of independent jury members. The winners in each category were felicitated on 5th February 2019, on the Founders' Day.

APOLLO CLINICAL AWARDS

Apollo Clinical Awards is a platform that felicitates and rewards group consultants for their contributions and achievements. Nominations for Apollo Clinical Awards 2018, were invited from all location in six categories: Distinguished Clinician, Distinguished Academician, Distinguished Researcher, Young Clinician, Young Academician, Young Researcher. 103 nominations were received from 20 locations. The nominations were judged by an esteemed panel of independent jury members. The top two winners in each category were felicitated on 5th February 2019, on the Founders' Day. Dr. Pratap Chandra Rath, Dr. Ravindra M. Mehta, Dr. Rohini Handa, Dr. Mahesh Goenka, Dr. Raju Vaishya, Dr. Sengottuvelu Gunasekaran, Dr. Sai Satish, Dr. Ashish Malik, Dr. Amit Kumar Agarwal, Dr. Dhanya Dharmapalan, Dr. Punit Sharma and Dr. Sujoy Khan were conferred with the Apollo Clinical Award.

LEADERSHIP CONNECT PROGRAM (LCP – VIRTUAL)

Leadership Connect Program (LCP virtual) is an interaction of leading consultants and management team with the Group Chairman through a V-con to energize them. LCP provides an opportunity to consultants to interact with the Group Chairman and share their achievements. At the same time the management team gets an opportunity to share achievements of the Hospitals and their future plans.

APOLLO CLINICAL KNOWLEDGE NETWORK (ACKN)

ACKN has been formalized in order to create a knowledge center for an academic exchange across different Apollo institutions. ACKN provides Consultants an opportunity to showcase their clinical work to clinicians across the Group.

Weekly clinical meetings are conducted for Consultants, DNB trainees and Junior Medical staff across the Group. The various centres are connected for enabling the consultants, JMS and DNB trainees to participate for clinical knowledge enhancement during these interactions.

A clinical meeting is hosted by each of the National Board of Examinations (NBE) approved hospitals by rotation. This 60-minute session is held every Monday and is transmitted live across the Apollo Hospitals Group. As there are 11 NBE accredited hospitals, every hospital organizes a session once in 11 weeks. The hospital hosting the most informative session or case study is recognized with a citation from the Group Chairman. The case deliberations are recorded and made available 24X7 to any clinical staff who might have missed the session. The DNB/FNB Academic Coordinators of each unit are the single point of contact. 30 clinical meetings have been conducted since October 2018.

INNOVATIVE TREATMENTS

Apollo Hospitals, Ahmedabad

- Uterine Fibroid Embolisation (UFE) leading to successful pregnancy in a 37-year-old female patient.

Apollo Hospitals, Bangalore

- Extra-Corporeal Radiation and Re-Implantation Technique (ECRT) successfully conducted on a 9-year-old male child suffering from EWINGS SARCOMA, a very rare type of cancerous tumor that grows in bones or the soft tissue. Extra-Corporeal Radiation and Re-Implantation Technique (ECRT) is a unique procedure for bone cancers. This procedure also avoided the risk of exposure to radiation.
- Re-implantation of right amputated forearm was done successfully for a 9-year old boy.
- In a rare case, a scalp re-plantation surgery was conducted on a 45-year old female patient whose entire scalp and one eyebrow was ripped off when her hair got stuck in a flour mill. This life saving microvascular surgery, took about 10 hours to be completed.
- A bony defect was corrected in a 38-year-old patient, through the cutting edge Autologous Cell therapy -OSSRON therapy. This patient from Iraq had by a gun-shot injury to the left leg.
- Minimally invasive laryngoplasty conducted successfully for a 19-year-old patient who had sustained multiple head and neck injuries due to a road traffic accident.

Apollo Hospitals, Bhubaneswar

- First successful repair of ruptured abdominal aortic aneurysm was conducted in the state of Odisha.
- Vaginal birth after caesarean (VBAC) conducted successfully on a pregnant lady who was in labour with h/o a previous caesarean and mitral valve replacement 7 months back. Caesarean surgery was risky as she was on Acitrom. There was risk for post-partum haemorrhage PPH.
- A LED bulb was successfully removed from the airway of an 8-month old baby girl.
- A 90-year-old female patient suffering from neuro-toxic snake bite was successfully treated through intensive care interventions.

Apollo Children Hospitals, Chennai

- For the first time in India, successful laparoscopic removal of a bullet was done from the abdomen of a 3-year old child.

Apollo Main Hospitals, Chennai

- Apollo Hospitals Performs Asia's First Simultaneous Pancreas-Kidney Transplant. A premeditated simultaneous transplant was performed with Pancreas from a Cadaveric donor and Kidney from a Live donor that saved the life of a 38-year-old man.

- Apollo Hospitals Chennai successfully performed the India's first Transcatheter Aortic Valve Replacement in a Bicuspid Aortic Valve with the new generation Evolut PRO valve on 22nd April, 2018.
- The first 'robotic retroauricular approach excision of a brachial cyst from the neck was performed successfully on a 17-year-old girl. Very few centres in the world use this technique.
- Announced the use of OrganOx Metra for liver transplant, for the first time in Tamil Nadu. This organ preservation device maintains liver for transplant at optimal body temperature. The procedure done, using this device helped to save the life of a 66-year-old male patient, suffering from Liver Cirrhosis.
- Fusion less scoliosis surgery was conducted successfully on a 14-year-old girl, affected by Scoliosis, India's first surgery that transformed a teenager's life.
- Apollo Hospitals, Chennai became the first center in India to successfully perform a Transfemoral Pulmonary Valve Implantation.
- Successfully conducted "Quadruple" joint replacement surgery that involved replacement of four joints in a 16-year-old boy suffering from ankylosing spondylitis- First of its kind in South India.
- Amongst a select few centres in India and the only center in Chennai accredited to perform the MitraClip procedure for heart failure patients.
- Less invasive TAVR (Transcatheter Aortic Valve Replacement) conducted on a 79 years old male, with severe aortic stenosis with mild LV dysfunction.
- Transcatheter Aortic Valve Implantation (TAVI) for treating aortic stenosis successfully done on an 80-year-old lady.
- A Robotic TLH (Total Laparoscopic Hysterectomy) for a 16 weeks' fibroid uterus was performed as day surgery.
- A complex brain aneurysm (a giant left internal carotid artery bifurcation aneurysm) was managed by an advanced minimally invasive procedure on a middle aged patient. The patient was treated with a flow diverter device on the left side and coming from the right side, going across the anterior communicating artery, coiled the aneurysm and right A1 segment.
- A 17-year-old class XI school student was brought in an unconscious state, a case of Rat Kill poison ingestion. The boy was in need of emergency liver transplantation due to acute liver failure. The boy was saved by performing live donor liver transplantation within 36 hours of admission to the hospital, with help of the State Government authorities.