Abbott India Limited
Annual Report 2011

Transforming lives through a Continuum of Care

Abbott
A Promise for Life

A Promise for life

Turning Science into Caring

We are here for the people we serve in their pursuit of healthy lives. This has been the way of Abbott for more than a century - passionately and thoughtfully translating science into lasting contributions to health.

Our products encircle life, from newborns to aging adults, from nutrition and diagnostics through medical care and pharmaceutical therapy.

Caring is central to the work we do and defines our responsibility to those we serve:

> We advance leading-edge science and technologies that hold the potential for significant improvements to health and to the practice of health care.
>
> We value our diversity-that of our products, technologies, markets and people-and believe that diverse perspectives combined with shared goals inspire new ideas and better ways of addressing changing health needs.
>
> We focus on exceptional performance-a hallmark of Abbott people worldwide-demanding of ourselves and each other because our work impacts people's lives.
>
> We strive to earn the trust of those we serve by committing to the highest standards of quality, excellence in personal relationships, and behavior characterized by honesty, fairness and integrity.
>
> We sustain success-for our business and the people we serve-by staying true to key tenets upon which our company was founded over a century ago: innovative care and a desire to make a meaningful difference in all that we do.

The promise of our company is in the promise that our work holds for health and life.

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CORPORATE OVERVIEW

STATUTORY AND FINANCIALS

Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Abbott India is committed to provide quality healthcare.

We continue to meet the needs of our customers with products and services driven by innovation, and in a manner that is responsible and respectful of our philosophy of a 'Continuum of Care.'

At Abbott India, we have evolved a holistic business framework to impact the lives of those in need. It encompasses increasing awareness and facilitating detection and diagnosis, treatment and patient compliance.

Our values drive everything we do with the primary objective to help improve the lives of the patients we serve. We have transformed our organisation over the past few years to serve this objective, and have deployed our resources to drive this transformation.

Leveraging the strength of our diverse backgrounds, we unite as a team to fulfil our Promise for Life.

Corporate Identity

VISION

To be the world's premier healthcare company.

MISSION

To be an admired organisation and a leader in our core therapy areas by shaping the continuum of care and be amongst the 3 fastest growing companies through 2015.

DEDICATION

Our primary dedication is to the patients we serve through the healthcare professionals whom we support and to our stellar team of employees, our partners, shareholders, suppliers and other key stakeholders.

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Abbott Worldwide

A diversified healthcare company

Founded in 1888, by a young Chicago based physician, Dr. Wallace Calvin Abbott, the organisation has been devoted to discovering new medicines, new technologies and new ways to manage health.

- Abbott, a global broad-based healthcare giant, enjoys a diversified presence in the discovery, development, manufacturing and marketing of innovative pharmaceutical, diagnostic, nutritional and hospital products.
- Abbott has its presence in more than 130 countries and is recognised for its global reach and ability to serve customers around the world.
- Abbott focuses on Turning Science into Caring.

Corporate Identity

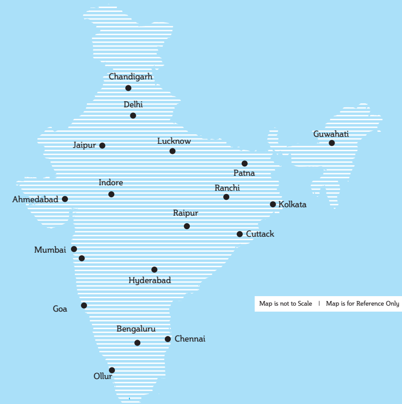
FASTEST GROWING MNC

growing 1.5 times the market*

- Received the Best Practices award in 2011: **'Multinational Pharmaceutical Company of the Year'** by Frost & Sullivan.
- Received numerous other accolades including Best Packaging Award and also recognised as 'Most Admired Anaesthesia Company' by Indian Society of Anaesthesiologists at ISACON 2011.

(* IMS Dec, 2011)

EXTENSIVE PRESENCE



- Headquartered in Mumbai, Abbott India enjoys strong brand equity and commands esteem in the market place.
- Wide network of 35 distribution points, catering to over 4,500 stockists and no less than 1,50,000 retailers.

TEAM

- Abbott India's success is largely driven by a highly competent and motivated team, backed by principles of value-based management, aided by strong alliances and partnerships.
- Abbott India employs over 2,400 people.

MANUFACTURING FACILITY

- State-of-the-art formulation plant at Verna, Goa.
- Facility is designed to produce high-quality, high-volume formulations using cost-efficient methods and processes.
- Well-equipped laboratory and trained personnel ensure international standards of quality at each step of the manufacturing process.

RESEARCH AND DEVELOPMENT

At Abbott India, our in-house development and medical teams undertake product and clinical development tailored to the needs of the Indian markets.

'GO GO GO' JOURNEY

Abbott India epitomised the new organisational philosophy of making things happen. We continued the transformational journey, positively impacting our people, products, programs and processes.

2009

Initiating the acceleration initiatives with the launch of 'GO GO GO'.

2010

Accelerating pace, increasing market presence with expansion.

2011

Transforming field force and integrating Solvay and Abbott. Developing capability and capacity of the organisation.

2012

Leveraging transformation to achieve leadership through superior performance.

Munir Shaikh, *Chairman*

Our leadership is backed by best in class practices of partnering with Health Care Professionals to help deliver value for patients and customers through a focus on building awareness, simplifying diagnosis and providing high quality innovative medicines. This 'Continuum of Care' that we provide creates distinctiveness in the market place, creating a unique differentiation with the competition.

Chairman's Message

Dear Shareholders,

2011 was another landmark year for our Company. It was a year in which the Company embarked on its journey of Transformation and implemented a number of new initiatives to strengthen our products, people and processes. These initiatives have started yielding results and provide a strong base for the future, ensuring Abbott's sustainability and success in the years to come.

Abbott India Limited was the fastest growing MNC, growing ahead of the market and registering significant successes along the way. Your Company received the 'MNC Pharmaceutical Company of the Year' Award for the year 2011 from Frost & Sullivan India. This award acknowledges the best practices in the healthcare industry and Abbott was recognised for its outstanding performance in the year 2010-11. Your Company was also recognised as the "Most Admired Anaesthesia Company in India" by Indian Society of Anaesthesia.

We achieved significant progress on our 'Go Go Go' journey – accelerating our business growth, adopting best practices to transform our sales force into cutting-edge industry experts and ensuring a successful integration of erstwhile Solvay Pharma India Limited with the Company, post the legal merger.

According to external pharmaceutical market audit (ORG IMS) (MAT Dec 2011), your Company has grown by 25% versus 16% growth of the market in which your Company participates. This performance was achieved through significant contribution from most of the business units, Your Company evolved as one of the fastest growing Pharma companies in India, and highly respected and recognised in the industry. Mr Vivek Mohan, your Company's Managing Director, moves on to assume another exciting new role within the global Abbott group. While wishing good luck to Vivek for his future endeavours, I would also like to welcome Mr Rehan Khan on the Board as the new Managing Director.

namely Women's Health, Gastroenterology, Metabolics, CNS, Proprietary Pharma business and Hospital Care.

Many of our brands enjoy leadership positions in their respective segments. Our leadership is backed by best in class practices of partnering with Health Care Professionals to help deliver value for patients and customers through a focus on building awareness, simplifying diagnosis and providing high quality innovative medicines. This 'Continuum of Care' that we provide creates distinctiveness in the market place, creating a unique differentiation with the competition.

Your Board has recommended a dividend of ₹ 17.00 per share for the year 2011.

I take this opportunity to record our appreciation for Mr Vivek Mohan, your Company's Managing Director, who moves on to assume another exciting new role within the global Abbott group. During his tenure, Mr Mohan led the organisation through major Transformation including: Integration of Solvay, Sales Force Transformation, Portfolio Revitalisation and Business Acceleration. Your Company evolved as one of the fastest growing Pharma companies in India, and highly respected and recognised in the industry. While wishing good luck to Vivek for his future endeavours, I would also like to welcome Mr Rehan Khan on the Board as the new Managing Director. I am confident that Rehan with his rich experience, strong background and leadership skills will continue driving growth and take your Company to new heights.

I thank all our employees, customers, suppliers, stockists, bankers and other business associates for their consistent support over the years. I acknowledge the dedication and commitment shown by the Abbott team in realisation of your Company's objectives.

My sincere gratitude to all our valued shareholders for your continued trust in your Company over the years. We look forward to your continued support to Abbott India's transformational journey, which will take us all to a brighter and more prosperous future.

Munir Shaikh
Chairman

Message from Managing Director

"Your Company has made vigorous efforts to strengthen therapy leadership in its quest to gain market leadership, through innovation and differentiation in our marketing initiatives."

Dear Shareholders,

2011 has been an exciting year. It will always be remembered as a year of 'Transformation'; a year of growth and aspiration.

We can feel proud and happy of significant accomplishments that we have achieved as an organisation, including the recognition as 'MNC Pharma Company of the Year for 2011' by Frost & Sullivan.

We achieved a major milestone of merging two sterling companies, Abbott India Limited and Solvay Pharma India Limited, into one cohesive and integrated business.

We grew 50% faster than the market, one of the fastest growing companies in the Indian Pharmaceutical Market.

Your Company has made vigorous efforts to strengthen therapy leadership in its quest to gain market leadership, through innovation and differentiation in our marketing initiatives. Abbott India ranks as one of the top 5 companies in the participated markets of Gastroenterology, CNS, Women's Health and Metabolics. 11 products are in the top 300 products of the industry; many of these products moved up the ranks in 2011. Thyronorm, the No. 1 product in its therapy area with about 50% market share, has entered in the Top 50 brands. Heptral is amongst the best product launches amongst MNCs and the best ever launch for Abbott India. Udiliv and Zolfresh entered the ranks of Top 100 brands and Top 300 brands, respectively.

Key Opinion Leaders and Healthcare Professional relationships are a key focus in each core area with several educational initiatives like Gastro Conclave, Hepatology Live, FOGSI programs and Thyroid Society.

Continuing our efforts towards Life Cycle Management of all our large brands, we identified line extensions, indication expansions and therapy development for the future, which we will execute in 2012.

Vivek Mohan, *Managing Director*

> We will further progress on our acceleration path in 2012. "Leveraging Transformation to Achieve Leadership through Superior Performance" is our objective as we continue our 'Go Go Go' journey.

We supported our brands through strong scientific initiatives like therapy area guidelines and university driven education programs for doctors. 4 of the 16 clinical projects that were initiated in 2011 have been completed. 15 Advisory Boards, 2 disease management guidelines and patient registries in Alcoholic Liver Disease and Epilepsy are underway.

We continue to shape the 'Continuum of Care' by working on building diagnosis, better treatment, management and patient education in areas like Thyroid, Sleep, Vertigo and Epilepsy.

Thyroid awareness is a major concern in India. Abbott India has joined hands with a respected Bollywood actress, Juhi Chawla, to drive in-clinic and awareness programs in association with local doctors. Our team is continually working towards providing access to diagnosis and ensuring maximum number of patients are screened for thyroid disorders. We have conducted over 5,600 camps, screening more than 2.4 Lakh patients in 2011. Abbott India also entered the Limca Book of Records for 'Mission Thyroid Awareness Campaign' by collecting 44,000 signatures from patients and doctors across India. We have also initiated a Public-Private Partnership Project, to drive thyroid screening for over 40 Lakh women in the next 4 years. The objective of this project is to enhance access, diagnosis and treatment through cross-functional and cross-divisional partnerships. This game-changing initiative will determine the approach for thyroid screening in India in the future.

For New Product Introductions (NPI), we devised a rigorous process to select the right size and profit benchmarks and speed to reach market. Abbott India expanded its portfolio into liver care and IVF; and launched line extensions of its top brands Digene, Brufen, Surbex and Vertin. 13 new products that were launched in 2011 contributed to 20% incremental growth.

These numerous accomplishments across business units, the above-market growth of every major product, new initiatives and foundational programs have been possible because of the strong team effort. Our talent hiring campaigns and the Abbott India Talent Development Programs have helped us expand our reach, and identify managers and future potential managerial candidates from within the organisation. As we strengthened the therapy focus of our organisation, we transformed 83% of our field force to the new empowered role of Therapy Business Manager. We have one of the highest employee retention rates in the industry.

We also gained significant momentum on the following key projects:

- Project Triveni - Improvement of distribution efficiency (primary & secondary transport optimisation), inventory control, customer service and prepare the Organisation for tax structure evolution.
- iENABLE - Standardisation of business processes across strategic business units in India through the implementation of a SAP based ERP system. It will also help to integrate acquired businesses and improve visibility across businesses.

We will further progress on our acceleration path in 2012. "Leveraging Transformation to Achieve Leadership through Superior Performance" is our objective as we continue our 'Go Go Go' journey. We will achieve this inspiring mission through four key growth drivers:

- Accelerating productivity and building organisation capability
- Strengthening therapy leadership
- Creating a winning organisation
- Simplifying processes to improve efficiency

Operating with a sense of urgency, acting in radically new ways, being proactive in our thinking and actions, and acting on matters that are critical while maintaining the winning mindset are the behaviours we demonstrate. I am confident that 2012 will also prove to be another landmark year of accomplishments and unprecedented growth.

As you all know, I will be moving on to an exciting new role within the global Abbott group. I do so with a sense of pride and satisfaction for all that we have achieved together over the past seven years.

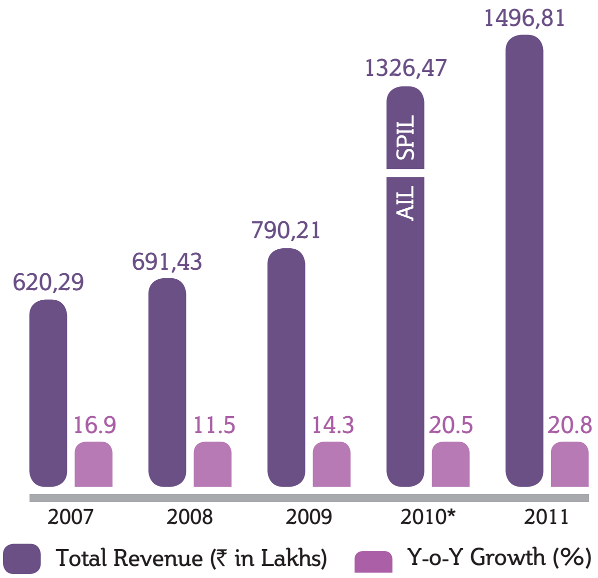
I take this opportunity to thank all of you – our valued shareholders - for your support to Abbott India Limited. I am confident that you will continue to extend the same level of support and co-operation in the years to come.

Warm Regards,

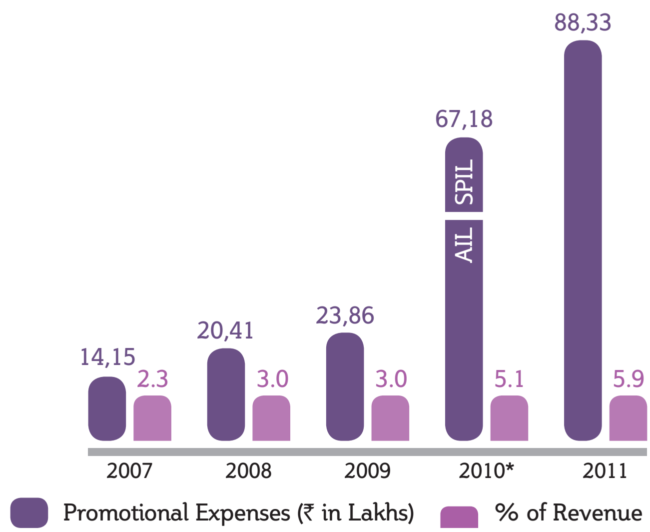
Vivek Mohan
Managing Director

Business Snapshot

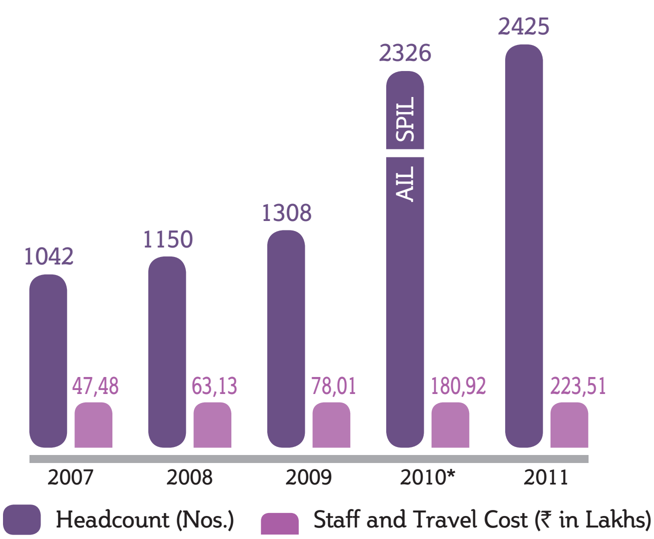
TOTAL REVENUE
Y-o-Y Growth



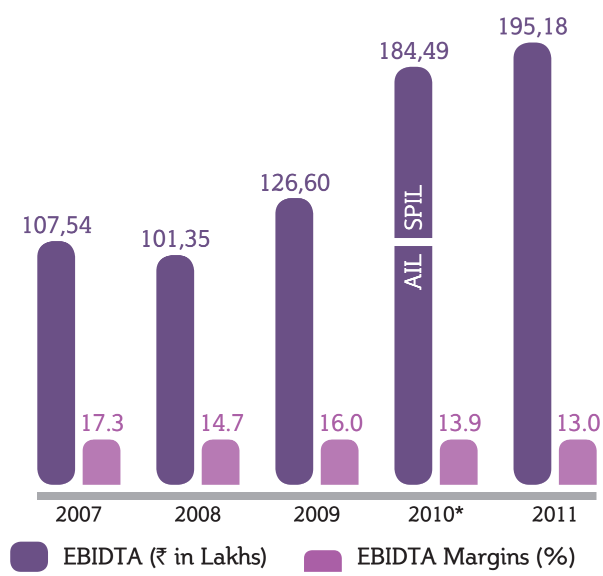
PROMOTIONAL EXPENSES
% of Total Revenue



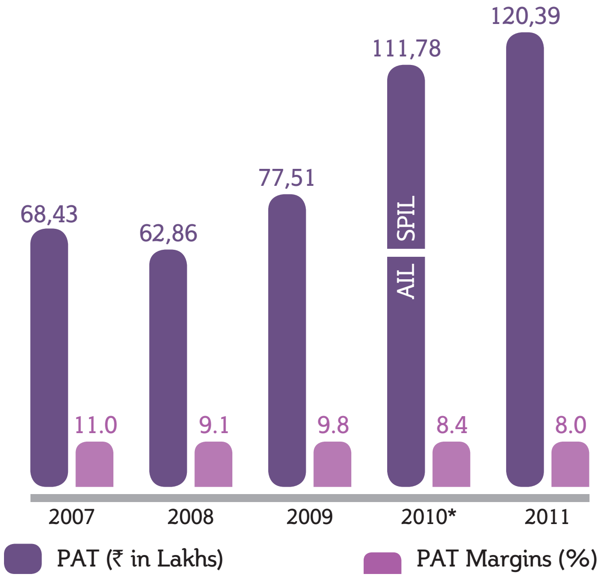
HEADCOUNT
Staff and Travel Cost



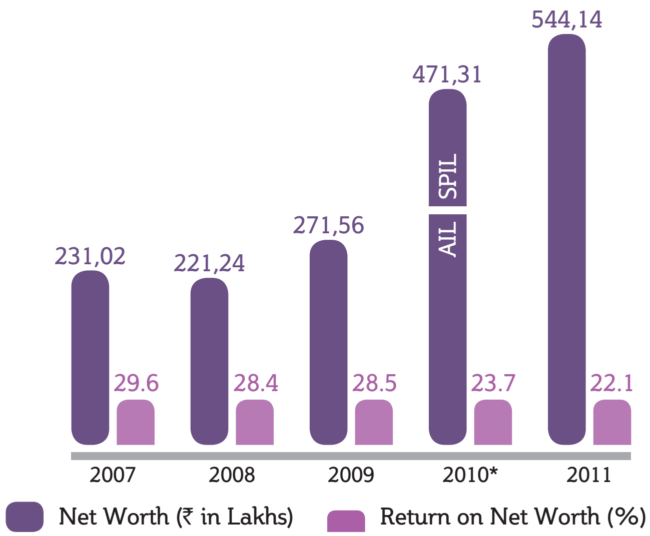
EBIDTA
EBIDTA Margins



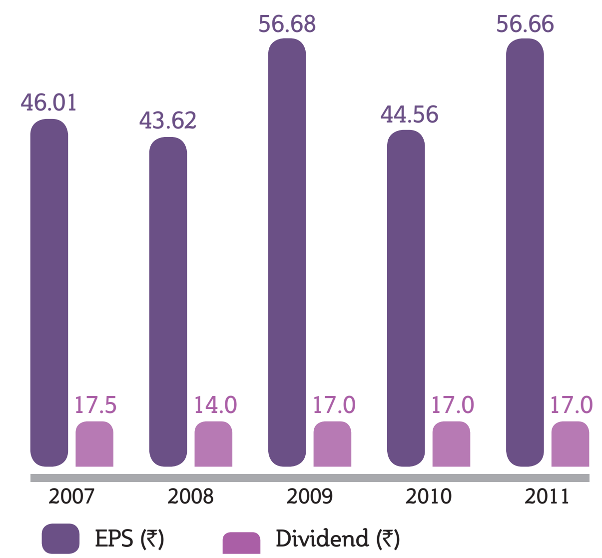
PAT
PAT Margins



NET WORTH
Return on Net Worth



EPS
Dividend



AIL – Abbott India Limited
SPIL – Solvay Pharma India Limited

* To facilitate analysis and make the figures comparable with 2011, 2010 numbers include results of erstwhile Solvay Pharma India Limited.

Ten Year Financial Highlights

	2002	2003	2004
OPERATING RESULTS			
Sales and Other Income	369,43.83	390,55.78	462,60.95
Materials	210,97.90	221,82.82	249,01.89
Salaries, Contribution to Funds and Staff Welfare	20,36.33	22,81.00	24,38.88
Manufacturing, Administrative and Selling Expenses	47,88.03	46,37.48	47,41.86
Depreciation	5,31.59	4,38.60	4,16.99
Interest	12.53	10.93	16.76
Profit Before Tax and Extraordinary Item	84,77.45	95,04.95	137,44.57
Extraordinary Item - Expenditure/(Income)	3,14.46	-	-
Provision for Taxation	25,94.21	27,07.50	35,19.25
Profit After Tax and Extraordinary item	55,68.78	67,97.45	102,25.32
Retained Earnings	36,24.78	5,29.27	41,78.36
Earnings per Share - Basic & Diluted (₹)	33.88	43.39	66.92
Dividend per Share (₹)	12.00	35.00	35.00
Financial Summary			
Assets Employed			
Fixed Assets (At Cost)	64,24.96	64,87.35	64,24.52
Fixed Assets (Net)	36,01.91	33,45.91	32,51.56
Current Assets (Net)	133,39.82	115,23.42	157,94.82
Total Assets	169,41.73	148,69.33	190,46.38
Financed By			
Share Capital	16,20.00	15,28.01	15,28.01
Reserves and Surplus	150,86.63	131,21.24	172,99.60
Total Shareholders' Funds	167,06.63	146,49.25	188,27.61
Borrowings	2,35.10	2,20.08	2,18.77
Number of Shareholders	14,356	13,747	14,792

* Figures in 2010 are for 13 months

₹ in Lakhs

	2005	2006	2007	2008	2009	2010*	2011#
	459,52.97	530,77.50	620,28.97	691,43.31	790,20.59	1025,87.06	1496,81.32
	295,75.89	353,33.25	408,48.19	454,61.40	504,15.59	647,30.74	848,14.54
	25,01.94	28,18.73	35,34.58	48,92.16	62,37.01	111,19.65	167,34.91
	47,64.54	57,26.71	68,92.50	86,54.36	97,07.96	161,93.27	286,13.51
	3,97.83	4,43.58	5,65.55	6,98.39	9,01.41	11,25.03	14,99.53
	2.19	12.43	1.58	2.23	20.25	3.87	3.00
	87,10.58	87,42.80	101,86.57	94,34.77	117,38.37	94,14.50	180,15.96
	-	-	-	-	-	-	-
	27,94.19	27,56.85	33,43.11	31,48.32	39,87.35	33,20.98	59,76.53
	59,16.39	59,85.95	68,43.46	62,86.45	77,51.02	60,93.52	120,39.30
	28,16.20	29,36.90	39,66.18	40,46.55	50,31.13	33,82.61	78,54.85
	38.72	39.18	46.01	43.62	56.68	44.56	56.66
	17.50	17.50	17.50	14.00	17.00	17.00	17.00
	67,61.46	70,59.11	80,05.19	98,71.65	107,10.36	118,20.78	191,80.76
	31,17.21	31,52.91	36,30.83	50,62.92	49,14.73	50,56.98	81,01.07
	187,08.32	215,68.55	195,74.06	171,37.85	222,40.89	254,81.25	463,13.19
	218,25.53	247,21.46	232,04.89	222,00.77	271,55.62	305,38.23	544,14.26
	15,28.01	15,28.01	14,47.27	13,67.52	13,67.52	13,67.52	21,24.93
	201,15.80	230,52.71	216,54.93	207,56.97	257,88.10	291,70.71	522,89.33
	216,43.81	245,80.72	231,02.20	221,24.49	271,55.62	305,38.23	544,14.26
	1,81.72	1,40.74	1,02.69	76.28	-	-	-
	14,029	14,905	14,152	13,689	13,422	14,461	19,354

Figures in 2011 include erstwhile Solvay Pharma India Limited consequent to merger with the Company

Key Products

Women's Health and Gastrointestinal

Duphaston

- Leader in the entire Progestogen market
- Duphaston (dydrogesterone) is a unique, potent, orally active progestogen derived from natural plant sources that is indicated in a wide variety of high-risk conditions like threatened and recurrent miscarriage, along with irregular cycles, endometriosis, and so on

Udiliv

- The No. 1 Brand of Ursodeoxycolic acid from Abbott India
- Prominent face among Hepatologists for more than 25 years
- The multi-modal action finds use in the treatment of chronic cholestatic liver diseases

Duphalac

- Leader in the lactulose market
- 'One for All' laxative is used across age-groups in managing constipation-regulation of the physiological rhythm of the colon
- One of the top-of-mind recall brands in hepatic encephalophy

Source - IMS

Gastroenterology

Cremaffin

- The division's flagship brand, a household name in the management of constipation, has redefined constipation management with its new launches
- It is a unique brand available in all three formats namely, Solid, Liquid and Fibre

Ganaton

- A new age prokinetic (used for motility disorder, nausea and abdominal fullness)

Digecaine

- Digecaine is one of our stellar launches and has achieved one of the leading positions in the participated market

Source - IMS

Hepatic Care

Heptral

- The best product launch in the gastroenterology segment in the Indian Pharmaceutical Industry for 2011
- It was amongst the best product launches by an MNC in 2011

Metabolics

Thyronorm

- Indicated as replacement or supplemental therapy in patients of any age or state (including pregnancy) with any form of hypothyroidism

Surbex Gold

- It is a Cardioceutical indicated as supplement for hypertensive patients

Obimet

- Oral anti-diabetic drug

General Care

Digene

- Digene is the No. 1 prescribed antacid brand; provides quick and effective relief from acidity and acid indigestion
- The only brand in the market, available in multiple flavours in formats of gel and tablets
- Acknowledged as the ‘Star Brand of 2011’ and ‘Power Brand of 2010-11’

Digene Fastmelt

- Digene Fastmelt is an innovative and convenient ‘easy mouth dissolving’ powder antacid
- Its USP is that it melts in the mouth and hence no water is required for consumption
- Available in 3 flavours - orange flavour recently added

Brufen

- Brufen is a Non-Steroidal Anti-Inflammatory (NSAID) drug containing Ibuprofen
- Widely prescribed and used by doctors for different types of pain (body pain, back pain, joint pain and so on); physicians also use Brufen for pain due to swelling and sprain, and for body pain with fever, dysmenorrhea, dental pain and rheumatoid arthritis

Source - IMS

Neuropsychiatry

Epilex Chrono

- Epilex Chrono is indicated for the treatment of epilepsy, manic episodes associated with bipolar disorder; it is also indicated for prophylaxis of migraine headache
- Epilex Chrono is indicated in the treatment of generalised, partial and other mixed epilepsies

Zolfresh

- Zolfresh is indicated for the short-term treatment of insomnia

Neurosciences

Vertin

- Vertin is indicated for the treatment of vertigo/dizziness and Meniere's disease (vertigo, tinnitus and hearing loss)
- Vertin OD, the once daily version, has gained wide acceptance in the first year of its launch

Influvac

- Influvac is a vaccine indicated for the prevention (prophylaxis) of influenza especially in elderly and high risk cases, such as those with cardiac, pulmonary or renal diseases

Hospital care

Klacid IV

- It is internationally recommended first line treatment in respiratory tract infections

Anaesthesia

Sevorane

- For induction and maintenance of general anaesthesia in adult and paediatric patients, for in-patient and outpatient surgery
- Provides smooth, rapid induction as well as rapid emergence from anaesthesia

Neonatology

Survanta

- Indicated for prevention and treatment (rescue) of Respiratory Distress Syndrome (RDS) in premature infants

Driving Growth through Synergy

In 2010, Abbott acquired the global pharmaceuticals business of Solvay (a Belgium based company). The acquisition was integral to reinforce presence in key markets and deliver a sustainable, industry-leading performance.

Pursuant to the global acquisition, Solvay Pharma India Limited was merged with Abbott India Limited in August 2011.

The completion of the merger and operational integration has helped Abbott consolidate its position in India - one of the fastest growing pharmaceutical markets and the second largest generic drug market globally. It will further help Abbott tap the attractive market potential and provide an expanded range of healthcare products and services to the Indian customer.

The amalgamation enables Abbott India to consolidate its business operations and provide a significant impetus to its growth.

“The global acquisition of Solvay Pharmaceuticals has provided Abbott with a large and complementary portfolio of pharmaceutical products and has expanded Abbott's presence in key emerging markets.

Abbott and Solvay businesses in India have successfully integrated into one cohesive unit, and significantly enhanced the market competitiveness.

This will enable Abbott to better serve the needs of the medical community and patients.”

Laurent Van Lerberghe
Divisional Vice President - Russia/India/China/CIS and Director - Abbott India

GREATER FINANCIAL STRENGTH AND FLEXIBILITY resulting in maximising overall shareholder value, and improving the competitive position of the combined entity.

UNFETTERED ACCESS TO CASH FLOW GENERATED by the combined businesses which can be deployed more efficiently to fund organic and inorganic growth opportunities.

IMPROVED ORGANISATIONAL CAPABILITY AND LEADERSHIP arising from the pooling of human capital with diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

BENEFIT OF OPERATIONAL SYNERGIES having complementary business segments, such as rationalisation of vendors and distribution points.

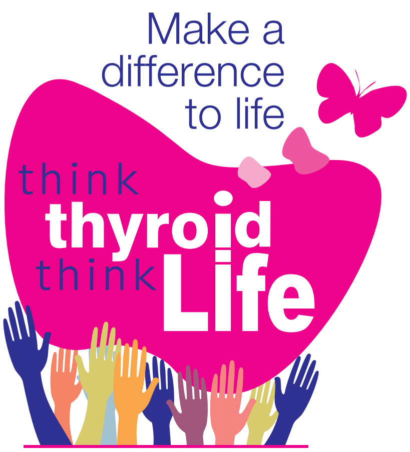
BEST PRACTICES, more focused operational efforts, standardisation and simplification of business processes, productivity improvements, improved procurement and the elimination of duplication of administrative expenses.

STRENGTHENED LEADERSHIP IN THE INDUSTRY in terms of the asset base, revenues, product range, production volumes and market share of the combined entity.

Abbott India's presence across therapeutic areas has been strengthened.

Abbott India's product portfolio has been enhanced to more than 60 products such as Duphaston, Udiliv, Vertin, Duphalac, Digene, Brufen, Thyronorm, Cremaffin, Epilex, Heptral and Surbex (nine of which feature in the top 200 brands of the industry).

The complementary fit of Solvay Pharma India has enabled Abbott India to integrate the workforce, and distribution network becomes stronger than ever.



Abbott's caring approach

helps transform the lives of people

This philosophy drives us to passionately and thoughtfully translate science into lasting contributions to health.

Protecting the lives of patients and consumers is a continuous commitment at Abbott India. Our pledge to protect patient and consumer safety extends beyond compliance and laboratories. It means earning and keeping the trust of all those who depend on our products-through quality assurance, partnering with healthcare professionals, educating patients and working to reduce the growing risk of counterfeit medicines.

The campaign

Thyroid disorders are considered to be one of the most under-diagnosed and misdiagnosed category of disorders, especially in India.

It is important to spread awareness extensively and intensively. Doctors play a critical role in these campaigns. They can create awareness by educating their patients and enhance access to diagnosis and therapy. Abbott India's 'Think Thyroid Think Life' is turning out to be a pioneering market development initiative under the 'Continuum of Care' philosophy. It was launched in association with Indian Thyroid Society, Thyrocare and Therapy Ambassador.

Initiatives and alliances under the campaign

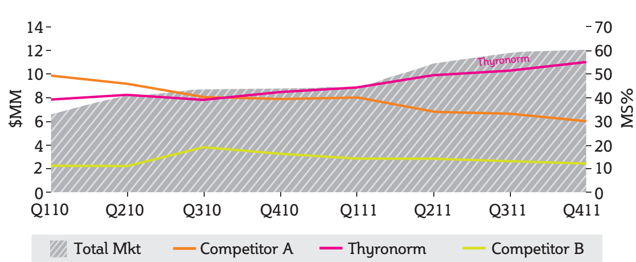
Various initiatives were undertaken by the Brand Team - especially formed to increase the knowledge base of primary Physicians and Gynecologists. Initiatives such as 'Advanced Course' in Thyroid Disorder Management, webinars and Thyroid Updates were initiated.

Sixty structured academic programs – 'Thyroid Updates' - were conducted under the guidance of Indian Thyroid Society and Thyrohealth Board Doctors, covering a total of 4,000 Doctors (Gynecologists and Physicians)

Activation Team helped conducting Thyroid Camps and setting-up 'Friday Thyroid Clinics'. The Team screened 2.4 Lakh patients in 5,600 camps conducted across India. These camps were conducted with the help of doctors in association with NGOs, Corporates, Mandals and Societies.

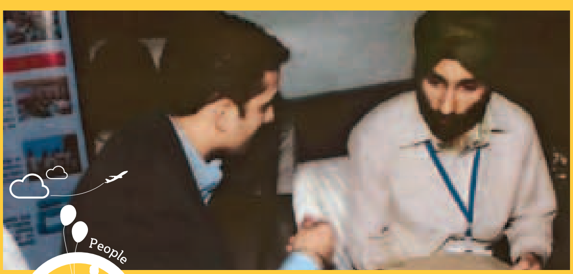
Also, a Public Private Partnership Project with Municipal Corporation of Visakhapatnam had more than 30,000 women screened at their doorstep for thyroid disorders.

Riding on the back of various unique initiatives, **Thyronorm attained the leadership position** in the Indian Thyroid Market, surpassing the previous market leader which held the position for the last four decades.



Transformation
People, Products and Processes

This is one of our core priorities for sustainable business development. We believe that People, Products and Processes must transform simultaneously and synergistically for the organisation to take a leap forward.



People

People

Abbott's continued focus remains on developing talent and leadership pipeline.

April 2011 marked the launch of an exciting, new role for the field force – a role that has transformed our focus from just doing things to making things happen. The success of this initiative can be gauged from the fact that by end of 2011, 83% of the field force had applied for and been promoted to the new empowered role of Therapy Business Managers.

Employees are motivated to take proactive decisions and respond adequately to the organisation's demands so that they are well equipped to educate doctors and people in an effective manner.

1POINT

Solutions at your fingertips

1Point - A single point of contact to resolve and troubleshoot field queries and support requests

In pursuit of becoming more and more consumer-centric, we strive to enable field managers to focus solely on their core competence of winning customer confidence.

1POINT is a 1-stop-shop to address all back-office queries of the field managers and provide them with timely and efficient resolution of their issues/ queries.

In addition to enabling high performance of field managers, 1POINT will also enable Abbott India to identify bottlenecks and streamline processes to improve efficiency and optimise the query resolution lead-time.

1POINT Vision

Vision and the potential to transform Abbott into an agile enterprise through continuous improvements and pursuit of operational excellence.

Commercial Excellence and Capability Building

Strengthening equity and image of Abbott in the minds of customers is at the heart of every single initiative taken by Commercial Excellence function. The team collaborates with the global Commercial Excellence team to bring some of the best global practices to India and thereby provide the cutting edge to India team operations.

During the year, the team has imparted the equivalent of over 10,000 training days to the entire field force. Creating a strong and lasting image of Abbott in the minds of customers is at the heart of every single initiative of the Commercial Excellence function.

The roll-out of various compliance policies has been another focus area to drive Commercial Excellence.

Project Lakshya Connect

We are the only organisation in India to distribute Net Books to the entire field force. The implementation of Sales Force Automation (SFA) has been successful in driving and monitoring doctor coverage. The database covers over 2,00,000 doctors and over 1,50,000 retailers.

Products

Thyronorm
Thyroxine sodium tabs

Now No. 1 in Thyroid therapy area. Amongst Top 50 brands of IPM.

In vertigo management
Vertin
(Betahistine hydrochloride tablets IP 8 mg, 16 mg, 24 mg)
Proven in patients. Proven in practice.

No. 1 Vertigo Brand listed in the Top 100 most prescribed brands in IPM.

Heptral
Ademetionine 400mg
Multiple Pathways. Multiple Benefits. More Liver-Power.

One of the best product launches amongst MNCs in 2011 and the best ever launch for Abbott India.

The Sleep Specialist
Zolfresh
A good night's sleep for a fresh morning

Breaks into Top 300 brands of IPM.

Udiliv
Ursodiol tablets USP

Enters in Top 100 brands of IPM.

DIGECAINE
POWER BEYOND ANTACIDS

Climbed to No. 3 position in IPM.

Duphaston
dydrogesterone

Achieved No. 1 position in its therapy area.

Cremaffin
The Gentle stool softener

Crossed the milestone of ₹ 100 Crores.

Source - IMS

Project 1: Key lever for Sustaining Leadership

Short term objective

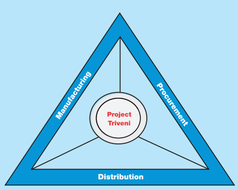
Align activities of all cross functional teams, identify market challenges in advance and design strategies to combat these challenges.

Long term objective

Shape therapy, sustain leadership, improve Life Cycle Management (LCM) through prioritisation of customer needs and improve division margins.

The Team

The team comprises personnel from Commercial, Regulatory, Medical, Finance, Training/ SFE and NPIs.



Project Triveni – The Power of Synergy

An initiative named 'Project Triveni' was envisaged during 2010-11 for identifying and leveraging combined buying power in delivering synergies. Project Triveni focuses on the areas of manufacturing, purchasing and distribution to drive cost efficiencies.

A cross-functional team was constituted for the project, with representation from Goa and the heads of supply-chain. Many initiatives are under various stages of implementation, namely internalisation of products at Abbott Goa factory, third-party manufacturing network optimisation, leveraging of scale of buying through consolidation of common materials and services purchase, distribution network optimisation.

iEnable

Commenced in July 2011, iENABLE, the Abbott India ERP implementation project, integrates and brings on one single platform, strategic business units, manufacturing locations, loan licensee and third party manufacturers, Carrying and Forwarding Agents and various offices.

CFA performance monitoring systems

Carrying and Forwarding Agents (CFA) performance monitoring systems are in place, to establish a Performance Evaluation and Monitoring System, which aims at instilling a performance excellence culture, for all the CFAs in the logistics and distribution network.

Expense Control and Monitoring Systems

A tailor-made application designed to meet our complex requirement of actual expense tracking to help ensure that the budgets are achieved.

This application provides various analytics, dashboards and MIS reports, leading to easy monitoring, increased visibility and enhanced delivery schedule.

New Product Strategy

To launch new products to augment the current portfolio of products in key therapeutic areas and to ensure long-term value added revenue contribution. Abbott India has created a dedicated infrastructure to generate best-in-class product launches.

Abbott India was recognised for outstanding NPI performance across Abbott affiliates.

Digecaine

launched in Anesthetic-Antacid market.

ICUpen

belongs to the class of antibiotic called Carbapenem; used in Intensive Care Units in hospital settings.

It has better anti-psuedomonal and better safety profile.

Bruspaz

building on the strong equity of Brufen, Bruspaz was launched as a muscle relaxant+ NSAID combination.

Offers Unique Tablets in Capsule (Tab in Cap) technology, which differentiates the brand at the market place.

Celex OD

belongs to a class of antibiotic called Macrolide with usage in lower respiratory and upper respiratory tract infections.

Used as follow-up therapy of KLACID IV.

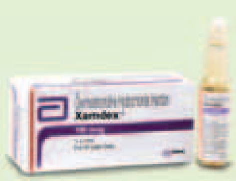
Vertin OD

launched for the first time in India with right therapeutic dose - 48 mg sustained release offering convenience of reduced pill burden.

Thyrocal-D3

helps support increased calcium requirement for bone mineralisation and maintain optimum Bone Mineral Density (BMD).

It reduces the risk of fracture in thyroid patients.



Xamdex

indicated for sedation of initially and mechanically ventilated patients during treatment in an Intensive Care setting and also for sedation of non-incubated patients prior to and / or during surgical and other procedures.

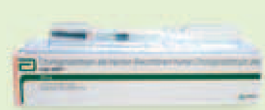
Puregon-R (IVF)

launch of Puregon-R (IVF) in recombinant market.

Digene Fastmelt (Orange)

earlier launched in two flavours, Lime Lemon Twister and Jeera Black Currant.

Orange flavour was introduced to leverage the Digene FM equity.



Life 250 (IVF)

launch of Life 250 (IVF) in recombinant market.

Therapy Leadership

Abbott caters to various therapy areas, working across broad lines of businesses, which gives us a wealth of knowledge, understanding and capabilities in a number of therapy areas. This expertise has helped us transform medical science into caring, enabling people to live healthier lives.

Therapy Areas - The various therapy areas we cater to include:

Gastroenterology	Women's health	CNS	Metabolics	Other areas
Antacids	Hormones	Epilepsy	Thyroid disorders	Pain management
Prokinetics	Vitamins	Depression	Diabetes care	Anaesthesia
Laxatives	IVF	Vertigo		Neonatology
Liver care		Sleep		Vitamins
Pancreatic enzymes				

Adding Value

Responsible interventions to help elevate quality of life

Gastro Views' 11 was held to establish new concepts namely Transient Lower Eoesophageal Sphincter relaxation, through webinars and scientific CMEs.

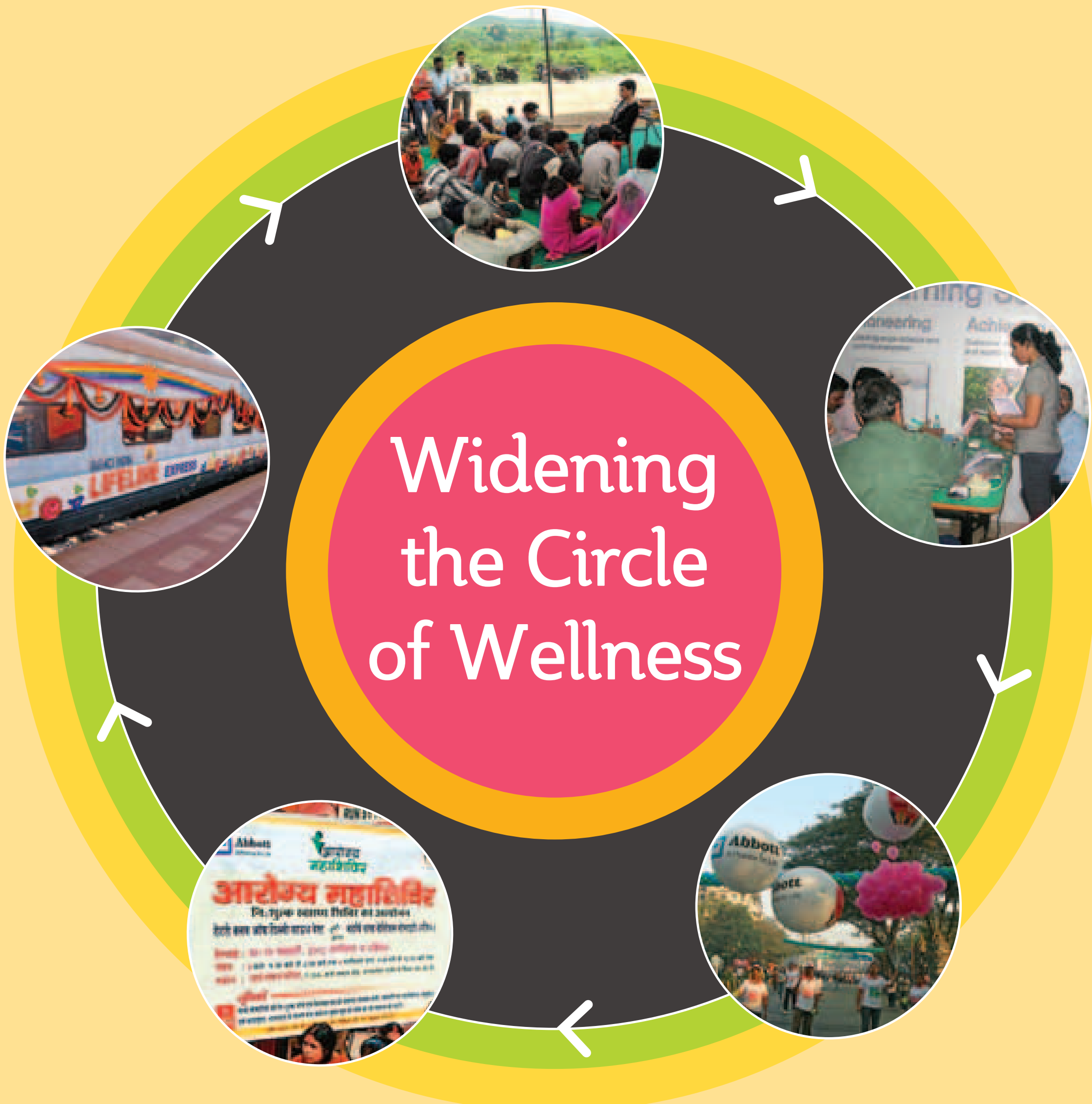
All India Congress of Obstetrics and Gynecology held at Varanasi. Approximately 3,500 practicing Obstetricians and Gynecologists attended Abbott's Women's Health Division Stall.

Patient Awareness Programmes building awareness of sleep disorders: 8 programs covering 600 corporate executives were conducted.

'Perceptorship' program and campaigns like 'Multiple Pathways - Multiple Benefits' were instrumental in establishing a new product concept in liver care.

ISACON Conference Abbott was one of the sponsors for National Conference of Indian Society of Anaesthesiologists.

ICUpen Advisory Boards have been set up to establish the concept of Doripenem efficacy in tackling the increasing threat of Pseudomonas.



Badhte Kadam

An initiative of the National Trust to create an awareness on U.N.C.R.P.D. (United Nations Convention on the Rights of Persons with Disabilities), NT Program and Schemes, to celebrate diversity and create inclusion.

Abbott provided support in neurological screening of 2,000 underprivileged children, many of them undiagnosed.

Blood Donation Camps

Blood Donation Camps were held in Mumbai offices: Over 200 people contributed to this noble cause.

Abbott India participation in Mumbai Marathon

Around 150 Abbottians ran for a cause and made a difference to life through 'Think Thyroid Think Life' campaign, spreading thyroid awareness.

Mega Wellness Camps

Abbott continued its alliance with Rotary by improving lives of the underprivileged, through conduction of Mega Wellness Camps and provision of medical assistance.

Lifeline Express

The Lifeline Express or Jeevan Rekha Express is a mobile hospital train run by Impact India Foundation, which travels the length and breadth of the country, providing medical support in the remote parts of rural India.

- Abbott partnered in 16 such camps across six states and
- Around 5,000 epilepsy patients have benefited across the remotest parts of rural India.

People are our Strength

Leadership Forum

Theme: Think Big, Believe More, Act Now!

Learning and Development

The New Employee Orientation (NEO) workshop is a two-day fun-filled workshop comprising activities, presentations, films and interactive delivery to connect new employees with Abbott.

Around 100 training workshops were conducted and over 3,500 employees participated across various divisions.

Celebrations and Activities

Women's day celebration

Celebration of various festivities

Team building activities

Awards and Recognition

'Multinational Pharmaceutical Company of the Year' by Frost & Sullivan.

Best Anaesthesia Company of the year

HR Leadership Award

EPD President's Awards

(EPD: Established Pharmaceuticals Division)

Talent Development

Corporate Finance

Team Thyronorm

Team Digene

Silver Award:
Outstanding NPI Performance

While we cherish diverse traditions,
at Abbott we believe in only one tradition
A Tradition of Pioneering

While we speak different languages,
at Abbott we speak only one language
A Language of Achieving

While we may come from diverse cultures,
at Abbott, we are driven by only one culture
A Culture of Caring

While we have been in India
for 100 years, we consider this as
the beginning of a journey
A Commitment to Enduring

While we come from different backgrounds,
at Abbott we all become One Abbott
and, therefore, we can proudly say,

'I am Abbott
I am the Future'

Notice

Notice is hereby given that the Sixty-Eighth Annual General Meeting of Abbott India Limited will be held at Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021 on Monday, May 14, 2012 at 10.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at December 31, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Laurent Van Lerberghe, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr Ranjan Kapur, who retires by rotation and, being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To appoint a Director in place of Mr Rehan Khan, who was appointed as Additional Director and holds office up to the date of this Annual General Meeting, but being eligible offers himself for appointment.
7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

   RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII to the Act, the consent of the Company be and is hereby accorded to the appointment of Mr Rehan Khan as Managing Director of the Company for a period of five (5) years from May 15, 2012 at a remuneration and upon the terms and conditions as set out in the Explanatory Statement annexed hereto and in the draft Agreement, approved by the Board and initialed by the Chairman for the purpose of identification and which the Directors of the Company be and are hereby authorised to enter on behalf of the Company;

   RESOLVED FURTHER that the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board) shall, in accordance with the statutory limits/approvals as may be applicable for the time being in force, be at full liberty to revise/alter/modify/amend/change the terms and conditions of the Agreement from time to time as may be agreed to by the Board and Mr Rehan Khan.

By Order of the Board

March 15, 2012
Mumbai

Krupa Anandpara
Company Secretary

Registered Office :
3-4 Corporate Park
Sion - Trombay Road
Mumbai 400 071

NOTES

i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.

ii. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in relation to item nos. 6 & 7 is annexed hereto and forms part of this Notice.

iii. The details of Directors in respect of item nos. 3, 4, 6 & 7 pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

iv. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from May 8, 2012 to May 14, 2012 (both days inclusive).

v. Dividend, if approved by the Members at the Annual General Meeting, will be paid on or before June 13, 2012 to the Members whose names appear on the Register of Members as on May 14, 2012 and to the Beneficial Owners of the shares as on May 7, 2012, as per details furnished by the Depositories for this purpose.

vi. Members are requested to immediately intimate changes, if any, in their registered addresses along with the Pin Code number to the Company or the Registrars & Share Transfer Agents.

Members holding shares in dematerialised mode are requested to intimate the same to their respective depository participants.

vii. In order to avail the facility of National Electronic Clearing Service (NECS), Members holding shares in physical form are requested to furnish 10 - digit Bank Account Number allotted to them by their bank, in the requisite form sent herewith, alongwith a photocopy of a cheque pertaining to the concerned account. Members holding shares in dematerialised mode are requested to instruct their respective Depository Participants regarding bank accounts in which they wish to receive the dividends. The Company/ Registrars & Share Transfer Agents will not act on any direct request received from Members holding shares in dematerialised form for change/deletion of such bank details.

viii. In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unclaimed/ unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Accordingly, unclaimed dividend for the year ended November 30, 2003 has been transferred to Investor Education and Protection Fund.

Members who have not encashed their dividend warrants for the year ended November 30, 2004 or thereafter are requested to write to the Company/ Registrars & Share Transfer Agents for issue of demand drafts for the same.

ix. The Company, in compliance of Clause 5A of the Listing Agreement with the Bombay Stock Exchange Limited, has sent the first reminder letter in respect of the shares returned and lying unclaimed in the custody of the Company. The same shall be transferred to Unclaimed Suspense Account after sending three reminders to the shareholders.

x. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.

xi. Members are requested to bring their copy of the Annual Report to the Meeting, as the same will not be distributed at the meeting.

xii. Ministry of Corporate Affairs announced "Green Initiative in Corporate Governance" by allowing paperless compliance by the companies. The shareholders can receive various notices and documents including Annual Report of companies through electronic mode. The Members, who have not availed this facility, can do so by submitting their email address to the Company by filling up the form enclosed with this Report. Members holding shares in electronic mode are requested to register their email address with their Depository Participant only.

The Annual Report and other documents will also be available on the Company's Website - www.abbott.co.in. The Company will be sending physical copy of Annual Report and other documents to all shareholders whose email address is not available with the Company. You may, anytime, request for a printed copy of the Annual Report and other documents from the Company in spite of having registered under this E- Communication facility.

By Order of the Board

March 15, 2012
Mumbai

Krupa Anandpara
Company Secretary

Registered Office :
3-4 Corporate Park
Sion - Trombay Road
Mumbai 400 071

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item Nos 6 & 7

Mr Rehan Khan has been appointed as Additional Director by the Board with effect from March 15, 2012 in terms of Article 113 of the Articles of Association of the Company. A notice pursuant to Section 257 of the Companies Act, 1956 (the Act) has been received from a member signifying his intention to propose the appointment of Mr Khan as a Director of the Company not liable to retire by rotation.

The Board also appointed Mr Rehan Khan as Managing Director of the Company effective May 15, 2012 subject to approval of the shareholders of the Company.

Mr Rehan Khan holds a BS Degree from the University of Wisconsin - Madison, USA, a MS degree in Biomedical Sciences from Harvard Medical School, USA and MIT Sloan, USA and a MBA from Drexel University, USA.

Mr Khan has held several global leadership positions across marketing, strategic planning and operations roles in the past 16 years. Currently, he is General Manager and Country Head of Abbott Nutrition - India. Earlier, he was the Vice President Marketing and Sales with Astra Zeneca, India and prior to that, he spent 11 years in the US, UK and Continental Europe (Switzerland, Germany, Netherlands and Sweden) with Novartis AG, Accenture and Venture Media LLP.

Considering his rich and diversified experience in pharma and healthcare sector coupled with strong leadership skills and abilities to manage the corporate affairs, your Board recommends his appointment as Managing Director of the Company for a period of five years commencing from May 15, 2012.

The significant provisions of the draft Agreement with Mr Rehan Khan referred to in the resolution at Item No. 7 of the Notice are as under :

1. Mr Khan to perform such duties and exercise such powers as are entrusted to him by the Board.
2. Mr Khan to devote sufficient time to enable him to discharge his duties to the Company diligently.
3. Mr Khan to undertake travel in India and elsewhere as directed by the Board during his period of employment.
4. In consideration of the performance of his duties, Mr Khan to be entitled to the following remuneration :
   (a) Salary and allowance : upto a ceiling of ₹ 4.0 Crores per annum; the above salary and allowances to be paid monthly/annually/one time at the discretion of the Board.
   (b) Performance Linked Incentive or Bonus : Such sums as may be approved by the Board.
5. In addition to the above, Mr Khan to be entitled to furnished/non-furnished residential accommodation, gas, electricity, company maintained car, medical reimbursement, leave travel assistance, club fees, telephone and other perquisites/benefits in accordance with the Company's Rules, such as group insurance.
6. The Company's contribution to provident fund, if required under this Agreement, shall not be included in the computation of the above ceiling on remuneration and allowances/perquisites/benefits.
7. The use of a car while on the business of the Company and telephone at residence shall not be considered as perquisites. However, personal long distance telephone calls and use of car for private purposes shall be treated as perquisites and valued in accordance with Income-tax Rules, 1962.
8. Within the overall ceiling on managerial remuneration prescribed under the Companies Act, 1956, the Board shall be entitled to add to, alter or vary any of the foregoing terms of remuneration, benefits or perquisites to which Mr Khan may be entitled as aforesaid.
9. Where in any financial year during the tenure of Mr Khan, the Company has no profits or its profits are inadequate, the remuneration payable to Mr Khan shall be subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.
10. Mr Khan shall not, directly or indirectly, engage himself in any other business or occupation or employment whatsoever, without the approval of the Board. PROVIDED HOWEVER that it shall be permissible to Mr Khan to hold share or shares of any other company or companies.
11. So long as Mr Khan functions as Managing Director, he shall not become interested or otherwise concerned directly or through his wife, sons or unmarried daughters, if any, in any selling agency of the Company, without the prior approval of the Board.
12. Mr Khan shall not, during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person whomsoever or make any use whatsoever for his own purpose or for any purpose other than that of the Company, of any information or knowledge obtained by him during his employment as to the business or affairs of the Company or its methods or as to any trade secrets or secret processes of the Company and Mr Khan shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from so doing. PROVIDED HOWEVER that any such divulgence or disclosure to officers and employees of the Company shall not be deemed to be a contravention of this Clause.

13. The employment of Mr Khan under this Agreement shall forthwith determine if he shall become insolvent or make any composition or arrangement with his creditors or if he is guilty of misconduct or otherwise violates the Abbott Code of Business Conduct.

14. In case of the demise of Mr Khan during the course of his employment hereunder, the Company will pay to his legal representatives the salary and other emoluments payable hereunder for the then current month and other dues together with any such further sum as the Board in its sole and uncontrolled discretion may determine.

15. Either party shall be entitled to determine this Agreement by giving not less than three months' notice in writing in that behalf to the other party without the necessity of showing any cause. However, the Company shall have the option to terminate the employment by giving three months' remuneration including salary, allowances, benefits/ perquisites in lieu of notice. In such event, the appointment of Mr Khan as Director shall cease as provided in Section 283(1)(l) of the Companies Act, 1956 and simultaneously his employment with the Company shall also come to an end.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the appointment of and remuneration payable to Mr Khan be approved by the Members.

The terms and conditions of Mr Khan's appointment as set out above may be treated as an abstract of the terms of the draft Agreement between Mr Rehan Khan and the Company under Section 302 of the Companies Act, 1956.

None of the Directors except Mr Khan is deemed to be concerned or interested in the said resolutions.

The draft of the Agreement to be entered into with Mr Khan is available for inspection by any Member of the Company at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on any working day of the Company.

By Order of the Board

March 15, 2012
Mumbai

Krupa Anandpara
Company Secretary

Registered Office :
3-4 Corporate Park
Sion - Trombay Road
Mumbai 400 071

"Ministry of Corporate Affairs has announced "Green Initiative in Corporate Governance" by allowing paperless compliance by the companies whereby the shareholders can receive various notices and documents including Annual Report of companies through electronic mode."

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE - APPOINTMENT AT THE SIXTY - EIGHTH ANNUAL GENERAL MEETING

(Pursuant to clause 49 IV(G) of the Listing Agreement)

Name of Director	Mr Ranjan Kapur	Mr Laurent Van Lerberghe	Mr Rehan Khan
Date of Birth	November 25, 1942	October 14, 1969	June 14, 1969
Date of Appointment	September 18, 2006	September 29, 2009	March 15, 2012
Expertise in Specific Functional Area	Mr Kapur is an ex-Citibanker. He is a veteran of the advertising business having spent 40 years with Ogilvy and credited with its turnaround and accelerated growth. He was also involved in his personal capacity in the development of technology based online and mobile service company.	Vast experience in areas of strategy redefinition, margin growth action plan, R&D investments and targets prioritisation for medium sized pharma companies	Mr Khan has held several global leadership positions across marketing, strategic planning and operations roles in past 16 years.
Qualifications	Masters Degree in English from St Stephens College, Delhi.	Business Engineer from Catholic University of Louvain, CEMS Master's degree from ESADE, Master's in Business Administration from INSEAD	BS Degree from the University of Wisconsin - Madison, USA, a MS degree in Biomedical Sciences from Harvard Medical School, USA and MIT Sloan, USA and a MBA from Drexel University, USA.
No of Shares held in the Company	NIL	NIL	NIL
Other Directorships in Indian Public Companies	Pidilite Industries Ltd. MIRC Electronics Ltd. Hitech Plast Ltd. Nimbus Communications Ltd. Tagit (India) Private Ltd. Annik Technology Services Private Ltd. GroupM Media India Private Ltd. Bates India Private Ltd. Sercon India Private Ltd. Quasar Media Private Ltd. Ray & Keshavan Design Associates Private Ltd.	None	None

Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting the Sixty-Eighth Annual Report and Audited Accounts of the Company for the year ended December 31, 2011.

FINANCIAL RESULTS

₹ In Lakhs

	Year ended December 31, 2011*	Thirteen months period from December 1, 2009 to December 31, 2010
Sales	1445,57.29	989,88.08
Profit Before Tax	180,15.83	94,14.50
Profit After Tax	120,39.30	60,93.52
Balance brought forward	263,44.69	235,71.43
Profit available for appropriation	383,83.99	296,64.95
Appropriations :		
Dividend (Proposed)	36,12.38	23,24.79
Corporate Dividend Tax	5,72.07#	3,86.12
Transfer to Reserves	12,03.93	6,09.35
Balance carried forward	329,95.61	263,44.69

* includes figures of erstwhile Solvay Pharma India Limited

\# includes credit of Corporate Dividend Tax ₹ 13.95 Lakhs for the period December 1, 2009 to December 31, 2010

MERGER OF SOLVAY PHARMA INDIA LIMITED

In early 2010, Abbott Laboratories announced the acquisition of Solvay's global pharmaceuticals business. The Hon'ble High Court of Bombay vide its Order dated July 15, 2011 sanctioned the Scheme of Amalgamation of Solvay Pharma India Limited ("Solvay Pharma") with Abbott India Limited ("the Scheme"). The certified copy of the said Order was filed with the Registrar of Companies, Maharashtra on August 10, 2011, upon which the merger became effective. The Appointed Date for the merger was January 1, 2011.

In terms of the said Scheme, the swap ratio for the merger was 2:3 i.e. every two shares of erstwhile Solvay Pharma entitled their holders to three shares of the Company. Accordingly, 75,74,062 Equity shares of ₹ 10 each were issued and allotted to the shareholders of erstwhile Solvay Pharma. Consequently, the Issued, Subscribed and Paid up capital of your Company stands increased to 2,12,49,302 Equity shares of ₹ 10 each aggregating to ₹ 21,24.93 Lakhs.

"The merger of erstwhile Solvay Pharma with your Company has significantly enhanced market competitiveness of your Company, and will enable us to better serve the needs of the medical community, patients and partners."

The merger of erstwhile Solvay Pharma with your Company has significantly enhanced market competitiveness of your Company, and will enable us to better serve the needs of the medical community, patients and partners.

DIVIDEND

Your Directors recommend a dividend of ₹ 17 per share on 2,12,49,302 fully paid-up Equity Shares of ₹ 10 each of the Company for the year ended December 31, 2011. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of ₹ 36,12.38 Lakhs (Previous period : ₹ 23,24.79 Lakhs) and Corporate Dividend Tax of ₹ 5,86.02 Lakhs (Previous period : ₹ 3,86.12 Lakhs). The Corporate Dividend Tax is provided at the rate applicable on the day on which the Accounts were approved by the Board of Directors.

RESERVES

Reserves as on December 31, 2011 amounted to ₹ 522,89.33 Lakhs comprising of Amalgamation Reserve ₹ 37.82 Lakhs, Capital Reserve ₹ 5,22.62 Lakhs, Capital Redemption Reserve ₹ 2,52.48 Lakhs, Revenue Reserve ₹ 184,80.80 Lakhs and Surplus as per Profit & Loss Account ₹ 329,95.61 Lakhs.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (the Act) your Directors state that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended December 31, 2011, and of the Profit of the Company for that year.
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. They have prepared the accompanying Annual Accounts for the year ended December 31, 2011, on a going concern basis.

FIXED DEPOSITS

No fixed deposits were accepted during the year.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The information required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings / outgo is given in Annexure I and forms part of this Report.

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure II and forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to the shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company at its Registered Office.

DIRECTORS

Mr Neil Aylward resigned as Director of the Company effective November 1, 2011. The Board placed on record its sincere appreciation for the valuable support rendered by him.

Mr Vivek Mohan has tendered his resignation as the Managing Director/ Director of the Company with effect from May 15, 2012. Mr Mohan, who assumed this position in November 2004, has been instrumental in taking the Company to a new level. During his tenure as Managing Director, the Company recorded impressive all round growth in its business and achieved various landmarks under his leadership. Your Board placed on record its sincere appreciation for the significant contributions made by Mr Vivek Mohan in strengthening the business of the Company during his tenure.

Mr Rehan Khan has been appointed as Additional Director by the Board with effect from March 15, 2012 and also as Managing Director of the Company for a period of five years with effect from May 15, 2012, subject to approval of the shareholders of the Company at the ensuing Annual General Meeting.

Mr Ranjan Kapur and Mr Laurent Van Lerberghe retire by rotation and being eligible, offer themselves for re-appointment.

Your Directors have pleasure in recommending their appointment.

STATUTORY AUDITORS

Messrs Deloitte, Haskins & Sells, Chartered Accountants, the Statutory Auditors, retire at this Annual General Meeting and are eligible for re-appointment.

COST AUDITORS

M/s N I Mehta & Co, Cost Accountants
83, Bakhtawar
Narayan Dabholkar Road
Mumbai - 400 006

The Cost Audit Report for the financial year 2010 was filed with the Central Government on June 26, 2011 (Due date for filing : June 30, 2011).

HEALTH, SAFETY AND ENVIRONMENT

Compliance with relevant regulations coupled with effective management of these issues is an integral part of the Company's operating philosophy and we stand committed to continually improve on these objectives. There was considerable focus on improving Health, Safety and Environment during the year by the Company.

i. Environment

The Company continuously endeavours to improve on environmental management to minimise the adverse environmental impact. Through all our activities, we demonstrate commitment to protecting the environment.

The Goa plant is a "ZERO" discharge plant. The Company has in place a modern state of art effluent treatment plant at the Goa unit, treating and discharging waste water with parameters of treated effluent well below the limits set by the local Pollution Control Board. Water recycling activities have continuously been encouraged and implemented. The emissions from boiler and generator stacks are monitored regularly and are well below the limits set by the State Pollution Control Board. The treated water from waste water treatment plant is recycled for horticulture within the site. There is also a vermi-composting unit to convert canteen waste into organic manure, which is used in the lawns and plantation inside the premises.

Out of the total plot area of approximately 35,000 sq. metres, about 14,600 sq. metres is a green area which constitutes approximately 42 % of the total area.

During the year, the plant reduced the carbon footprint by reducing 104 tons of CO_2 emission by implementing various electricity saving projects such as, replacing old chillers with energy efficient screw chillers and installing energy efficient pumps.

Environmental Key Performance Indicators are shared and discussed with employees in order to continuously minimise the impact on environment.

ii. Health and Safety

The Company is committed to promoting health and safety of its employees. The Company has a dedicated Safety Officer and a Safety Committee in place, which includes representation from workmen and meets regularly to review issues impacting plant safety and employee health. Our Employee Health and Safety (EHS) program includes the policy on safety, health and environment, well defined EHS organisational structure, EHS SOP's & EHS specific programs.

Various key measures like conducting training programmes on various health and safety issues including dealing with epidemics, ergonomic work safety, road safety, first-aid, etc. have been implemented. Regular health check up (twice a year) of the Plant employees is carried out. Automatic External Defibrillators are installed at the Plant and Offices and training has been imparted to the employees for its use.

Detailed first-aid training by certified agencies like Indian Red Cross Society has also been imparted to the employees.

The Plant celebrated National Safety week from March 4, 2011 to March 10, 2011. Employees at Goa plant organised weeklong activities like quiz competition, slogan competition to encourage participation and drive safety messages.

The Plant has a well-equipped first aid room with a full-time nurse and part-time Occupational Health Physician catering to employee needs. Sphygmo Nanometer, Spirometer, Audiometric Cabin and Otoscope are also established at the plant besides regular first aid equipment.

A cross-functional team for EHS and Emergency Action Plan (EAP) is in place.

Routine audits for Environment, Health and Safety compliance are conducted with the assistance of personnel from Abbott's global corporate team.

"The R&D centre has played a key role in launching new improved versions of Brugel, Digene Fast Melt with Orange Flavor, Cremagel LG and Prothiaden M in the year 2011."

TECHNOLOGY ABSORPTION AND DEVELOPMENT

The R&D Centre of the Company at Goa, which is approved by the Department of Scientific and Industrial Research, carries out development of new formulations and modification of existing ones for lifecycle management. R&D centre evaluates product dossier for introduction of any new variant. Effective Life Cycle Management, cost reduction in existing products, new vendor development is the regular work which is performed at R&D centre.

The R&D centre has played a key role in launching new improved versions of Brugel, Digene Fast Melt with Orange Flavour, Cremagel LG and Prothiaden M in the year 2011. Several other projects are in the pipeline.

EMPLOYEES

Your Board records its appreciation for the significant contribution made by employees across the Company through their continued commitment and dedication.

REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as also a Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

For and on behalf of the Board

March 15, 2012	Munir Shaikh	R A Shah
Mumbai	Chairman	Director

ANNEXURE I

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY :

(I) Energy conservation measures taken :

1) Replacing existing reciprocating type Brine chiller with energy efficient Screw Compressor type Brine Chiller resulting in total electrical energy saving of 60,390 KWH per year.

2) Existing utility related Centrifugal Pumps e.g. chilled water, Brine Chiller, Condensor replaced with energy efficient type centrifugal pumps resulting in electrical energy saving of 50,400 KWH per year.

3) Replacement of earlier Bottle Washing Machine with new type machine resulted in saving of 15 KL of water every day i.e. 4,500 KL per year.

(II) Additional investments and proposals, if any, being implemented for reduction in consumption of energy :

None

(III) Impact of the measures at (I) and (II) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Installation of energy efficient Screw Compressor type Brine Chiller, Centrifugal Pumps and new type Bottle Washing Machine resulted in significant power savings.

(IV) Total energy consumption and energy consumption per unit of production :

	For the year ended December 31, 2011	For Thirteen months period ended December 31, 2010
A. Power & Fuel Consumption :		
a) *Electricity*		
(i) Purchased (Million Units)	3.43	3.70
Amount (₹ Lakhs)	4,65.13	4,10.52
Rate/Unit (₹)	13.57	10.96
(ii) Own Generation in KWH (through Diesel Generator)	23,095	Trial runs only
(through Steam Turbine/ Generator)	N.A.	N.A.
b) *Coal*	N.A.	N.A.
c) *Furnace Oil*		
Quantity (Kilo Ltrs)	285.10	279.20
Amount (₹ Lakhs)	1,13.50	82.67
Average Rate (₹)	39.81	29.61

B. Consumption per Unit of Products

Since the Plant manufactures different dosage forms it is not practical to apportion utility cost based on available records.

2. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption

Various Projects were undertaken to internalise products to be manufactured at Goa facility. Internalisation benefits are increased capacity utilisation and gross margin improvement in currently marketed products. Udiliv tablets were successfully scaled up at Goa and plant is in full readiness for commercial manufacture. Cremaffin Plus was successfully validated, commercial supplies have begun from Goa. Work is in progress to internalise Duphalac oral liquid.

A. Following were the achievements of the Company's R&D Centre at Goa :

1 Development of new pharmaceutical formulations.

2. Establishing new technical capabilities.

3. Import substitutions and new vendor development.

4. Optimisation, standardisation and improvement of products and manufacturing processes.

5. Technical evaluation of off-the-shelf products, to ensure quality and stability.

"Projects were undertaken to internalise products to be manufactured at Goa facility. Udiliv tablets were successfully scaled up at Goa and plant is in full readiness for commercial manufacture."

A number of formulations were developed for domestic market either at development laboratory or in collaboration with external laboratories. Omacor capsules analytical methods development and transfer to third party, development of neo-lable Betonin AST oral tonic, unique combination formulations like Prothiaden + vitamin pro-drug, a combination of drug for GERD and anxiolytic agents are being co-developed with external development laboratories. A novel tablet for oral suspension of Ursodiol was developed for improved taste and performance.

Several continuous improvement projects (CI) were undertaken and implemented. Improved film coating of Brufen, cost efficient packing configuration, cost efficient Itopride API usage are key results of CI projects. Efforts are on to develop cost efficient Digene Tablets.

A number of equipment were installed at the laboratory. Unique fluid bed dryer with capability of Top Spray Granulation Technology and Wurster's process was installed in the laboratories alongwith various other equipment in dry powder and wet granulation train.

Various formulations manufactured by external laboratories/ manufacturers were evaluated for life cycle management or new product introduction. Obimet series, Ilaprazole are a few key products amongst them.

B. Benefits derived as a result of the above R&D.

A well-focused R&D effort has helped the Company in launching a number of formulations in the Indian market. Manufacturing process optimisation helped to bring in improved quality and efficiency. Internalisation projects have potential of significant cost saving and de risking supply of key important products. New Vendor development for APIs with cost challenges has helped reduce cost and to improve the efficiency of supply chain. Development of formulations will strengthen the portfolio and will add to life cycle management in areas of Gastroenterology, Neuropsychiatry, Cardiometabolics and Women's Health.

C. Future plan of action.

A project is kicked off to monitor trend analysis of key currently manufactured products, assess the gaps, if any and remediate as a proactive measure. New products development continues to be a key deliverable of the team. Opportunities to expand locally developed products to other geographies are being identified. Innovative technologies may be explored for equally efficient, cost effective and quality products.

D. Expenditure on R&D.

₹ In Lakhs

(a)	Capital	12.36
(b)	Recurring	1,22.14
(c)	Total	1,34.50
(d)	Total R&D Expenditure as a percentage of Total Turnover	0.09 %

E. Technology absorption, adaptation and innovation

(a) Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company interacts with Abbott Laboratories Intl. Co. USA, on an ongoing basis for technical expertise for products of high technology and pharmaceutical formulations.

(b) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

The Company has benefited as a result of the emphasis on innovation. Reduction in energy consumption and improvement in product quality are some of the benefits achieved in the current year.

(c) Imported technology (imported during the last five years reckoned from the beginning of the financial year).

Nil

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

(I) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services, and export plans.

The total foreign exchange earned during the year amounted to ₹ 11,06.99 Lakhs, which includes ₹ 5,87.71 Lakhs towards exports and ₹ 5,19.28 Lakhs towards amount recovered from the affiliates.

(II) Total foreign exchange used and earned.

A. Total foreign exchange used

₹ In Lakhs

(a)	On import of raw materials, packing materials, finished goods, consumable stores and capital goods	117,58.73
(b)	On professional charges, sales promotion expenses, commission on export sales, registration fees, business travel, software, etc.	6,59.92
(c)	On remittance during the year on account of dividend	27,46.87

B. Total foreign exchange earned 11,06.99

For and on behalf of the Board

March 15, 2012	Munir Shaikh	R A Shah
Mumbai	Chairman	Director

Report on Corporate Governance

"The Company also has strict guiding principles laid out and communicated through its Code of Business Conduct, which is subject to regular audits to ensure controls and compliances are maintained at a high standard."

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is to conduct its business in a manner, which is ethical and transparent with all stakeholders in the Company, including shareholders, lenders, creditors and employees. The Company operates in compliance with all regulatory and policy requirements as well as industry ethical guidelines. The Company also has strict guiding principles laid out and communicated through its Code of Business Conduct, which is subject to regular audits to ensure controls and compliances are maintained at a high standard. The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its Directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

2. BOARD OF DIRECTORS

(a) The Board presently comprises 9 Directors including 2 Executive and 7 Non-Executive Directors, of which 4 are Independent Directors. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.

(b) The composition of the Board of Directors, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting along with the number of directorships and memberships held in various committees in other companies as on December 31, 2011, are given in the table below :

Name of Director	Category of Directorship	Attendance at		Number of Directorships in other companies*	Number of Committee positions held in other companies**
		Board Meetings	Annual General Meeting (April 27, 2011)		
Mr Munir Shaikh Chairman of the Board	Non-Executive, Independent Director	5 (2 meetings attended via teleconference)	Yes	-	-
Mr Vivek Mohan Managing Director	Executive Director	5	Yes	-	-
Mr R A Shah	Non-Executive, Independent Director	5	No	14	9 (includes Chairmanship of 4 companies)
Mr Ashok Dayal	Non-Executive, Independent Director	6	Yes	1	-
Mr Ranjan Kapur	Non-Executive Independent Director	6	Yes	4	-
Mr Thomas Dee	Non-Executive Director	1	No	-	-
Mr Neil Aylward (Resigned effective November 1, 2011)	Non-Executive Director	-	No	-	-
Mr Laurent Van Lerberghe	Non-Executive Director	1	No	-	-
Mr Kaiyomarz Marfatia (with effect from March 1, 2011)	Executive Director	5	Yes	-	-
Mr Ramon F Neira Hoyos (with effect from March 9, 2011)	Non-Executive Director	2	Yes	-	-

* Excluding directorships in Private companies, Associations, Section 25 companies, foreign companies and alternate directorships but including additional directorships.

** Memberships/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee and Remuneration Committee

(c) During the year ended December 31, 2011, 6 Board Meetings were held on the following dates :

February 28, 2011, March 23, 2011, April 27, 2011, August 11, 2011, September 29, 2011 and November 1, 2011

(d) Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under Clause 49 IV(G) of the Listing Agreement are annexed to the Notice convening the Annual General Meeting and forms part of this Annual Report.

3. AUDIT COMMITTEE

The Audit Committee comprises of 4 Non-Executive Directors namely, Mr Ashok Dayal (Chairman), Mr R A Shah, Mr Ranjan Kapur and Mr Munir Shaikh. All the above Members are Independent Directors. Ms Krupa Anandpara, Company Secretary is the Secretary of the Audit Committee.

The composition, role, terms of reference as well as powers of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The terms of reference inter alia, include oversight of the Company's financial reporting process, reviewing the financial statements with the Management, recommending appointment/reappointment of auditors, fixation of audit fees, reviewing the adequacy of internal audit function, periodic discussions with auditors about their scope and adequacy of internal control systems, discussion on any significant findings made by internal auditors and follow up action. The Committee also reviews various information prescribed under Clause 49(II)(E) of the Listing Agreement with the Bombay Stock Exchange Limited.

During the year under review, the Committee met 4 times on the following dates :

February 28, 2011, April 27, 2011, August 11, 2011 and November 1, 2011

Mr Ashok Dayal and Mr Ranjan Kapur attended all meetings, Mr Munir Shaikh and Mr R A Shah attended 3 meetings. The Director - Finance (Head of Finance) remains present at the meetings. The Statutory, Internal and Cost Auditors are also invited to the meetings, as required. Mr Ashok Dayal, Chairman of the Audit Committee attended the Annual General Meeting held on April 27, 2011 in compliance with provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee comprises of 2 Directors, namely, Mr Ashok Dayal, Non-Executive and Independent Director as Chairman and Mr Vivek Mohan, Managing Director, which looks into the redressal of shareholder and investor complaints. Ms Krupa Anandpara, Company Secretary, is the Compliance Officer.

During the year under review, the Committee met 3 times on the following dates :

April 27, 2011, August 11, 2011 and November 1, 2011

A summary of complaints received from shareholders/ investors and resolved by the Company during the year ended December 31, 2011 is given below :

Particulars	Received*	Resolved*
Non receipt of share certificates duly transferred	02	02
Non receipt of dividend warrants	24	24
Non receipt of Annual Report	05	05

* Including erstwhile Solvay Pharma India Limited

During the year under review, the Company received 3 letters relating to an investor grievance forwarded by National Stock Exchange Limited, which were duly replied.

As on December 31, 2011, there were no pending share transfers. Barring certain cases pending over a long period of time in Courts/Consumer Forums relating to disputes over the title of the shares in which the Company has been made a party, no investor complaint is pending for a period exceeding one month.

5. REMUNERATION OF DIRECTORS

(a) Executive Directors

The Executive Directors are paid remuneration in accordance with the limits prescribed under the Companies Act, 1956 with the approval of the Board of Directors, Shareholders and Central Government, wherever required.

Details of remuneration and perquisites paid to the Executive Directors for the year ended December 31, 2011 are as follows :

Terms of Agreement	**Mr Vivek Mohan** (Managing Director)	**Mr Kaiyomarz Marfatia** (Whole-time Director)
Period of appointment	5 years	5 years
Date of appointment	November 1, 2009	March 1, 2011
Salary & Other Allowances	2,11,06,250	40,29,059
Perquisites	61,49,187	9,519
Contribution to Provident Fund & Group Gratuity Scheme	18,75,892	7,09,035
Performance Linked Incentive	24,28,855	8,48,448
Notice Period	Three months	Three months
Severance Fees	There is no separate provision for payment of severance fees.	There is no separate provision for payment of severance fees.
Stock Option	The Company does not have any Stock Option Plan for its employees. However, Managing Director is entitled to Stock Option of Abbott Laboratories, USA under its "Incentive Stock Option Program" and is also eligible to purchase shares of Abbott Laboratories, USA, under its "Affiliate Employee Stock Purchase Plan". Details as regards the same are disclosed in Note B(26)-Schedule 15 to the Accounts in the Annual Report.	The Company does not have any Stock Option Plan for its employees. However, Whole-time Director is entitled to Stock Option of Abbott Laboratories, USA under its "Incentive Stock Option Program" and is also eligible to purchase shares of Abbott Laboratories, USA, under its "Affiliate Employee Stock Purchase Plan". Details as regards the same are disclosed in Note B(26)-Schedule 15 to the Accounts in the Annual Report.

(b) Non-Executive Directors

Mr Munir Shaikh, Mr R A Shah, Mr Ashok Dayal and Mr Ranjan Kapur were paid sitting fees amounting to ₹ 1,00,000/, ₹ 1,70,000/-, ₹ 2,30,000/- and ₹ 2,10,000/- respectively, for attending Board meetings and various Committee Meetings held during the year ended December 31, 2011.

None of the Non-Executive Directors had any material pecuniary relationship or transactions with the Company other than the sitting fees received by them.

Mr R A Shah is a partner of M/s Crawford Bayley & Co., which renders professional services to the Company. The quantum of professional fees received by M/s Crawford Bayley & Co. from the Company forms a very small portion of the total revenue of M/s Crawford Bayley & Co. and also a marginal portion of total revenue of the Company.

(c) None of the Non-Executive Directors holds any shares of the Company except for Mr R A Shah, who along with his relatives, holds 5,098 shares.

6. GENERAL BODY MEETINGS

Financial Year	Date	Time	Location	No. of Special Resolutions
2008	March 17, 2009	10.30 a.m.	Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021	-
2009	March 12, 2010	10.30 a.m.	Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021	01 (Subject : Approving the change in the place of keeping its Registers and Index of Members and copies of Annual Return at the office premises of the Company's Registrar & Share Transfer Agents)
2010	April 27, 2011	10.30 a.m.	Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021	-

At present, no special resolutions are proposed to be conducted through postal ballot.

7. DISCLOSURES

(a) There were no materially significant related party transactions i.e. transactions of a material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. during the year under review, that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board for approval as required by law. Transactions with related parties are disclosed in Note B(24)-Schedule 15 to the notes forming part of the Accounts in the Annual Report.

(b) Pursuant to the disclosures received from the Senior Management Personnel of the Company to the Board, there were no material financial or commercial transactions, which could have potential conflict with the interest of the Company at large.

(c) There were no instances of non-compliance by the Company, no penalties/ strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matters related to the capital markets during the last 3 financial years.

(d) In terms of requirement of Clause 49 (V) of the Listing Agreement, the Managing Director and Director - Finance have provided a certification to the Board of Directors in the prescribed format for the year under review, which has been reviewed by the Audit Committee and taken on record by the Board.

(e) The Board of Directors of the Company has a Code of Business Conduct, which lays down various principles of ethics and compliances. The Code has been posted on the Company's website.

(f) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

Compliance with Non Mandatory requirements :

i. The Code of Business Conduct adopted by the Company provides a mechanism for employees to report to the Management about unethical behaviour, actual or suspected fraud or violation of the Code. Copies of the Code are provided to each employee and also available on the Company's intranet site.

ii. For the year ended December 31, 2011, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

8. MEANS OF COMMUNICATION

(a) The quarterly, half yearly and annual results were published in one English daily newspaper (Free Press Journal) circulating in the country and one Marathi newspaper (Navshakti) published from Mumbai. The quarterly results/ shareholding patterns are made available on the website of the Company (www.abbott.co.in).

(b) During the year, the Company has not made any presentation to the institutional investors or analysts.

(c) Management Discussion and Analysis Report forms part of the Directors Report.

9. GENERAL SHAREHOLDER INFORMATION :

i. Annual General Meeting

Monday, May 14, 2012 at 10.30 a.m.
Y B Chavan Auditorium
General Jagannath Bhosale Marg
Mumbai 400 021

ii. For Year Ended

January 1, 2011 to December 31, 2011

iii. Date of Book Closure

May 8, 2012 to May 14, 2012
(both days inclusive)

iv. Dividend Payment Date

On or before June 13, 2012

v. Listing On Stock Exchange

Bombay Stock Exchange Limited (BSE)

vi. Stock Code

500488

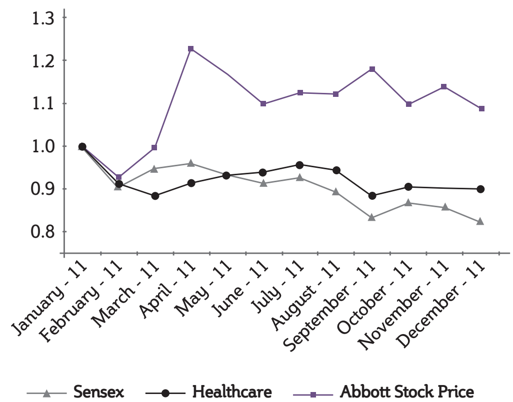
vii. Market Price Data

(High/Low during each month) on BSE

Month	High	Low
January 2011	1370.00	1190.00
February 2011	1267.90	1178.00
March 2011	1363.00	1201.00
April 2011	1683.00	1330.00
May 2011	1600.00	1380.00
June 2011	1504.80	1368.00
July 2011	1540.00	1431.00
August 2011	1538.00	1401.00
September 2011	1617.70	1400.00
October 2011	1506.00	1400.00
November 2011	1560.00	1430.10
December 2011	1492.00	1376.00

viii. Performance in comparison to broad based indices

January 1, 2011 to December 31, 2011



ix. Registrars and Share Transfer Agents :

Sharepro Services (India) Private Limited

Address

13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400 072.

Telephone : +91-22-67720400/ 67720300

Fax : +91-22-28591568

Email : sharepro@shareproservices.com

Investors Relation Centre

Sharepro Services (India) Private Limited

Address

912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai - 400 021.

Telephone : +91-22-66134700

Fax : +91-22-22825484

x. Share Transfer System

In order to expedite the process of share transfers, the said powers are delegated to a Share Transfer Committee comprising of the officers of the Secretarial Department, who attend to the share transfer formalities at least once in a fortnight. The Share Transfer Committee also considers requests received for transmission of shares, issue of duplicate certificates and split/ consolidation of certificates.

Shares Transfer requests received at the Registrars & Share Transfer Agents are normally processed and delivered within 21 days from the date of lodgement, if the documents are complete in all respects. Requests for dematerialisation of shares are processed and the confirmation is given to the depositories within 15 days from receipt.

xi. Distribution of shareholding as on December 31, 2011

Distribution	Shareholders		Shares	
	No	% to Total	No	% to Total
Upto 500	17,822	92.08	15,59,879	7.34
501 to 1000	872	4.51	6,27,053	2.95
1001 to 2000	379	1.96	5,38,296	2.53
2001 to 3000	134	0.69	3,30,357	1.56
3001 to 4000	51	0.26	1,78,670	0.84
4001 to 5000	31	0.16	1,39,512	0.66
5001 to 10000	35	0.18	2,35,462	1.11
Above 10000	30	0.16	1,76,40,073	83.01
Total	19,354	100.00	2,12,49,302	100.00

Shareholding Pattern as on December 31, 2011

Category of Shareholders	No. of Shares	% to Total
Promoters	1,59,34,048	74.99
Banks	5,130	0.02
Foreign Institution Investors (FII)	68,332	0.32
Insurance Companies	2,18,724	1.03
Mutual Funds	9,93,120	4.67
Domestic Companies	3,30,668	1.57
Non-Domestic Companies	471	0.00
Non Resident Indians	65,361	0.30
Director & Relatives	5,098	0.02
Others	36,28,350	17.08
Total	2,12,49,302	100.00

xii. Dematerialisation of Shares as on December 31, 2011

The shares of the Company are compulsorily traded in electronic mode and are available for trading with both the depositories in India namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on December 31, 2011, 1,88,97,261 shares representing 88.93% of the Company's total paid-up share capital were held in dematerialised mode.

xiii. The Company has not issued any GDR/ADR Warrants or any other convertible instruments.

xiv. Plant Location :

L-18/19, Verna Industrial Estate, Goa

xv. Address for correspondence :

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For and on behalf of the Board

February 28, 2012 Munir Shaikh Vivek Mohan

Mumbai Chairman Managing Director

DECLARATION UNDER CLAUSE 49I(D) OF THE LISTING AGREEMENT

As required under clause 49I(D) of the Listing Agreement with the Bombay Stock Exchange Limited, I hereby affirm that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with Abbott Code of Business Conduct, as applicable to them, for the year ended December 31, 2011.

For and on behalf of the Board

February 28, 2012 Vivek Mohan

Mumbai Managing Director

AUDITORS' CERTIFICATE FOR CORPORATE GOVERNANCE

To
The Members of
Abbott India Limited

We have examined the compliance of the conditions of Corporate Governance by Abbott India Limited ("the Company") for the year ended December 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited, Mumbai.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

B. P. Shroff

February 28, 2012 Partner

Mumbai (Membership No. 034382)

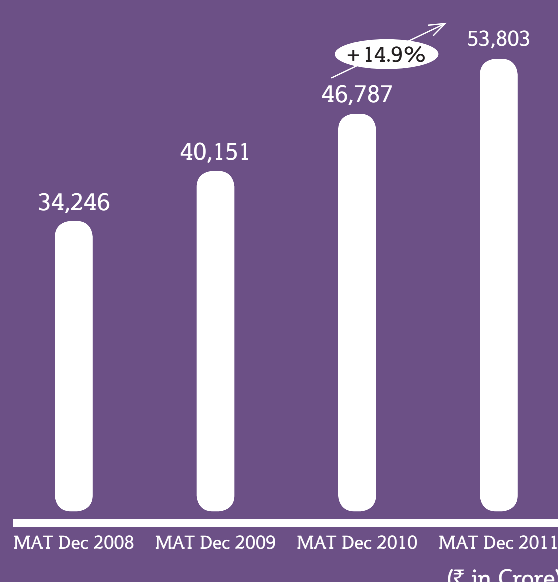
Report on Management Discussion and Analysis

“The Company significantly outperformed the market, and its nearest rivals, in the core therapy areas in which it operates. As per IMS MAT Dec 2011, the market in which the Company participates grew by 16% versus the Company’s growth at 25%.”

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Market growth

The Indian pharmaceutical market grew by 14.9% for the year ended December 2011. This performance comes on the back of a stronger 16.5% growth in the previous year (Source : IMS MAT Dec 2011). The growth of the industry in 2011 was equally driven by volume increases and new introductions.



The Indian economy has experienced considerable turbulence in recent times. Real GDP growth rates have been revised downward to 6.9% from 8.0%, industrial output is volatile, escalated interest rates, and high inflation levels are an ongoing concern. The fallout has extended to the Indian pharmaceuticals market, with industry growth being lower than the previous year.

The outlook for the pharmaceuticals sector, however, remains positive. Increased government investment in healthcare, augmented household spending on health products, increased access for Tier 2 and below markets, enhanced investments in healthcare infrastructure and greater penetration of health insurance are expected to be key growth enablers for the pharmaceutical industry going forward.

Chronic Therapy segments remain key growth segments

The Chronic therapy segment accounts for about 28% of the total market, an increase of 1% over 2010 and 3% over 2007. This segment continues to grow faster than Acute category. During the year, Chronic segment grew by 19.3% versus Acute segment growth of 13.3%.

Within the Chronic segment, Anti-Diabetes is the fastest growing therapy area, followed by the Cardiovascular segment. Neurology/Psychiatry, Respiratory and the Anti-arthritis & Anti-osteoporosis therapy segments have also outperformed the overall market.

Within the Acute segment Gastroenterology, Gynecology & Dermatology have been the best performing therapeutic segments.

Competitive intensity leading to sector innovation

Competition in the pharmaceuticals sector remains intense, with an ever increasing number of brands and combinations expected to hit the market. Apart from regional local entrants, a growing number of multinational companies are expected to invest heavily into the Indian market to expand access and coverage.

In such a crowded market, many companies' promotional strategies have been founded on field force expansion and increased frequency of doctor visits. Doctors may now be meeting more than 50 MRs a day at an average (Source : IMS). Amidst such competition, the importance of differentiation from peers becomes of vital importance.

Heightened competition and a greater presence of branded generics are putting greater pricing pressures on the industry. The low priced segment of the market has almost doubled its share over the last four years (Source : IMS).

This elevated competitive dynamic has had positive effects on sector innovation. Companies have developed creative models of patient and doctor engagement in order to further differentiate their brands. Better diagnostic tools, wider treatment options and stronger compliance programs benefit patients. Aggressive attempts to penetrate into Tier 2 and below markets by national players are leading to modified business models, which will be scaled up further as demand in these markets picks up.

2. OPPORTUNITIES AND THREATS

Market growth opportunities include increased demand from non-metro markets, enhanced government interest and expenditure, and development of hospital infrastructure

The outlook for the Indian pharmaceutical industry remains largely positive over the next few years. Increased investment from multinational companies will lead to new product introductions and will contribute to market expansion.

Although metros and Tier 1 markets will form the largest contributors to incremental growth, amplified demand from Tier 2 and rural markets due to increasing per capita income and awareness will provide companies with the opportunity to expand geographical reach and evolve innovative business models to sustain delivery. Increased government interest and investment in the healthcare sector encourages the undertaking of public-private partnerships to create infrastructure that can reach out to a larger population.

The rapid proliferation of hospital chains and clinics complemented by the increasing penetration of health insurance is likely to aid market expansion. Private and public investment in hospital infrastructure, along with the increased capacity of patients to afford healthcare, will provide pharmaceutical companies with the opportunity to enhance their presence in this segment. A strong necessity for quality diagnostic services will enhance partnerships with diagnostic kit providers, enabling comprehensive healthcare solutions.

Chronic therapy areas are expected to grow at a faster rate compared to Acute therapy segments. In particular, the Anti-diabetic, Cardiovascular, Respiratory and Pain management therapy segments will provide a plethora of opportunities for pharmaceutical companies that are equipped to cater to the growing demand.

Increased fragmentation and regulatory challenges, however, pose a threat to the industry

Rising competition and fragmentation keep pricing competitive and at low levels. Additionally, cost escalation of input materials, labour shortages and wage inflation are likely to cause margin pressure in the industry going forward.

Rising interest costs may act as a deterrent to capital expenditure on new medical infrastructure, hampering a key industry growth driver.

The pending implementation of the new pricing policy based on the expanded National List of Essential Medicines (NLEM) will result in about 60% of the Indian pharmaceuticals market being brought under its umbrella, adversely impacting industry revenue.

More stringent regulatory approval criteria with respect to new product introductions and critical scientific development program will lead to increased lead times in these areas.

Cases of counterfeiting of pharmaceuticals in India continue to be reported and this is a serious concern for industry wellbeing.

To succeed in the market, Abbott India has undertaken a number of ground-breaking initiatives keeping in mind the above opportunities and threats, in relation to its people, products and processes. These initiatives, coupled with a culture of empowerment and accountability, will drive the Company to greater business success.

3. SEGMENT WISE PERFORMANCE

The Company primarily operates in the pharmaceutical segment. During the course of the year, the Company significantly outperformed the market, and its nearest rivals, in the core therapy areas in which it operates. Moreover, as per IMS MAT Dec 2011, the market in which the Company participates grew by 16.0% versus the Company's growth at 25.0%.

> "To succeed in the market, Abbott India has undertaken a number of ground-breaking initiatives in relation to its people, products and processes. These initiatives, coupled with a culture of empowerment and accountability, will drive the Company to greater business success."

Growth was powered by a strong focus on increasing our prescriber base through intensive marketing initiatives, an increased emphasis on a Continuum of Care approach involving dedicated activation teams that reached close to 4,50,000 patients, and strong performance of new products launched.

Women's Health therapy area is driven by its flagship brand - Duphaston. Displaying close to 30% growth, Duphaston is now the top ranked brand in its therapeutic segment. Duphalac has become the number two brand in the Laxative area.

For the Gastroenterology therapeutic area, Cremaffin continues to deliver strong growth on the back of its package revitalisation to increase connect with the mass segment with continued support from specialists. Surbex Osteo placed high emphasis on activation and diagnosis through patient camps that reached over a million patients. In addition, Udiliv has now climbed into the top 100 brands in the Indian pharmaceutical market.

The Gastroenterology therapy area has also been boosted by successful new product introductions. Digecaine now ranks the third position in the market in which it participates, by establishing a strong ethical connect with key doctor segments. Heptral effectively built its connect with Key Opinion Leaders via focused medico marketing efforts to firmly establish the brand, and achieved a milestone of being the fourth best launch by a multinational pharmaceutical company in India. Cremaffin maintains its number one position in the Laxative area.

Thyronorm continues to be the primary growth driver of the Metabolics therapy area. Focusing on Continuum of Care approach through the ramp-up of mass patient screenings and the launch of initiatives such as diagnostic clinics and kits, Thyronorm is now the top ranked brand in its therapeutic area and has entered the top 50 brands of the Indian pharmaceuticals market.

Project Thyrohealth is a Public-Private Partnership project to drive thyroid screening for 40 Lakh women in 4 years. The objective of the project is to enhance access, diagnosis and treatment through cross-functional and cross-divisional partnerships.

Projects (in-process)	Description
Vizag city Government Partnership	Door-to-door screening of women through mobile Thyrohealth vans
Maternal Hypothyroidism Detection Program	Screening of 60,000 pregnant women in 11 medical colleges
Bangalore city Government Partnership	Door-to-door screening of pregnant women and neonates
Thyroid Policy white paper	Drive thyroid disorder screening during pregnancy

For the CNS therapeutic area, the persistent emphasis of Zolfresh on the Continuum of Care approach has accelerated brand performance. Zolfresh continues to grow at close to four times the market and is now counted among the top 300 brands of the Indian pharmaceuticals market. Vertin, the top brand in antiemetic therapeutic area, registered strong growth by driving awareness programs aimed at the mass segment to increase its prescriber base, and increasing its support from the specialist segment through focused medico marketing initiatives.

The Hospital Care division was driven by the growth of Klacid and Clivarine, with growth of 31.5% and 71.1% respectively.

The Proprietary Pharmaceuticals Division (PPD) business grew by 31%. Sevorane, the flagship brand, grew by 21% and retained the top spot in the inhalational anesthesia market. A strong Key Account Management program coupled with science dissemination initiatives on the depth of anesthesia and strategic placement of vaporizers helped fuel the growth of the top inhaled anesthetic agent in India. Survanta, with 29% growth, maintained its leadership position in the surfactant therapy. These initiatives and the strong performance resulted in recognition by the Indian Society of Anesthesia, as the 'Most Admired Anesthesia Company in India'.

Clinical Development Front

The Company's product portfolio is a mix of very mature products, mature products and new products. In the current era of evidence-based medicine, generating clinical evidence has become an imperative, and is in line with the Company's focus on Life Cycle Management, Continuum of Care and Therapy Leadership.

The strategic focus of the 2011 Clinical Development Plan was to address manifold issues, some of them being, bridging the evidence gap for new products, generating patient demographic and disease data and addressing some specific therapy gap issues.

In 2011, Abbott India initiated 16 clinical projects across the major therapeutic segments such as Metabolics, Neuropsychiatry, Hepatology, Women's Health, Acid Peptic Disorders and Chronic Pain. The study design ranged from Post Marketing Observational studies, Investigator Initiated studies, large population based Epidemiology studies and Interventional studies.

All studies were conducted with strict adherence to GCP-ICH guidelines, global and local Abbott SOPs and Indian regulatory requirements.

Of the 16 projects initiated, 4 projects were completed and the remaining studies have continued in 2012.

In 2012, the strategic focus on Clinical Development continues with 6 additional projects that are slated to begin in the areas of Cardiology, Neurology, Insomnia, Gastro-Intestinal disorders and Hepatology.

Thus with the new and carry over projects, the Company's focus on clinical support for science based promotion continues to strengthen in 2012.

4. OUTLOOK

2012 will be a year to leverage on the transformations and other initiatives taken over the previous few years to enhance our performance and achieve leadership positions in our core therapy areas.

Revenue growth for the Company will be driven through strengthening our focus on our core therapy areas to achieve leadership positions. This entails, among other things, further adapting our organisation structure around therapeutic areas, sustaining investments in marketing excellence programs, greater emphasis on cross-functional collaboration, boosting patient identification with point of care diagnosis, life cycle management plans for heritage brands, new product introductions and clinical development programs to enhance the scientific standing of our brands. In addition, there will be robust investment in expanding and training our field force, and a high focus on driving productivity through Commercial Excellence programs such as rigorous training to first line and second line managers, and training to the field force to improve their in-clinic effectiveness.

In order to support sales objectives, the Company will continue to drive operational excellence to increase efficiency and commercial responsiveness. Enhancements in our supply chain and distribution processes will allow us to reduce the cost of goods. Projects to increase sales force responsiveness are underway and will act as a key enabler to drive productivity, and an Enterprise Resource and Planning system (ERP) will go live in the latter half of the year.

Finally, institutionalisation of a strong Employee Value Proposition, focus on talent development and building leadership capability will help drive all round growth.

5. RISKS AND CONCERNS

Some of the key risks that the Company is facing/ addressing proactively to achieve its objective of sustainable value creation are -

Pricing policy : The draft of National Pharmaceutical Pricing Policy envisages about 60% of the Indian pharmaceutical market to be under price control, which can negatively impact the overall industry.

Macro-economic turbulence : Real GDP growth rates have been forecast to fall to 6.9% from previous forecasts of over 8%. In fact, last quarter growth in GDP has been down to 6.1%, indicating a macro slowdown. CPI and food price inflation continue to pose a serious risk to growth. Tightening liquidity and rising interest costs may have an impact in terms of lower purchases by the trade who are keen to lower inventory levels.

Slowdown in pharmaceuticals market : Weak macro-economic factors and pricing pressures due to increased competition are expected to reduce the pace of growth of the Indian pharmaceuticals market. With the increase in interest rates, capital expenditure on new medical infrastructure is expected to decrease, also adversely impacting industry growth.

Rising competition from branded generics : The increased presence of generics is causing intense pricing competition and competitive intensity. The share of the low priced market has almost doubled over the last four years, impacting industry revenue value.

Regulatory challenges : Uncertainty on the Government's future policy, especially in relation to drug price control which could affect close to 60% of the pharmaceuticals market, continues to be an area of major concern for the industry. More stringent regulatory criteria for clinical development programs and new product approvals will likely lead to higher lead times in these areas.

Counterfeiting : Cases of counterfeiting of pharmaceuticals in India continue to be reported and is a serious concern. We have implemented anti-counterfeiting measures for some of our products, and continue to maintain high vigilance for our brands in the marketplace.

Cost escalation : Sustained high levels of inflation have pushed up the input cost in much larger proportions than in past years. Escalating input costs coupled with increase in labor costs and wage inflation can cause a significant adverse impact on profits of the Company.

6 FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the Company successfully completed its merger with Solvay Pharma India Limited. The merger is effective January 1, 2011 and accordingly the year under review includes the results of erstwhile Solvay Pharma India Limited for the year 2011. To facilitate comparison, the analysis of performance is after considering 2010 results for erstwhile Solvay Pharma India Limited and, in view of the change in accounting year in 2010, the proportionate 12 months of 2010 for Abbott India Limited.

"Profit before Tax at ₹ 180,15 Lakhs is higher compared to previous year although the Company incurred one-time integration and sales force transformation expenses and adverse impact of exchange fluctuations during fourth quarter of 2011."

Sales

Sales during the year grew over 20%, to ₹ 1445,57 Lakhs. The Company achieved significant growth in each of its therapeutic areas. Metabolics business unit registered 36% growth, Hospital Products business unit 29%, Gastroenterology 18%, CNS 22% and Gynaecology 27%. Heptral, with a strong start in 2010, ended 2011 with an even stronger performance with sales exceeding ₹ 12,00 Lakhs.

Material cost

The Company has been able to reduce its material cost at 59% of sales as against 60% in the previous year in spite of inflationary pressures. Synergies from merger and the e-auctions as a tool for competitive price discovery contributed to reduction in material cost.

Manufacturing, administration and selling expenses

The Company continued its strategic investments in people, products and processes through 2011. During the year, the Company augmented its people strength (increased by more than 20%) and simultaneously launched a company-wide transformational exercise which resulted in significant number of front line sales force being elevated to business manager roles. Product campaigns and medical conferences for specialty care products, launch of new products and market studies have resulted in the advertising and publicity expenses increasing by 25%. These investments have enabled the Company to successfully continue the growth momentum through 2011 and also laid down a strong foundation for the Company to achieve sustainable value creation in the years to come.

Other income

The investment strategy of the Company is reviewed periodically by the Audit Committee. During the year, the Company continued to invest in Bank Deposits, with a view to safeguarding the principal and maintaining liquidity and taking advantage of the increased returns on bank deposits. The Company has an investment portfolio as on December 31, 2011 of approximately ₹ 230,00 Lakhs generated out of operating surplus and amalgamation with erstwhile Solvay Pharma India Limited. With a mix of optimum maturity of term deposits coupled with increasing interest rates, the Company was able to grow the return on investments by nearly 90%.

Profit before Tax at ₹ 180,15 Lakhs is higher compared to previous year although the Company incurred one-time integration and sales force transformation expenses and adverse impact of exchange fluctuations during fourth quarter of 2011.

The Board of Directors have recommended a dividend at ₹ 17 per equity share.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company employs extensive internal controls through standard operating procedures, policies and process guidelines. These guidelines are well documented with clearly defined authority limits commensurate with the level of responsibility for each functional area. They are designed to ensure that transactions are conducted and authorised within their framework. Further, the Company's reporting guidelines ensure that transactions are recorded and reported in conformity with generally accepted accounting principles.

These guidelines are regularly reviewed and updated to meet the current business environment.

The Company also has a Code of Business Conduct which lays down the ethical standards expected of each of its employees and business associates in their everyday actions.

Training sessions are conducted annually for the employees to reinforce the guidelines and Code of Business Conduct.

The Company has a robust internal audit program, where the internal audit partners work with the business to conduct a risk-based audit with a view to not only test the adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Their audit program is agreed upon with the Audit Committee. Internal Audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The year 2011 saw Abbott India setting new benchmarks on objectives of acceleration, integration and transformation. Human Resources (HR) strongly partnered with the business to drive these objectives.

Abbott India undertook a massive transformational exercise with more than 83% of its front line sales team being promoted to the empowered role of therapy business managers. This new role infused tremendous energy and a heightened sense of confidence within the organisation for scaling new heights and achieving business objectives. The HR team continues to partner with the business in ensuring that each employee sees growth and finds success in this new role.

> "Abbott India undertook a massive transformational exercise with more than 83% of its front line sales team being promoted to the empowered role of Therapy Business Managers. This new role infused tremendous energy and a heightened sense of confidence within the organisation for scaling new heights and achieving business objectives."

The second half of the year brought with it the integration of Solvay Pharma India Limited with Abbott India Limited. The HR team collaborated with the business to ensure 100% timely transfer of employees. This was done in a very systematic and fair manner, and ensured effective on-boarding of more than 550 team members to Abbott culture, values, compensation and benefits and people policies & processes. Post integration, both teams synergised into one entity, which was achieved through cross functional initiatives, alignment of processes and systems, mapping of talent and skills and cultivating relationships through different engagement forums and training programs.

> The Company has been recognised for its outstanding performance in 2011 with the Frost and Sullivan 2011 Best Practices Award - 'Multinational Pharmaceutical Company of the Year' for 2011.

Talent Acquisition remained a critical focus for ensuring we 'accelerate' as per expectations. To meet the evolving hiring needs of the organisation the HR team implemented structured delivery models like 'Central Recruitment Process Outsourcing', 'Regional Agency Model', 'Recruiter on Demand Model' and 'Executive Search Model'. These models were used for specific needs and ensured an average time to fill of 32 days.

Talent Development was a priority and this was met through structured programs like 'First Line Managers Capability Building' programme and 'Abbott Management Fundamentals' programme. High potential employees were identified through robust mechanisms like 'Abbott Talent Development Program' and 'Talent Management Review' and provided with new roles and responsibilities and higher education. These structured initiatives have ensured 100% retention of Abbott's critical talent and achieved attrition rates which are much below the industry.

Various initiatives like, 'New Employee Orientation' (NEO), 'TBM portal' - a one stop containing all important information, career opportunities, knowledge repository, 'Top Gun Managerial Academy'- a differentiated Rewards and Recognition program for Therapy Business Managers, 'One Point' - a single point of contact for resolving all field queries, were rolled out. Efforts were undertaken to connect with employees through platforms of cycle meetings, focus group meetings, conference calls and employee forums, which helped employee engagement. Abbott India had an overall high score of 86% in the Pulse Survey conducted in 2011. The purpose of this survey was to get employee insights on how we have performed on various perspectives related to transition, employee engagement and winning behaviours and identify focus areas required to build a high performing Established Pharmaceuticals Division culture.

Corporate initiatives

The Company remains deeply committed to positively engaging and motivating our employees in a holistic manner through various initiatives. As part of the 'Think Thyroid Think Life' initiative, close to 150 Abbott employees participated in the Mumbai Marathon. A Blood Donation drive in Mumbai witnessed more than 200 employees donating blood and participating in a noble cause. Our Influenza awareness and vaccination campaign reached close to 1500 employees pan-India. A Sleep Awareness campaign distributed educational material and held open forums with approximately 500 personnel across India, highlighting the importance of adequate sleep to health. Employees also enjoy regular Health and Safety training sessions throughout the year. The Managing Director's Awards Night and Achiever's Summit held at the end of each financial year, recognises and rewards outstanding performances from our employees.

Recognition

The Company has been recognised for its outstanding performance in 2011 with the Frost and Sullivan 2011 Best Practices Award - 'Multinational Pharmaceutical Company of the Year' for 2011.

As on December 31, 2011, the total employee strength of the Company stood at 2425 employees spread across India.

For and on behalf of the Board

February 28, 2012	Munir Shaikh	Vivek Mohan
Mumbai	Chairman	Managing Director

Auditors' Report to the members of Abbott India Limited

1. We have audited the attached Balance Sheet of Abbott India Limited, ("the Company") as at December 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows :

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2011;

      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of written representations received from the Directors as on December 31, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on December 31, 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

B. P. Shroff
Partner
(Membership No. 034382)

MUMBAI, February 28, 2012

Annexure to the Auditors' Report to the members of Abbott India Limited

(Referred to in paragraph 3 of our report of even date)

i. Having regard to the nature of the Company's business/activities/result, clauses x, xi, xii, xiii, xiv, xv, xvi, xviii, xix and xx of CARO are not applicable

ii. In respect of its fixed assets :

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

iii. In respect of its inventory :

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iv. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

v. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

vi. To the best of our knowledge and belief and according to the information and explanations given to us, there were no transactions required to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.

vii. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956. There are no unclaimed deposits as at the year end.

viii. In our opinion, the internal audit functions carried out during the year by an external entity appointed by the Management have been commensurate with the size of the Company and the nature of its business.

ix. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of formulations and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

Annexure to the Auditors' Report to the members of Abbott India Limited

x. According to the information and explanations given to us in respect of statutory dues :

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at December 31, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Custom Duty and Excise Duty which have not been deposited as on December 31, 2011 on account of disputes are given below :

₹ in Lakhs

Statute	Nature of Dues	Forum where Dispute is pending	Year to which the amount relates	Amount
Income Tax Act, 1961	Income Tax	ITAT	A.Y. 2005 to 2008	52.85
	Income Tax	Dispute Resolution Panel	A.Y. 2008-2009	1,13.04
Central Excise Act, 1944	Excise Duty	Commissioner (Appeals)	1991- 1992	3.20
	Excise Duty	Commissioner	1994 to 1995	3.56
	Excise Duty	Assistant Commissioner	1994 and 1997 to 2002	2.51
	Excise Duty	CESTAT	2005 to 2006	26.60
The Bombay Sales Tax Act, 1959	Sales Tax	Deputy Commissioner of Sales Tax	1999-2000	39.87
	Sales Tax	Deputy Commissioner Sales Tax (Appeal)	2000-2001	9.07
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Additional Commissioner of Commercial Tax (Appeals)	1988-1989	1.59
	Sales Tax	Trade Tax Tribunal	1996-1997	0.26
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	Additional Commissioner of Commercial Tax (Appeals)	2007-2008, 2009 to 2011	3.57
	Value Added Tax	Joint Commissioner (Appeals)	2008-2009	0.72
The Central Sales Tax Act,1956 (Assam)	Sales Tax	Superintendent of Taxes	2009-2010	0.39
Assam Value Added Tax 2005	Value Added Tax	Superintendent of Taxes	2009-2010	0.25
West Bengal Sales Tax Act, 1994	Sales Tax	Revisional Authority, Commercial Taxes	2003-2004	10.17
	Sales Tax	Appellate & Revisional Board, Commercial Tax	2004-2005	7.21
Central Sales Tax Act, 1956 (West Bengal)	Sales Tax	Sr. Joint Commissioner of Commercial Taxes	2006-2007	2.28
	Sales Tax	Additional Commissioner of Commercial Taxes	2003-2004 and 2008-2009	0.34
	Sales Tax	Appellate & Revisional Board, Commercial Tax	2005-2006	4.69
	Sales Tax	Joint Commissioner of Commercial Taxes	2006-2007	3.81

Annexure to the Auditors' Report to the members of Abbott India Limited

₹ in Lakhs

Statute	Nature of Dues	Forum where Dispute is pending	Year to which the amount relates	Amount
West Bengal Value Added Tax Act, 2003	Value Added Tax	Appellate & Revisional Board, Commercial Taxes.	2005-2006	**14.77**
	Value Added Tax	Joint Commissioner of Commercial Taxes	2006-2007	**11.11**
	Value Added Tax	Sr. Joint Commissioner of Commercial Taxes	2006-2007	**2.44**
	Value Added Tax	Additional Commissioner of Commercial Taxes	2007 to 2009	**1,30.51**
Kerala General Sales Tax Act, 1963	Sales Tax	Sales Tax Appellate Tribunal, Additional Bench	2002-2003	**13.05**
Central Sales Tax, 1956 (Goa)	Sales Tax	Assistant Commissioner of Commercial Taxes	2005-2006	**2,92.43**
	Sales Tax	Additional Commissioner of Commercial Taxes	2006 to 2008	**6,33.91**
Goa Value Added Tax Act, 2005	Value Added Tax	Assistant Commissioner of Commercial Taxes	2005-2006	**0.31**
	Value Added Tax	Additional Commissioner of Commercial Taxes	2006-2007	**2.07**
Central Sales Tax Act – Gujarat	Sales Tax	Deputy Commissioner of Commercial Taxes (Appeal)	2006-2007	**2,40.96**
Customs Act, 1962	Custom Duty	Commissioner (Appeals)	1996	**4.43**
Cenvat Credit Rules ,2004	Excise Duty	The Additional Commissioner Customs & Central Excise	April 2006 to October 2009	**7.30**
	Excise Duty	The Assistant Commissioner Customs & Central Excise	November 2009 to June 2011	**3.14**

There were no disputed dues which remained unpaid in respect of Wealth Tax, Service Tax and Cess during the year.

xi. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

B. P. Shroff
Partner
(Membership No. 034382)

MUMBAI, February 28, 2012

Balance Sheet

As at December 31, 2011

₹ in Lakhs

	Schedule	As at December 31, 2011		As at December 31, 2010	
I Sources of Funds					
1) Shareholders' Funds					
a) Share Capital	(1)	21,24.93		13,67.52	
b) Reserves and Surplus	(2)	522,89.33		291,70.71	
Total Shareholders' Funds			544,14.26		305,38.23
2) Deferred Tax Liability (Net)			-		18.94
(Refer Note B(18)-Schedule 15)					
Total			544,14.26		305,57.17
II Application of Funds					
1) Fixed Assets					
a) Gross Block		191,80.76		118,20.78	
b) Less: Depreciation/Amortisation		112,14.71		68,50.18	
c) Net Block		79,66.05		49,70.60	
d) Capital Work-in-Progress		1,35.02		86.38	
Total Fixed Assets	(3)		81,01.07		50,56.98
2) Deferred Tax Asset (Net)			6,20.27		-
(Refer Note B(18)-Schedule 15)					
3) Current Assets, Loans and Advances					
a) Inventories	(4)	254,89.76		128,58.62	
b) Sundry Debtors	(5)	132,61.47		65,27.61	
c) Cash and Bank Balances	(6)	258,94.56		188,51.41	
d) Other Current Assets	(7)	4,63.28		1,20.49	
e) Loans and Advances	(8)	57,59.81		19,28.09	
		708,68.88		402,86.22	
Less: Current Liabilities and Provisions					
a) Current Liabilities	(9A)	160,42.19		97,96.20	
b) Provisions	(9B)	91,33.77		49,89.83	
		251,75.96		147,86.03	
Net Current Assets			456,92.92		255,00.19
Total			544,14.26		305,57.17
Significant Accounting Policies and Notes to the Accounts	(15)				

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

B. P. Shroff
Partner

Place : Mumbai
Date : February 28, 2012

For and on behalf of the Board

Vivek Mohan
Managing Director

Ashok Dayal
Director

R. A. Shah
Director

Krupa Anandpara
Company Secretary

Place : Mumbai
Date : February 28, 2012

Profit and Loss Account

For the year ended December 31, 2011

₹ in Lakhs

	Schedule	Year ended December 31, 2011		For the period December 1, 2009 to December 31, 2010	
I Sales and Other Income					
a) Sales :					
Gross		1536,93.33		1042,97.04	
Less : Excise Duty (Refer Note B(22)-Schedule 15)		18,17.92		6,09.74	
Less : Sales Tax/VAT		73,18.12		46,99.22	
Net Sales		1445,57.29		989,88.08	
b) Other Income	(10)	51,24.03		35,98.98	
			1496,81.32		1025,87.06
II Expenditure					
a) Raw and Packing Materials Consumed	(11)	123,06.96		44,18.72	
b) Purchase of Finished Goods		798,71.70		628,19.54	
c) Increase in Work-in-Progress and Finished Goods	(12)	(73,64.12)		(25,07.52)	
d) Manufacturing, Administrative and Selling Expenses	(13)	453,48.42		273,12.92	
e) Depreciation/Amortisation		14,99.53		11,25.03	
f) Interest	(14)	3.00		3.87	
			1316,65.49		931,72.56
III Profit Before Tax			180,15.83		94,14.50
IV Provision For Taxation					
Current Tax [Includes Wealth Tax ₹ 5.00 Lakhs (2010 : ₹ 5.00 Lakhs)]		59,30.00		33,90.00	
Deferred Tax Credit (Net)		(3,78.69)		(2,00.85)	
Prior Year Tax (Net)		4,25.22		1,31.83	
			59,76.53		33,20.98
V Profit After Tax			120,39.30		60,93.52
VI Balance Brought Forward From Previous Year			263,44.69		235,71.43
			383,83.99		296,64.95
VII Appropriations					
a) Proposed Dividend					
For the year ended December 31, 2011			(36,12.38)		-
For the period ended December 31, 2010			-		(23,24.79)
b) Corporate Dividend Tax					
For the year ended December 31, 2011			(5,86.02)		-
For the period ended December 31, 2010			13.95		(3,86.12)
c) Revenue Reserve			(12,03.93)		(6,09.35)
VIII Balance Carried Forward			329,95.61		263,44.69
Earnings per share - Basic and Diluted			₹ 56.66		₹ 44.56
Face Value per Share			₹ 10.00		₹ 10.00
Profit After Tax available to Equity Shareholders			120,39.30		60,93.52
Weighted Average Number of Shares used in computing Earnings Per Share - Basic and Diluted			2,12,49,302		1,36,75,240
Significant Accounting Policies and Notes to the Accounts	(15)				

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

B. P. Shroff
Partner

Place : Mumbai
Date : February 28, 2012

For and on behalf of the Board

Vivek Mohan
Managing Director

Ashok Dayal
Director

R. A. Shah
Director

Krupa Anandpara
Company Secretary

Place : Mumbai
Date : February 28, 2012

Cash Flow Statement

For the year ended December 31, 2011

₹ in Lakhs

		Year Ended December 31, 2011		For the period December 1, 2009 to December 31, 2010	
A	**Cash Flow from operating activities :**				
	Net Profit before tax		180,15.83		*94,14.50*
	Adjustments for :				
	Depreciation/ Amortisation	14,99.53		*11,25.03*	
	Net Loss / (Profit) on Sale of Fixed Assets	(12.84)		*14.14*	
	Unrealised Loss / (Gain) on Foreign Exchange	2,12.35		*(10.08)*	
	Provision for Doubtful Debts/ Bad Debts written off	2,37.85		*79.63*	
	Provision for Likely Sales Returns, Date Expiries and Damaged Products	99.11		*1,31.57*	
	Dividend from Non-Trade Current Investments	(56.01)		-	
	Profit on Sale of Current Investments (Net)	(0.12)		-	
	Interest Income (Net of Expense)	(18,40.14)		*(6,82.98)*	
			1,39.73		*6,57.31*
	Operating Profit before working capital changes		181,55.56		*100,71.81*
	Adjustments for :				
	Trade and Other Receivables	(67,66.63)		*(22,81.39)*	
	Inventories	(72,80.09)		*(26,20.96)*	
	Trade Payables and Other Liabilities	43,18.93		*43,40.99*	
			(97,27.79)		*(5,61.36)*
	Cash generated from operations		84,27.77		*95,10.45*
	Direct taxes paid Net of Refund		(60,21.18)		*(49,04.07)*
	Net cash generated from operating activities		24,06.59		*46,06.38*
B	**Cash flow from investing activities :**				
	Purchase of Fixed Assets		(15,50.44)		*(12,13.52)*
	Purchase of Investments		(23.72)		-
	Proceeds from Sale of Investments		36,90.30		-
	Proceeds on Sale of Fixed Assets		23.93		*12.07*
	Investment in Fixed Deposits maturing beyond 3 months		(31,71.89)		*(9,82.71)*
	Dividend from Non-Trade Current Investments		56.01		-
	Interest Received		15,34.83		*6,09.33*
	Net cash generated from/ (used in) investing activities		5,59.02		*(15,74.83)*
C	**Cash flow from financing activities :**				
	Cash paid for Fractional Entitlements (Refer Note 4 below)		(7.40)		-
	Dividends paid		(41,98.50)		*(27,19.89)*
	Interest paid		(3.00)		*(3.87)*
	Net cash used in financing activities		(42,08.90)		*(27,23.76)*
D	**Net increase/ (decrease) in cash and cash equivalents (A+B+C)**		(12,43.29)		*3,07.79*
E	**Cash and cash equivalents at the beginning of the year**		72,29.28		*69,21.49*
F	**Cash and cash equivalents acquired on Amalgamation** (Refer Note B(2)-Schedule 15)		51,14.55		-
G	**Cash and cash equivalents at the close of the year (D + E + F)**		111,00.54		*72,29.28*

Cash Flow Statement

For the year ended December 31, 2011

Notes to the Cash Flow Statement for the year ended December 31, 2011.

₹ in Lakhs

		Year Ended December 31, 2011	For the period December 1, 2009 to December 31, 2010
1	Cash and Bank Balances at the end of the year (Refer Schedule 6)........	**258,94.56**	*188,51.41*
	Less: Deposits having maturity beyond 3 months (Refer Note 3 below)	**147,94.02**	*116,22.13*
	Cash and Cash Equivalents at the close of the year - as restated (Refer Note 2 below)	**111,00.54**	*72,29.28*

2 Cash and Cash Equivalents includes an amount of ₹ 2,21.94 Lakhs (2010 : ₹ 1,91.53 Lakhs) being balance in Unclaimed Dividend Accounts

3 Cash and Bank includes an amount of ₹ 2,59.92 Lakhs (2010 : ₹ 1,97.13 Lakhs) placed as security against the guarantees provided by the bank.

4 The Amalgamation of erstwhile Solvay Pharma India Limited with the Company is a non cash transaction (Refer Note B(2)-Schedule 15) except for cash paid towards fractional entitlement of shareholders of erstwhile Solvay Pharma India Limited which has been included under Cash Flow from Financing Activities above.

5 The figures of the previous period are regrouped/ rearranged wherever considered necessary.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

B. P. Shroff
Partner

Place : Mumbai
Date : February 28, 2012

For and on behalf of the Board

Vivek Mohan
Managing Director

Ashok Dayal
Director

R. A. Shah
Director

Krupa Anandpara
Company Secretary

Place : Mumbai
Date : February 28, 2012

Schedules

Annexed to and forming part of the Balance Sheet as at December 31, 2011

₹ in Lakhs

		As at December 31, 2011		As at December 31, 2010
1 Share Capital				
Authorised:				
2,17,00,000 (2010 : 1,62,00,000) Equity Shares of ₹ 10 each..............		21,70.00		16,20.00
58,00,000 (2010 : 58,00,000) Unclassified Shares of ₹ 10 each..........		5,80.00		5,80.00
		27,50.00		22,00.00
Issued, Subscribed and Paid Up :				
[Refer Note B(2)-Schedule 15]				
2,12,49,302 (2010 : 1,36,75,240) Equity Shares of ₹ 10 each fully paid		21,24.93		13,67.52
Per Balance Sheet		21,24.93		13,67.52
1,09,42,047 (2010 : 94,28,184) Equity Shares are held by Abbott Capital India Ltd. U.K, the holding company				
37,44,951 (2010 : Nil) Equity Shares are held by Abbott Healthcare Products Ltd., U.K				
14,70,000 (2010 : Nil) Equity Shares are held by British Colloids Ltd., U.K				
The ultimate holding company is Abbott Laboratories, USA				
Of the above :				
75,74,062 (2010 : Nil) Equity Shares were allotted to shareholders of erstwhile Solvay Pharma India Ltd. pursuant to a scheme of amalgamation with the Company. [Refer Note B(2)-Schedule 15]				
Before Buy-back of Shares :				
a) 99,995 (2010 : 99,995) Equity Shares were allotted as fully paid pursuant to a contract without payment being received in cash				
b) 1,50,99,570 (2010 : 1,50,99,570) Equity Shares were issued as fully paid Bonus Shares by capitalisation of Share Premium and Revenue Reserve				
c) 25,000 (2010 : 25,000) Equity Shares were allotted to the financial institutions on conversion of 5% of Debentures into Equity shares				
2 Reserves And Surplus				
Amalgamation Reserve :				
Balance as per last Balance Sheet		37.82		37.82
Capital Reserve :				
Balance as per last Balance Sheet		5,22.62		5,22.62
Capital Redemption Reserve :				
Balance as per last Balance Sheet		2,52.48		2,52.48
Revenue Reserve :				
Balance as per last Balance Sheet	20,13.10		14,03.75	
Add : Transferred from Profit and Loss Account..........	12,03.93		6,09.35	
Add : Addition on Amalgamation (Refer Note B(2)-Schedule 15)	152,63.77		-	
		184,80.80		20,13.10
Surplus as per Profit and Loss Account		329,95.61		263,44.69
Per Balance Sheet		522,89.33		291,70.71

Schedules

Annexed to and forming part of the Balance Sheet as at December 31, 2011

₹ in Lakhs

3 Fixed Assets

	Gross Block At Cost					Depreciation/ Amortisation					Net Block	
	As at January 1, 2011	Additions on Amalgamation (Refer Note B(2)-Schedule 15)	Additions/ Transfers during the year	Disposals during the year	As at December 31, 2011	As at January 1, 2011	Additions on Amalgamation (Refer Note B(2)-Schedule 15)	For the year	On Disposals during the year	As at December 31, 2011	As at December 31, 2011	As at December 31, 2010
Tangible Assets												
Leasehold Land	47.62	-	-	-	**47.62**	7.93	-	0.51	-	**8.44**	**39.18**	*39.69*
Leasehold Improvements	1,37.21	-	0.66	-	**1,37.87**	1,17.60	-	10.99	-	**1,28.59**	**9.28**	*19.61*
Buildings	36,64.91	33,11.52	23.07	-	**69,99.50**	20,26.53	6,48.12	2,42.32	-	**29,16.97**	**40,82.53**	*16,38.38*
Machinery and Equipment	55,12.87	24.01	8,70.24	88.37	**63,18.75**	30,08.35	23.34	5,10.14	72.34	**34,69.49**	**28,49.26**	*25,04.52*
Furniture, Fittings and Office Equipment	21,64.99	8,65.72	5,40.49	2,32.78	**33,38.42**	15,20.65	5,85.17	6,32.40	2,44.16	**24,94.06**	**8,44.36**	*6,44.34*
Vehicles	2,93.18	7.52	15.56	72.34	**2,43.92**	1,69.12	7.52	31.32	59.85	**1,48.11**	**95.81**	*1,24.06*
Total (A)	118,20.78	42,08.77	14,50.02	3,93.49	**170,86.08**	68,50.18	12,64.15	14,27.68	3,76.35	**91,65.66**	**79,20.42**	*49,70.60*
Intangible Assets												
Software	-	1,54.47	60.38	-	**2,14.85**	-	97.37	71.85	-	**1,69.22**	**45.63**	-
Trade Marks	-	18,79.83	-	-	**18,79.83**	-	18,79.83	-	-	**18,79.83**	**-**	-
Total (B)	-	20,34.30	60.38	-	**20,94.68**	-	19,77.20	71.85	-	**20,49.05**	**45.63**	-
Current Year (A) + (B)	**118,20.78**	**62,43.07**	**15,10.40**	**3,93.49**	**191,80.76**	**68,50.18**	**32,41.35**	**14,99.53**	**3,76.35**	**112,14.71**	**79,66.05**	*49,70.60*
Previous period - December 1, 2009 to December 31, 2010	*107,10.36*	-	*12,42.70*	*1,32.28*	*118,20.78*	*58,31.22*	-	*11,25.03*	*1,06.07*	*68,50.18*		
Capital Work-in-Progress and Advances there against, at cost											**1,35.02**	*86.38*
							Per Balance Sheet				**81,01.07**	*50,56.98*

Notes :

1 Included in buildings is an amount of ₹ 2,450.00 (2010 : ₹ 2,450.00) representing value of shares in co-operative housing societies, of which share certificates of ₹ 500.00 (2010 : ₹ 500.00) are yet to be received.

2 Included in Machinery and Equipment are Anesthetic equipments installed at various Hospitals free of cost with the intention of procuring business for the Company's products.

The related values in respect of such Anesthetic equipments are as under :

₹ in Lakhs

Class of Asset		Gross Carrying Amount	Depreciation for the year	Accumulated Depreciation
Machinery and Equipment	2011 :	27,11.99	2,68.55	14,50.20
	Previous Period :	*23,14.97*	*2,72.53*	*11,81.65*

Schedules

Annexed to and forming part of the Balance Sheet as at December 31, 2011

₹ in Lakhs

		As at December 31, 2011		As at December 31, 2010
4 Inventories				
Raw Materials		38,04.21		3,47.12
Packing Materials		2,44.41		1,04.87
Work-in-Progress		90.74		72.36
Finished Goods (Refer Note B(17)(b)-Schedule 15)		213,50.40		123,34.27
Per Balance Sheet		254,89.76		128,58.62
5 Sundry Debtors - Unsecured				
Debts outstanding for a period exceeding six months :				
Considered Good	5,89.76		89.63	
Considered Doubtful	90.67		2,87.35	
	6,80.43		3,76.98	
Less: Provision for Doubtful Debts	90.67	5,89.76	2,87.35	89.63
Other Debts :				
Considered Good	126,71.71		64,37.98	
Considered Doubtful	4,69.14		15.89	
	131,40.85		64,53.87	
Less: Provision for Doubtful Debts	4,69.14	126,71.71	15.89	64,37.98
Per Balance Sheet		132,61.47		65,27.61
6 Cash And Bank Balances				
Cash, Cheques and Stamps on Hand		0.99		0.95
With Scheduled Banks :				
On Current Account		20,68.79		35,28.34
On Deposit Account #		238,24.78		153,22.12
Per Balance Sheet		258,94.56		188,51.41
# Includes an amount of ₹ 2,59.92 Lakhs (2010 : ₹ 1,97.13 Lakhs) placed as security against tender deposit / guarantees provided by the Bank.				
7 Other Current Assets				
Interest accrued but not due on Bank Deposits		4,63.28		1,20.49
Per Balance Sheet		4,63.28		1,20.49
8 Loans And Advances				
(Unsecured, Considered Good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received. (Refer Note B(4)-Schedule 15)		28,79.26		6,82.90
Sundry Deposits		6,00.93		5,20.52
Balances with Customs and Excise on Current Account		1.80		2.74
For Taxation :				
Current Income Tax [Net of Provisions of ₹ 220,29.65 Lakhs (2010 : ₹ 139,04.78 Lakhs)]		22,75.55		7,21.93
Fringe Benefit Tax [Net of Provisions of ₹ 1,57.86 Lakhs (2010 : ₹ Nil)]		2.27		-
Per Balance Sheet		57,59.81		19,28.09

Schedules

Annexed to and forming part of the Balance Sheet as at December 31, 2011

₹ in Lakhs

	As at December 31, 2011		As at December 31, 2010	
9 Current Liabilities And Provisions				
A Current Liabilities :				
Sundry Creditors :				
Total outstanding dues to Micro Enterprises and Small Enterprises (Refer Note B(29)-Schedule 15)	2,39.91		77.73	
Total outstanding dues to other creditors.	117,73.14		56,97.60	
Unclaimed Dividends	2,21.94		1,91.53	
Other Liabilities	38,07.20		38,29.34	
		160,42.19		97,96.20
B Provisions :				
For Taxation :				
Current Income Tax [Net of Advance Tax ₹ 337,44.07 Lakhs (2010 : ₹ 264,02.12 Lakhs)]	26,40.87		11,30.08	
Fringe Benefit Tax [Net of Advance Tax ₹ 7,72.66 Lakhs (2010 : ₹ 5,55.16 Lakhs)]	19.39		18.48	
For Proposed Dividend	36,12.38		23,24.79	
For Corporate Dividend Tax	5,86.02		3,86.12	
For Employee Benefits (Refer Note B(25)-Schedule 15)	13,51.93		9,30.92	
For Likely Sales Returns, Date Expiry and Damaged Products (Refer Note B(19)-Schedule 15)	9,23.18		1,99.44	
		91,33.77		49,89.83
Per Balance Sheet		251,75.96		147,86.03

Annexed to and forming part of the Profit and Loss Account for the year ended December 31, 2011

₹ in Lakhs

	As at December 31, 2011	As at December 31, 2010
10 Other Income		
Input Tax Credit	4,78.42	2,99.30
Insurance Claims	46.34	45.33
Interest received on Deposits and Others [Tax deducted at source ₹ 1,64.06 Lakhs (2010 : ₹ 48.76 Lakhs)]	18,43.14	6,86.85
Dividend from non-trade current investments	56.01	-
Profit on sale of current investments (Net)	0.12	-
Income from Fellow Subsidiaries (Refer Note B(16) - Schedule 15) [Tax deducted at source ₹ 1,47.62 Lakhs (2010 : ₹ 1,39.72 Lakhs)]	17,17.28	17,42.81
Profit on Sale of Fixed Assets	33.33	4.88
Miscellaneous Income	9,49.39	8,19.81
Per Profit And Loss Account	51,24.03	35,98.98

Schedules

Annexed to and forming part of the Profit and Loss Account for the year ended December 31, 2011

₹ in Lakhs

	As at December 31, 2011		As at December 31, 2010	
11 Raw And Packing Materials Consumed				
Opening Stock				
Raw Materials	3,47.12		2,09.06	
Packing Materials	1,04.87	4,51.99	1,29.49	3,38.55
Add : Addition on account of Amalgamation (Refer Note B(2)-Schedule 15)				
Raw Materials	35,67.58		-	
Packing Materials	1,13.10	36,80.68	-	-
Add : Purchases				
Raw Materials	99,28.05		28,86.94	
Packing Materials	22,94.86	122,22.91	16,45.22	45,32.16
		163,55.58		48,70.71
Less : Closing Stock				
Raw Materials	38,04.21		3,47.12	
Packing Materials	2,44.41	40,48.62	1,04.87	4,51.99
Per Profit And Loss Account		123,06.96		44,18.72
12 Increase In Work-In-Progress And Finished Goods				
Opening Stock				
Work-in-Progress	72.36		87.55	
Finished Goods	123,34.27	124,06.63	98,11.56	98,99.11
Add : Addition on account of Amalgamation (Refer Note B(2)-Schedule 15)				
Work-in-Progress	-		-	
Finished Goods	16,70.39	16,70.39	-	-
		140,77.02		98,99.11
Less : Closing Stock				
Work-in-Progress	90.74		72.36	
Finished Goods	213,50.40	214,41.14	123,34.27	124,06.63
Per Profit And Loss Account		(73,64.12)		(25,07.52)

Schedules

Annexed to and forming part of the Profit and Loss Account for the year ended December 31, 2011

₹ in Lakhs

		As at December 31, 2011		As at December 31, 2010
13 Manufacturing, Administrative And Selling Expenses				
Salaries, Wages and Bonus		147,08.62		96,22.08
Contribution to Provident and other Funds		12,88.31		9,16.85
Workmen and Staff Welfare Expenses		7,37.98		5,80.72
Consumption of Stores		2,37.64		1,72.11
Power and Fuel		8,37.17		6,97.00
Repairs and Maintenance				
Buildings		78.96		57.88
Machinery		1,13.90		98.67
Others		7,19.18		5,37.87
Rent		7,90.74		5,72.69
Insurance		1,89.29		91.31
Rates and Taxes		6,57.13		4,00.78
Loss on Fixed Assets Sold / Discarded		20.49		19.02
Advertising and Publicity		88,32.99		48,69.66
Forwarding Charges		20,25.88		14,26.29
Travelling and Business Meetings		56,15.81		27,19.77
Commission to Carrying & Forwarding Agents		11,56.00		4,25.31
Export Commission		71.80		71.80
Exchange Loss (Net)		4,29.95		25.68
Bad Debts written off	12.49		1,09.03	
Less : Adjusted against earlier year's provision	12.49	-	1,09.03	-
Provision for Doubtful Debts		2,37.85		79.63
Legal and Professional Fees		25,74.22		6,69.67
Excise Duty (Refer Note B(22)-Schedule 15)		1,50.50		87.39
Stamp Duty on Amalgamation (Refer Note B(2)-Schedule 15)		7,02.01		-
Miscellaneous Expenses		31,72.00		31,70.74
Per Profit And Loss Account		453,48.42		273,12.92
14 Interest				
On Duties/Taxes		0.76		2.26
On Others		2.24		1.61
Per Profit And Loss Account		3.00		3.87

Significant Accounting Policies and Notes to the Accounts

15. Significant Accounting Policies and Notes Annexed to and Forming Part of the Balance Sheet as at December 31, 2011 and Profit and Loss Account for the Year Ended on that Date

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the Accounting Standards as notified in the Companies (Accounting Standards) Rules, 2006.

2. Use of Estimates

The preparation and presentation of financial statements is in conformity with the generally accepted accounting principles which requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

3. Revenue Recognition

Sales are recognised when the risk and reward of ownership is passed on to the customers, which is generally on despatch of goods. Net Sales are stated exclusive of excise duty, sales tax and are net of sales returns, trade discounts and anticipated returns on expiry thereof, made on the basis of management expectation taking into account past experience.

Dividend income is recognised when the right to receive the dividend is unconditional at the balance sheet date.

Interest income is recognised on the time proportion basis.

4. Fixed Assets and Depreciation/ Amortisation

All Fixed Assets are stated at Cost of Acquisition less Accumulated Depreciation / Amortisation and Impairment in Value, if any. Cost comprises of the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Depreciation has been provided on the Written Down Value method at the rates specified in Schedule XIV of the Companies Act, 1956 except in respect of computers, photocopiers, facsimile machines, modems and appliances where depreciation has been provided at 80%, which are included in Furniture, Fittings and Office Equipment. Depreciation on addition / deletion to Fixed Assets during the year is provided on a pro-rata basis. Cost of purchased software and Trade Marks is amortised over a period of 3 to 5 years. Cost of Leasehold land / Improvement is amortised over the period of lease. Fixed Assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition.

5. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the Cash Generating Unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment loss is reversed.

6. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates that approximate the actual rate prevailing at the date of transaction. Monetary items denominated in foreign currencies at the year end are translated at year end rates. In respect of monetary items covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. The exchange differences arising on settlement / translation are recognised in the Profit and Loss Account.

7. Investments

Long term Investments are carried at cost less provision, if any, for other than temporary diminution in value of such investments. Current Investments are stated at lower of cost and fair value.

8. Inventories

Inventories are valued at lower of standard cost adjusted for variances and net realisable value. Cost is determined on First-In-First-Out basis. Cost of Work-In-Progress and Finished Goods includes labour and manufacturing overheads, wherever applicable.

Significant Accounting Policies and Notes to the Accounts

9. Research and Development

Capital expenditure on Research and Development is capitalised as Fixed Assets and depreciated in accordance with the depreciation policy of the Company. The Revenue expenditure on Research and Development is charged to Profit and Loss Account in the year in which it is incurred.

10. Employee benefits

(i) Post-employment Benefits

(a) Defined Contribution Plans :

The Company has Defined Contribution Plans for post employment benefits, charged to Profit and Loss Account, in the form of :

- Provident Fund/ Employees' Pension Fund administered by the Regional Provident Fund Commissioner, Mumbai;
- Superannuation Fund as per Company policy administered by Life Insurance Corporation of India, Mumbai;
- Employees' Deposit Linked Insurance Scheme, 1976 under Employees' Provident Fund and Miscellaneous Provisions Act, 1952, administered by Life Insurance Corporation of India, Mumbai ; and
- Group Life Insurance cover, as per Company policy.

(b) Defined Benefit Plans :

1. Funded Plan: The Company has a Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees administered through a trust, funded with Life Insurance Corporation of India, Mumbai.
2. Unfunded Plan: The Company has unfunded Defined Benefit Plans in the form of Compensated Absences (CA), Long Service Benefits (LSB) and Post Retirement Medical Benefits (PRMB) as per Company policy.

Liability for the above Defined Benefit Plans is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

(ii) The Actuarial gains and losses arising during the year are recognised in the Profit and Loss Account for the year.

11. Excise Duty

Excise Duty paid on goods manufactured by the Company and remaining in inventory, is included as part of value of Finished Goods.

12. Leases

Lease rentals /Licence fees in respect of assets under Operating Lease are charged off to Profit and Loss Account, as incurred.

13. Taxation

The provision for Income Tax is made at the rate of tax as applicable for the income of the previous year as defined under the Income Tax Act, 1961

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates, as applicable, to the extent that the timing differences are expected to crystallise.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In respect of carried forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is a virtual certainty that sufficient future taxable income would be available against which such deferred tax assets can be realised.

14. Provisions, Contingent Liabilities & Contingent Assets

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made.

Provisions are not discounted and are determined based on best estimate required to settle the obligation at each Balance Sheet date. Provisions are reviewed at each Balance Sheet date and are adjusted to effect the current best estimation.

A contingent liability is disclosed where the possibility of an outflow of resources embodying the economic benefits is possible.

Contingent assets are not recognised in Financial Statements as they may never be realised.

Significant Accounting Policies and Notes to the Accounts

B. Notes

1. With effect from the previous financial period, the Company had changed its accounting year from year ended November 30 to year ended December 31. Accordingly, the financial statements for the previous period are for a period of 13 months from December 1, 2009 to December 31, 2010. Hence, the figures for the current accounting year are not comparable with those of the previous accounting period.

2. (a) The Scheme of Amalgamation ('Scheme') of erstwhile Solvay Pharma India Limited (hereinafter referred to as "Solvay Pharma") with the Company was sanctioned by the Hon'ble High Court of Bombay vide its Order dated July 15, 2011. A copy of the said order was filed with the Registrar of Companies on August 10, 2011 ('Effective Date').

   (b) The swap ratio for the merger was 2:3 i.e. every two shares of Solvay Pharma entitled their holder's to three shares of Abbott India Limited. The shares were allotted on September 7, 2011 ('Date of Allottment'). The fractional entitlement of shares (equivalent to 497 shares) were paid in cash with reference to the price prevailing on Date of Allotment.

   (c) Under the Scheme, the amalgamation took place effective January 1, 2011 ('The Appointed Date'). The Scheme has accordingly been given effect to in these financial statements which include the assets, liabilities and reserves of Solvay Pharma with effect from Appointed Date and the results for the period January 1, 2011 to December 31, 2011.

   (d) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard 14 (AS 14) "Accounting for Amalgamations".

   (i) Accordingly, the assets aggregating ₹ 214,65.60 Lakhs and liabilities aggregating ₹ 54,37.03 Lakhs of Solvay Pharma as at December 31, 2010 have been taken over at their book values after adjusting financial effect of retrospective change in method of depreciation from straight line method to written down value method aggregating ₹ 5,64.03 Lakhs.

   (ii) In accordance with the swap ratio, the Company allotted additional share capital of ₹ 2,52.44 Lakhs (over the share capital of Solvay Pharma of ₹ 5,04.98 Lakhs as on December 31, 2010) to the shareholders of Solvay Pharma and cash aggregating ₹ 7.40 Lakhs was paid to shareholders of Solvay Pharma for fractional entitlement of shares.

   (iii) Revenue Reserves of Solvay Pharma as on December 31, 2010 were ₹ 160,87.64 Lakhs. After reducing (a) the financial effect of change in the method of depreciation aggregating ₹ 5,64.03 Lakhs (Refer (d)(i) above); (b) additional share capital issued aggregating ₹ 2,52.44 Lakhs (Refer (d)(ii) above); and (c) cash paid for fractional entitlements aggregating ₹ 7.40 Lakhs (Refer (d)(ii) above), the balance Revenue Reserves of ₹ 152,63.77 Lakhs were taken over by the Company, as at January 1, 2011, on amalgamation with Solvay Pharma.

   (e) As on December 31, 2011, certain assets, liabilities and arrangements remain in the name of Solvay Pharma pending completion of certain formalities of transfer pursuant to the Scheme mentioned above.

   (f) Solvay Pharma was engaged in the business of manufacturing and trading of pharmaceutical products and the primary segment for classification of business activities is "Pharmaceuticals".

   (g) In view of the aforesaid amalgamation with effect from January 1, 2011, the figures for the current accounting year are not comparable with those of the prior accounting period.

3. **Contingent Liabilities**

   a. In February 1996, the Government had made a tentative claim for a sum of ₹ 11,11.66 Lakhs to be paid into the Drugs Prices Equalisation Account (DPEA) on account of unintended benefit allegedly enjoyed by the Company during the period May 1, 1981 to August 25, 1987. This was contested by the Company and subsequently during the year ended November 30, 2005, a final demand was received for ₹ 3,46.64 Lakhs (including interest of ₹ 1,90.39 Lakhs upto March 31, 2004). The Company, being aggrieved of the said demand and based on legal advice obtained in this regard, contested the above final demand of ₹ 3,46.64 Lakhs and filed a Writ Petition before the Bombay High Court to restrain the Government from recovering the said amount. The Bombay High Court has admitted the Writ Petition and granted stay of the recovery of the amount of ₹ 3,46.64 Lakhs subject to the Company furnishing a Bank Guarantee in respect of the principal amount of ₹ 1,56.25 Lakhs. The said Bank Guarantee has been furnished. The Company however, out of abundant caution and based on its understanding of the facts and circumstances of the case provided for a sum of ₹ 87.42 Lakhs (2010: ₹ 83.51 Lakhs) including interest liability till date.

Significant Accounting Policies and Notes to the Accounts

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
b. Claims against the Company, not acknowledged as debts, in respect of :		
(i) Sales Tax, Central Excise and Service Tax demands under appeals	10,93.52	5,28.01
(ii) Income Tax demands under appeals	1,31.09	-
(iii) Reimbursement claimed by third party	47.84	47.84
c. Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances)	4,91.26	1,14.22
d. In respect of the guarantees issued by the banks.	1,41.56	2,41.63
4. Advances recoverable in cash or for value to be received includes :		
a. Amount recoverable from companies under same management within the meaning of Section 370 (1B) of the Companies Act, 1956		
(i) Abbott Laboratories (Singapore) Pvt. Ltd., Singapore Maximum amount due during the year ₹ 33.76 Lakhs (2010 : ₹ 14.84 Lakhs)	-	-
(ii) Abbott Healthcare Pvt Limited, India Maximum amount due during the year ₹ 2,45.06 Lakhs (2010 : ₹ 2,24.69 Lakhs)	25.53	25.53
(iii) Abbott International Limited, USA Maximum amount due during the year ₹ 75.85 Lakhs (2010 : ₹ 77.90 Lakhs)	40.22	31.10
(iv) Solvay Pharma, India Maximum amount due during the year ₹ Nil (2010 : ₹ 91.73 Lakhs)	-	-
(v) Abbott Mature Products Management Ltd., Ireland Maximum amount due during the year ₹ Nil (2010 : ₹ 78.01 Lakhs)	-	-
(vi) Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone) Maximum amount due during the year ₹ 10.22 Lakhs (2010 : ₹ 11.92 Lakhs)	-	10.19
(vii) Abbott Korea Limited, Korea Maximum amount due during the year ₹ Nil (2010 : ₹ 11.69 Lakhs)	-	-
(viii) Abbott Products Operations AG., Switzerland Maximum amount due during the year ₹ 48.53 Lakhs (2010 : ₹ Nil)	18.50	-
(ix) Abbott Products GmbH. Germany Maximum amount due during the year ₹ 9.91 Lakhs (2010 : ₹ Nil)	7.00	-
b. Amount recoverable from Directors, Managers and Officers of the Company		
Maximum amount due during the year ₹ 3.50 Lakhs (2010 : ₹ Nil)	3.50	-

Significant Accounting Policies and Notes to the Accounts

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
5. Payment to Directors :		
a. Salary, other allowances and performance linked bonus	2,89.29	2,04.83
b. Contribution to provident and other funds [including provision for actuarially valued liability in respect of future payment of gratuity amounting to ₹ 5.16 Lakhs (2010 : ₹ 11.49 Lakhs)]	20.69	24.54
c. Perquisites	61.59	67.19
d. Director's Fees	7.10	9.90
Mr K. M. Marfatia was appointed as a Whole Time Director of the Company with effect from March 1, 2011. Accordingly year ended December 31, 2011 includes remuneration for Mr K. M. Marfatia for the period March 1, 2011 to December 31, 2011.		
Year ended December 31, 2011 excludes payments to Directors of Solvay Pharma for the period January 1, 2011 to December 31, 2011, in view of the amalgamation of Solvay Pharma into the Company w.e.f. January 1, 2011.		
Excludes ₹ 48.56 Lakhs (2010 : ₹ 32.85 Lakhs) estimated towards stock compensation expenses not borne by the Company (Refer Note B(26)–Schedule 15)		
6. Auditors' Remuneration (Including Service Tax) :		
As Auditors	73.90	52.37
Tax Audit	6.20	3.58
Tax Services *	16.55	6.80
Other Services	9.54	8.44
Reimbursement of out-of-pocket expenses	1.57	0.76
* Includes payment for taxation matters to an affiliated firm Deloitte Haskins & Sells, Baroda covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.		

7. Particulars in respect of goods manufactured :

a. Registered/Licensed Capacities :

In terms of Press Note No. 4 dated 25.10.1994 industrial licensing has been abolished in respect of formulations. The registered/ licensed capacities for formulations produced by the Company have therefore not been specified.

b. Installed Capacities :

Pharmaceutical Formulations	Unit	Quantity	Quantity
Tablets	Million	1,455.00	1,455.00
Liquids	Kilo Litre	4,880.00	4,880.00

The Installed capacities are on annual basis as on the last day of the Accounting year and are certified by the Management of the Company.

c. Actual Production :

Pharmaceutical Formulations	Unit	Quantity	Quantity
Tablets	Million	1,605.45	1,212.45
Liquids	Kilo Litre	3,732.15	3,982.22
Capsules	Million	45.25	-
Injectables	Thousand	7,481.25	-

Note : Actual production includes quantities produced in the factories of third parties on loan licence basis.

Significant Accounting Policies and Notes to the Accounts

8. Information in respect of Opening Stock, Purchases, Sales and Closing Stock of Finished Goods :

a.

			Opening Stock		Acquired on Amalgamation (Refer Note B (2)-Schedule 15)		Sales		Closing Stock	
			Quantity	₹ Lakhs	Quantity	₹ Lakhs	Quantity	₹ Lakhs	Quantity	₹ Lakhs
(i)	**Pharmaceutical Formulations (Units)**									
	Tablets (Million)	2011	568.56	22,17.51	68.07	9,85.62	2,934.63	553,95.74	540.01	45,17.22
		Previous period	495.34	18,70.06	-	-	2,425.97	266,31.63	568.56	22,17.51
	Capsules (Million)	2011	16.38	1,38.30	5.83	1,68.79	106.36	52,80.29	30.46	5,69.18
		Previous period	19.78	1,84.69	-	-	72.73	24,43.72	16.38	1,38.30
	Liquids (Kilo Litre)	2011	977.15	19,95.95	101.00	2,93.77	6,224.07	245,37.25	1,764.61	36,98.12
		Previous period	730.86	18,50.79	-	-	5,239.45	170,50.25	977.15	19,95.95
	Ointments (Tonne)	2011	17.21	1,36.62	-	-	28.24	4,93.81	10.16	82.44
		Previous period	3.58	26.57	-	-	26.79	4,58.52	17.21	1,36.62
	Injectables (Thousand)	2011	4,185.02	74,24.28	744.28	67.14	39,308.67	573,27.61	7,692.22	116,35.75
		Previous period	2,939.11	56,37.88	-	-	31,128.43	511,27.40	4,185.02	74,24.28
	Powder (Tonne)	2011	15.20	1,23.28	-	-	10.56	1,79.52	31.14	2,00.64
		Previous period	-	-	-	-	16.04	2,75.11	15.20	1,23.28
	Granules (Kgs)	2011	-	-	315.55	22.66	1,142.42	2,06.59	1,078.48	84.13
		Previous period	-	-	-	-	-	-	-	-
(ii)	**Others**	2011		1,87.99		10.21		11,36.48		2,57.21
		Previous period		1,40.02		-		10,01.45		1,87.99
	Excise Duty	2011		1,10.34		1,22.20		-		3,05.71
		Previous period		1,01.55		-		-		1,10.34
	Total	2011		123,34.27		16,70.39		1445,57.29		213,50.40
		Previous period		98,11.56		-		989,88.08		123,34.27

Significant Accounting Policies and Notes to the Accounts

b.

			Purchases	
			Quantity	₹ Lakhs
(i)	**Pharmaceutical Formulations .... (Units)**			
	Tablets .... (Million)	2011	**1,417.71**	**113,46.84**
		Previous period	*1,444.89*	*54,47.10*
	Capsules .... (Million)	2011	**83.17**	**9,21.67**
		Previous period	*79.44*	*7,65.20*
	Liquids .... (Kilo Litre)	2011	**3,657.61**	**99,09.36**
		Previous period	*2,024.29*	*52,22.10*
	Ointments .... (Tonne)	2011	**35.99**	**2,98.91**
		Previous period	*55.62*	*4,57.96*
	Injectables .... (Thousand)	2011	**34,802.90**	**557,19.64**
		Previous period	*32,426.89*	*496,13.12*
	Powder .... (Tonne)	2011	**31.28**	**2,99.96**
		Previous period	*34.78*	*2,83.50*
	Granules .... (Kgs)	2011	**2,324.59**	**1,93.36**
		Previous period	-	-
(ii)	**Others**	2011		**11,81.96**
		Previous period		*10,30.56*
	Total	2011		**798,71.70**
		Previous period		628,19.54

Note: The closing stocks stated above are after adjustments of samples, damages/breakages and expired goods. The difference in closing stock figures derived from opening stock, production, purchases and sales would be due to above factors.

9. Consumption of Raw Materials and Packing Materials : +

		Year ended December 31, 2011		For the period December 01, 2009 to December 31, 2010	
Item	Unit	Quantity	₹ Lakhs	Quantity	₹ Lakhs
Active Bulk Ingredients	Tonne	**2,584.75**	**89,94.05**	*2,753.17*	*21,69.06*
	Kilo Litre	**83.81**	**52.76**	*84.99*	*42.23*
	Thousands	**407.24**	**40.90**	-	-
Foils	Tonne	**336.96**	**6,42.99**	*257.66*	*3,60.82*
Miscellaneous			**25,76.26**		*18,46.61*
Total			**123,06.96**		*44,18.72*

+ Consumption has been arrived at by adding purchases to opening stock and deducting closing stock therefrom.

Significant Accounting Policies and Notes to the Accounts

₹ in Lakhs

		Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
10.	**Value of Imports calculated on C.I.F. basis :**		
	(a) Capital Goods	1,13.41	1,60.77
	(b) Finished Goods	48,25.66	35,87.81
	(c) Raw Materials and Packing Materials	68,14.20	2,96.27
	(d) Consumable stores	5.46	8.66
11.	**Expenditure in foreign currencies for :**		
	(a) Export Commission	71.80	71.78
	(b) Travel	2,65.25	1,43.57
	(c) Training	0.95	2.96
	(d) Material for Product Development	-	8.01
	(e) Software charges	78.96	-
	(f) Reimbursement for Market Development Expenses	73.52	41.99
	(g) Others	1,69.44	79.37
12.	**Consumption of Raw and Packing Materials :**		
	Indigenous : 45.8% (2010 : 98.8%)	56,41.03	43,65.84
	Imported : 54.2% (2010 : 1.2%)	66,65.93	52.88
	Total	123,06.96	44,18.72
13.	**Consumption of Stores :**		
	Indigenous : 96.9% (2010 : 92.3%)	2,30.39	1,58.92
	Imported : 3.1% (2010 : 7.7%)	7.25	13.19
	Total	2,37.64	1,72.11
14.	**Remittances made during the year in foreign currency on account of dividend :**		
	(a) Number of non-resident Shareholders	3	1
	(b) Equity Shares held on which dividend remitted (2011 includes 44,86,576 shares held by shareholders of Solvay Pharma)	1,39,14,760	94,28,184
	(c) Dividend remitted during the year/ period. (2011 includes dividend of ₹ 1,144.08 Lakhs remitted to shareholders of Solvay Pharma)	27,46.87	16,02.79
	The Company does not have any information as to the extent to which remittances, if any, in foreign currency on account of dividend have been made by non-resident shareholders.		
15.	**Earnings in Foreign Exchange :**		
	(a) Goods exported on FOB basis	5,87.71	7,42.72
	(b) Reimbursement of Expenses/ Earnings from Affiliates	5,19.28	4,90.08

Significant Accounting Policies and Notes to the Accounts

₹ in Lakhs

		Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
16.	**Income from fellow subsidiaries includes :**		
	(a) Shared services rendered to Abbott Healthcare Private Limited, India	13,39.66	11,84.73
	(b) Sales Force Support Services rendered to Solvay Pharma, India	-	1,48.36
	(c) Support Services to Abbott International Limited, USA	3,49.59	3,23.62
	(d) Support Services to Abbott Laboratories (Singapore) Pte Ltd., Singapore	28.03	-
	(e) Support Services to Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone), Dubai	-	10.40
	(f) Product development services to Abbott Mature Products Management Ltd, Ireland	-	75.70
		17,17.28	17,42.81
17.	(a) Materials cost, Purchase of Finished Goods and Manufacturing, Administrative and Selling expenses include medical samples manufactured/purchased, valued at cost	18,67.55	13,44.18
	(b) Inventory of Finished Goods includes medical samples which, valued at actual cost, amounting to	6,80.46	4,93.36
18.	**Deferred Tax Asset/ (Liability) consists of :**		
	(a) Deferred Tax Liability :		
	Book/Tax depreciation difference	(4,34.74)	(4,09.62)
		(4,34.74)	(4,09.62)
	(b) Deferred Tax Asset :		
	Provision for Compensated Absences	2,18.63	1,07.39
	Provision for Doubtful Debts	1,81.63	1,00.73
	Disallowance under Section 35DD of the Income Tax Act, 1961	2,11.92	-
	Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	2,13.50	1,82.56
	Others	2,29.33	-
		10,55.01	3,90.68
	Net Deferred Tax Asset/ (Liability)	6,20.27	(18.94)
19.	**Disclosure as per Accounting Standards (AS 29) for provisions is as under :**		
	Provision for likely sales returns, date expiry and damaged products :		
	Carrying Amount at the beginning of the year	1,99.44	67.87
	Add: Addition on Amalgamation (Refer Note B(2)-Schedule 15)	6,24.63	-
	Add : Net amount provided during the year	99.11	1,31.57
	Carrying Amount at the end of the year	9,23.18	1,99.44

Significant Accounting Policies and Notes to the Accounts

20. Information regarding Forward Contracts :

		Foreign Currency		₹ in Lakhs	
		As at December 31, 2011	As at December 31, 2010	As at December 31, 2011	As at December 31, 2010
(a)	Forward Contracts outstanding (USD-Buy)	46,55,585.35	20,29,008.92	24,60.92	9,23.97
(b)	No of Contracts outstanding	10	6		

(c) The purpose of taking the forward cover is to hedge the risk arising due to foreign currency exposure.

(d) Foreign currency exposures as on the balance sheet date that have not been hedged by the Company under a forward cover are given below:

Amounts recoverable in foreign currency on account of the following :

(a)	Reimbursement of Expenses				
	USD	75,796.65	91,830.11	40.22	41.30
	EURO	35,913.00	-	25.49	-
(b)	Export of Finished Goods				
	USD	3,31,398.80	1,70,807.15	1,75.84	76.81
(c)	Others				
	USD	62,173.33	-	32.99	-

Amounts payable in foreign currency on account of the following :

(a)	Reimbursement of Expenses				
	USD	4,39,365.09	57,532.77	2,33.13	25.87
	EURO	9,907.58	5,894.21	6.79	3.53
	GBP	-	13,975.37	-	9.72
(b)	Import of Finished Goods/ Capital goods				
	USD	50,000.00	2,11,126.78	26.53	94.94
	GBP	49,183.61	60,383.92	40.24	41.98
	EURO	76,596.70	-	51.29	-
(c)	Others				
	USD	2,48,041.51	2,70,320.90	1,31.61	1,21.56

21. Disclosure for Operating leases :

(a) The Company has obtained various residential/ office premises (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These leases range between 11 months to 5 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms.

Total minimum lease payments in respect of non cancellable leases (including service tax) are as follows :

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Due :		
Not Later than one year	1,12.27	58.45
Later than one year but not later than five year	71.34	72.65
Total	1,83.61	1,31.10

Significant Accounting Policies and Notes to the Accounts

(b) Lease payments are recognised in the Profit and Loss Account under "Rent" in Schedule 13 Manufacturing, Administrative and Selling Expenses.

22. Excise Duty

Excise duty deducted from turnover represents amount of excise duty collected by the Company on sale of goods manufactured by the Company. Excise duty of ₹ 1,50.50 Lakhs (2010 : ₹ 87.39 Lakhs) included under Schedule 13 Manufacturing, Administrative and Selling Expenses represents mainly the difference in amount of excise duty on closing stock and opening stock of finished goods and excise duty paid on the goods distributed as free goods / medical samples.

23. Segment Reporting

The Company operates in one reportable business segment i.e "Pharmaceuticals" and one reportable geographical segment i.e. "Within India". Hence, no separate information for segment wise disclosure is applicable.

24. Related Party Disclosure

A. Parties where control exists :

Ultimate Holding Company : Abbott Laboratories, USA

Holding Company : Abbott Capital India Limited, UK

Other related parties with whom transactions have taken place during the year :

I) Fellow Subsidiaries :

Abbott Logistics BV, Netherlands
Abbott Laboratories Intl. Co., USA
Abbott Healthcare Private Ltd, India
Abbott Japan Co Ltd, Japan
Abbott Laboratories Ltd, UK
Abbott International Ltd, USA
Solvay Pharma, India
(for the period December 01, 2009 to December 31, 2010)
Abbott Laboratories (Singapore) Pte Ltd., Singapore
Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone), Dubai
British Colloids Ltd., U.K
Abbott Laboratories S.A., China
Abbott Laboratories SA, USA
Abbott SA NV, Belgium
Abbott GmbH & Co. KG, Germany
Abbott Products Operations AG. Switzerland
Abbott Products GmbH. Germany
Abbott Mature Products Management Ltd, Ireland
Abbott Products SAS, France
Abbott Laboratories Trading (Shanghai) Co., Ltd., China
Abbott Laboratories Ltd, Thailand
Abbott Healthcare Products Ltd., U.K

II) Key Management Personnel :

Mr V. Mohan – Managing Director

Mr K. M. Marfatia – Whole Time Director (with effect from March 1, 2011)

Mr N. Gadgil – Managing Director of Solvay Pharma till June 30, 2011

For year ended December 31, 2011 Key Managerial personnel includes Managing Director (including Managing Director of Solvay Pharma) and Whole Time Director.

B. Transactions during the year :

(1) Transactions with the Holding Company during the year :

(i) Remittance of Dividend :

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Abbott Capital India Limited, UK (includes dividend of ₹ 257.54 Lakhs of Solvay Pharma for year ended December 31, 2010)	**18,60.33**	*16,02.79*

Significant Accounting Policies and Notes to the Accounts

(2) Transactions with the Fellow Subsidiaries during the year :

(i) Remittance of Dividend :

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
British Colloids Ltd., U.K (includes dividend of ₹ 2,49.90 Lakhs of Solvay Pharma for year ended December 31, 2010)	2,49.90	-
Abbott Healthcare Products Ltd., U.K (includes dividend of ₹ 6,36.64 Lakhs of Solvay Pharma for year ended December 31, 2010)	6,36.64	-

(ii) Imports from Fellow Subsidiaries :

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Abbott Logistics BV, Netherlands		
Purchase of Finished Goods	36,84.43	*31,01.73*
Purchase of Raw Materials	9,41.00	*2,55.41*
Purchase of Consumables	1.21	-
Abbott Laboratories Intl. Co., USA		
Purchase of Finished Goods	6,83.91	*4,86.08*
Purchase of Capital Goods	1.59	*58.88*
Abbott Healthcare Private Ltd, India		
Purchase of Finished Goods	46.31	*41.43*
Abbott Japan Co Ltd, Japan		
Purchase of Raw Material	-	*40.86*
Abbott Products Operations AG. Switzerland		
Purchase of Raw Materials	56,13.92	-
Abbott Products GmbH. Germany		
Purchase of Finished Goods	4,57.33	-

(iii) Reimbursements from and to Fellow Subsidiaries :

₹ in Lakhs

	Reimbursement to		Reimbursement from	
	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Abbott Healthcare Private Ltd, India				
Interest Income	-	-	9.74	*4.33*
Other Expenses	2,73.37	-	-	-
Abbott Laboratories Ltd, UK				
Travel Expenses	-	*9.68*	-	-
Abbott International Ltd, USA				
Professional Fees, Travel and Other Expenses	47.80	*25.45*	41.42	*77.61*
Solvay Pharma, India				
Market Research Expenses	-	-	-	*38.71*

Significant Accounting Policies and Notes to the Accounts

₹ in Lakhs

	Reimbursement to		Reimbursement from	
	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Abbott Laboratories (Singapore) Pte Ltd., Singapore				
Business Meetings and Travel Expenses	1,26.52	*39.39*	-	*2.75*
Abbott Laboratories Trading (Shanghai) Co., Ltd., China				
Other Expenses	10.13	-	-	-
Abbott Laboratories S.A., USA				
Other Expenses	14.20	*14.16*	-	-
Abbott SA NV, Belgium				
Other Expenses	6.84	*8.87*	-	-
Abbott Laboratories SA, China				
Other Expenses	5.26	-	-	-
Abbott Products Operations AG., Switzerland				
Other Expenses	-	-	86.63	-
Abbott Products GmbH., Germany				
Other Expenses	-	-	13.61	-
Abbott Products SAS, France				
Other Expenses	-	-	15.76	-
Abbott Laboratories Ltd, Thailand				
Other Expenses	-	*4.84*	-	-
Amount written back	-	-	4.84	-

(iv) Other Income from Fellow Subsidiaries :

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Abbott Healthcare Private Ltd, India		
Shared Service Income	13,39.66	*11,84.73*
Abbott International Ltd, USA		
Support Services	3,49.59	*3,23.62*
Solvay Pharma, India		
Marketing and Promotional Service	-	*1,48.36*
Abbott Laboratories (Singapore) Pte Ltd., Singapore		
Support Service for Recruitment	28.03	-
Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone), Dubai		
Support Service for Recruitment	-	*10.40*
Abbott Mature Products Management Ltd, Ireland		
Recovery of Product Development Expenses	-	*75.70*

Significant Accounting Policies and Notes to the Accounts

(v) Key Management Personnel Remuneration during the year :

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Mr V. Mohan	3,15.60	*2,96.56*
Mr K. M. Marfatia (With effect from March 1, 2011)	55.97	-
Mr N. Gadgil * (for period January 1, 2011 to June 30, 2011)	62.35	-

* Mr N. Gadgil was the Managing Director of Solvay Pharma.

C. Outstanding

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Payable to Fellow Subsidiaries		
Abbott Laboratories Intl. Co., USA	2,83.66	*18.80*
Abbott Logistics BV, Netherlands	21,53.60	*9,93.85*
Abbott Laboratories (Singapore) Pte Ltd., Singapore	1,48.02	*0.72*
Abbott Laboratories Ltd, Thailand	-	*4.68*
Abbott SA NV, Belgium	6.79	*3.53*
Abbott Laboratories SA, USA	4.04	*1.68*
Abbott Healthcare Pvt Ltd., India	1,05.17	*1,92.57*
Abbott International Ltd, USA	63.80	*13.54*
Abbott Laboratories Ltd, UK	-	*9.72*
Abbott Products SAS, France	37.37	-
Abbott Laboratories SA, China	5.36	-
Abbott Laboratories Trading (Shanghai) Co., Ltd.	11.91	-
Receivables from Fellow Subsidiaries		
Abbott International Ltd., USA	40.22	*31.10*
Abbott Healthcare Pvt Ltd., India	25.53	*25.53*
Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone), Dubai	-	*10.19*
Abbott Products Operations AG, Switzerland	18.50	-
Abbott Products GmbH., Germany	7.00	-
Receivable from Key Management Personnel and their Relatives		
Mr K. M. Marfatia	3.50	-

25. Employee Benefits :

The Accounting Standard-15 'Employee Benefits' notified in the Companies (Accounting Standards) Rules 2006, has been adopted by the Company.

The Company has classified the various benefits provided to employees as under :

1] Defined Contribution Plans

a. Provident Fund/ Employees' Pension Fund

b. Superannuation Fund

c. Employees' Deposit Linked Insurance Scheme

d. Group Life Insurance Cover

Significant Accounting Policies and Notes to the Accounts

During the year, the Company has recognised the following amounts in the Profit and Loss Account :

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Employer's Contribution to Provident Fund/ Employees' Pension Fund...	6,55.35	3,98.67
Employer's Contribution to Superannuation Fund	2,59.37	1,02.94
Employer's Contribution to Employees' Deposit Linked Insurance Scheme...	12.45	4.05
Premium paid in respect of Group Life Insurance Cover	10.03	7.48

The above amounts are included in Contribution to Provident and Other Funds and Workmen and Staff Welfare Expenses (Schedule 13 - Manufacturing, Administrative and Selling Expenses)

2] Defined Benefit Plans

a. Contribution to Gratuity Fund

Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provisions of The Payment of Gratuity Act 1972, or Company's Scheme whichever is more beneficial. Benefits would be paid at the time of the separation based on the respective Schemes.

b. Provision for Post Retirement Medical Benefits (PRMB)

Under this scheme, select group of senior employees and their spouse are covered for hospitalisation benefit after the employee has retired from the Company. The cover is available to these beneficiaries until they are alive. The Company has procured a group hospitalisation cover from an insurance company for providing these benefits to these beneficiaries. The insurance premium payable in respect of each beneficiary covered under this scheme is directly paid by the Company to the insurer. The insurance cover and premium varies from one beneficiary to another.

c. Provision for Compensated Absences (CA)

Benefits are payable to eligible employees of the Company on superannuation, death, permanent disablement and resignation on leave balance as per the Company's rules. Benefits would be paid at the time of separation based on last drawn base salary, variable dearness allowance and fixed dearness allowance.

d. Provision for Long Service Benefits (LSB)

Under this scheme, long service benefit accrues to the employees, while in service and is payable upon completion of stipulated service with the Company.

In accordance with Accounting Standard 15, relevant disclosures are as under :

(A) Changes in Defined Benefit Obligation

₹ in Lakhs

	Gratuity (Funded Scheme)		PRMB (Non funded Scheme)	
	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Defined Benefit Obligation at the beginning of the year	10,55.81	6,78.87	1,22.16	1,57.00
Acquired on Amalgamation (Refer Note B(2)-Schedule 15)	5,22.52	-	-	-
Current Service Cost	1,33.09	55.38	1.18	1.61
Interest Cost	1,34.24	60.04	9.78	13.33
Past Service Cost	9.76	2,58.62	-	-
Benefits Paid	(1,13.54)	(1,07.68)	(9.48)	(6.71)
Actuarial (Gain)/Loss on Obligations	2,12.47	1,10.58	40.12	(43.07)
Defined Benefit Obligation at the end of the year	19,54.35	10,55.81	1,63.76	1,22.16

Significant Accounting Policies and Notes to the Accounts

(B) Changes in Fair Value of plan assets for Gratuity (Funded Scheme)

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Fair Value of Plan Assets at the beginning of the year	8,25.12	6,92.97
Acquired on Amalgamation (Refer Note B(2)-Schedule 15)	5,07.92	-
Expected Actual Return on Plan Assets	1,07.63	54.90
Actuarial Gains / (Loss)	29.10	23.14
Contributions	4,53.61	1,61.79
Benefits Paid	(1,13.54)	(1,07.68)
Fair Value of Plan Assets at the end of the year	18,09.84	8,25.12

(C) Amounts recognised in Balance Sheet

₹ in Lakhs

	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Defined Benefit Obligation of Gratuity at the end of the year	19,54.35	10,55.81
Fair Value of Plan Assets at the end of the year	(18,09.84)	(8,25.12)
Liability/(Asset) recognised in the Balance Sheet – Included in Provisions (Schedule 9B)	1,44.51	2,30.69
Defined Benefit Obligation at end of the year for Non Funded Schemes (Included in Provisions (Schedule 9B)		
Compensated Absences	8,42.04	4,33.20
Long Service Benefits	1,01.90	69.83
Post Retirement Medical Benefits	1,63.76	1,22.16

(D) Expenses recognised in Profit & Loss Account

₹ in Lakhs

	Gratuity (Funded Scheme)		PRMB (Non Funded Scheme)	
	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
Current Service Cost	1,33.09	55.38	1.18	1.61
Interest Cost	1,34.24	60.04	9.78	13.33
Expected Return on Plan Assets	(1,07.63)	(54.90)	-	-
Net actuarial (Gain)/Loss recognised in the year	1,83.37	87.44	40.12	(43.07)
Past Service Cost	9.76	2,58.62	-	-
One Year Renewable Term Assurance (OYRTA) Premium	8.30	4.61	-	-
Total Expenses/ (Credit) recognised in the Profit and Loss Account included in Manufacturing, Administrative & Selling Expenses (Schedule 13)	3,61.13	4,11.19	51.08	(28.13)

Significant Accounting Policies and Notes to the Accounts

(E) Category of Plan Assets

The Company's Plan Assets in respect of Gratuity are funded through the Group Schemes of the Life Insurance Corporation of India.

(F) Actuarial Assumptions

In accordance with Accounting Standard-15, actuarial valuation as at the year end was performed in respect of the aforesaid defined benefit plans based on the following assumptions :

		Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
a.	Discount rate (per annum)	8.45%	8.15%
b.	Average Salary increase rate		
	– for Management	6.00%	6.00%
	– for Non-management	5.00%	5.00%
	The estimates of future salary increases, considered in the actuarial valuation, is primarily based on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		
c.	Rate of Return on Plan Assets (For Funded Scheme)	8.45%	7.50%
d.	Expected Retirement age of employees (years)	58/60 yrs, as applicable	58/60 yrs, as applicable
e.	Annual Increase in Healthcare Costs (per annum)	6.00%	6.00%
f.	Increase in Cost of Award (LSB)	6.00%	6.00%
g.	Rates of leaving service at specimen ages are shown as under :		
	Ages (years)		
	- 21 - 44	2.00%	2.00%
	- 45 & Above	1.00%	1.00%
h.	Mortality rates considered are as per the published rates in the Life Insurance Corporation (1994-96) Mortality table.	5.00%	5.00%

i. Leave Availment Pattern : Percentage of the leave balance as at the valuation date and each subsequent year following the valuation date will be availed by the employee. The balance leave is assumed to be available for encashment on separation from the Company.

(G) Sensitivity of Results to Medical Inflation Rate (for PRMB)

₹ in Lakhs

	1% Increase		1 % Decrease	
	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010	Year ended December 31, 2011	For the period December 01, 2009 to December 31, 2010
On Aggregate of Service Cost & Interest Cost	1.88	1.44	(1.57)	(1.19)
On Defined Benefit Obligation	18.86	14.97	(15.81)	(12.46)

Significant Accounting Policies and Notes to the Accounts

(H) The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets are as below :

₹ in Lakhs

	Year ended December 31, 2007	Year ended December 31, 2008	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
Defined Benefit Obligation..................	6,15.90	6,31.46	6,78.87	*10,55.81*	**19,54.35**
Plan Assets.................	6,78.53	6,85.29	6,92.97	*8,25.12*	**18,09.84**
Surplus / (Deficit)	62.63	53.83	14.10	*(2,30.69)*	**(1,44.51)**
Experience Adjustments on Plan Liabilities....................	63.36	31.38	55.55	*1,25.81*	**2,31.04**
Experience Adjustments on Plan Assets..........................	43.23	(21.57)	48.42	*23.14*	**29.10**

Expected Employer's Gratuity Contribution for the next year ₹ 85.00 Lakhs (2010 : ₹ 75.00 Lakhs)

26 (A) International Stock Ownership Plan (Stocks of Abbott Laboratories, USA)

Abbott Laboratories, USA has an "Affiliate Employee Stock Purchase Plan" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Company i.e. Abbott Laboratories, USA. Every employee who opts for the scheme contributes, by way of payroll deductions, up to 10% of his cash remuneration (i.e. basic salary for Officers and basic salary & dearness allowance for Staff category) towards purchase of shares on a monthly basis over the purchase cycle of 6 months.

The maximum that an employee can contribute to the plan is USD 125,00 per purchase cycle or USD 250,00 per calendar year. At the end of the cycle, accumulated payroll deductions are used to purchase shares at a discounted price. The purchase price of the share is 85% of the lesser of Fair Market Value either on the first or last day of the purchase cycle. The shares of Abbott Laboratories, USA are listed with the New York Stock Exchange, USA and are purchased on behalf of the employees at market price less discount, allocated to participants as of on last day of the purchase cycle . The concession in the price of the shares is entirely borne by Abbott Laboratories, USA.

In view of the above, no stock compensation expenses are incurred by the Company. During the year ended December 31, 2011, 425 shares (2010 : 334) were purchased by employees at weighted average fair value of USD 38.42 (2010 : USD 39.90) per share.

(B) Employees Stock Options Plan (Stocks of the Abbott Laboratories, USA)

Abbott Laboratories, USA has an "Incentive Stock Option Program" whereby specified employees of its subsidiaries covered by the plan are granted an option to purchase shares of Abbott Laboratories, USA at a fixed price (grant price),which shall be atleast 100% of the Fair Market Value of the common share for a fixed period of time. Accordingly, no options compensation expenses are incurred by the Company during the year. The shares of Abbott Laboratories, USA are listed with the New York Stock Exchange, USA. The Grants issued are vested in one third installments over a three years period and have a 10 years contractual life.

Significant Accounting Policies and Notes to the Accounts

	December 31, 2011		December 31, 2010	
	Number of Options	Weighted Average Exercise Price USD	Number of Options	Weighted Average Exercise Price USD
Outstanding at the beginning of the year.....	1,19,963	49.36	*1,28,694*	*49.28*
Forfeited during the year................................	-	-	*2,800*	*55.56*
Exercised during the year...............................	21,699	46.40	*5,931*	*44.72*
Outstanding at the end of the year...............	98,264	50.01	*1,19,963*	*49.36*
Exercisable at the end of the year	98,264	50.01	*1,10,963*	*48.83*

The weighted average share price at the date of exercise for stock options exercised during the year was USD 53.93 (2010 : USD 51.96) and weighted average remaining contractual life is 4.28 years (2010 : 4.86 years)

(C) Employees Restricted Stock Options Plan (Stocks of the Abbott Laboratories, USA)

Abbott Laboratories, USA as part of the "Long Term Incentive Program" has offered Restricted Stock Units to specified employees of its subsidiaries, whereby the employees covered by the plan are granted units. The units when vested, become shares of the Company i.e. Abbott Laboratories, USA at a Nil Cost. The shares of Abbott Laboratories, USA are listed with the New York Stock Exchange, USA. The Grants issued are vested in one third installments over a three years' period. No options compensation expenses have been incurred by the Company during the year.

	December 31, 2011		December 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year.....	15,058	NA	*9,050*	*NA*
Granted during the year	16,970	NA	*9,475*	*NA*
Forfeited during the year................................	99	NA	*433*	*NA*
Exercised during the year...............................	5,990	NA	*3,034*	*NA*
Outstanding at the end of the year...............	25,939	NA	*15,058*	*NA*

The weighted average share price at the date of exercise for stock options exercised during the year was USD 47.18 (2010 : USD 54.10)

NA - Not Applicable

Significant Accounting Policies and Notes to the Accounts

27. Purchase and Sale of Investments for the year ended December 31, 2011 :

	Acquired on Amalgamation (Refer Note B(2)–Schedule 15)		Purchase		Cost of Sales/ Regrouped	
	Units	₹ Lakhs	Units	₹ Lakhs	Units	₹ Lakhs
i UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Institutional Dividend Plan of UTI Mutual Fund	99,89,710.598	10,00.00	-	-	99,89,710.598	10,00.00
ii Fidelity Fixed Maturity Series IV - Plan B - Dividend of Fidelity Mutual Fund	1,00,00,000.000	10,00.00	-	-	1,00,00,000.000	10,00.00
iii Kotak Flexi Debt Scheme Institutional - Daily Dividend of Kotak Mutual Fund	1,12,79,658.476	11,33.32	1,60,536.088	16.13	1,14,40,194.564	11,49.45
iv Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan of Reliance Mutual Fund	53,252.797	5,33.14	757.694	7.59	54,010.491	5,40.73
v National Savings Certificate VIII Issue		0.04		-		0.04
		36,66.50		**23.72**		**36,90.22**

28. The Company has Bank Overdraft arrangement secured by hypothecation of all stocks and book debts.

29. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 :

a. An amount of ₹ 2,55.40 Lakhs (2010 : ₹ 84.93 Lakhs) and ₹ Nil (2010 : ₹ Nil) was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.

b. No interest was paid during the year.

c. No amount of interest was accrued and unpaid at the end of the accounting year.

The above information and that given in Schedule 9A - "Current Liabilities" regarding Micro Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

30. In respect of the amounts as mentioned under section 205C of the Companies Act, 1956, no dues are required to be credited to the Investor Education and Protection Fund as on December 31, 2011.

31. The revenue expenditure on Research and Development is ₹ 1,22.14 Lakhs (2010 : ₹ 1,68.74 Lakhs)

32. The figures of the previous period are regrouped/ rearranged wherever considered necessary.

Signatures to Schedules 1 to 15 which form an integral part of the Accounts.

For and on behalf of the Board

Vivek Mohan
Managing Director

Ashok Dayal
Director

R. A. Shah
Director

Krupa Anandpara
Company Secretary

Place : Mumbai
Date : February 28, 2012

Balance Sheet Abstract and General Business Profile

I Registration Details

Registration No.	7330	State Code	11	(Refer Code List)
Balance Sheet Date	31 (Date) 12 (Month) 2011 (Year)			

II Capital raised during the year (Amount in Rs. Lakhs)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placements	NIL

Share Capital aggregating ₹ 757.41 Lakhs has been allotted to shareholder of erstwhile Solvay Pharma India Limited consequent to amalgamation

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs)

Total Liabilities	79590.22	Total Assets	79590.22

Sources of Funds

Paid - up Capital	2124.93	Reserves & Surplus	52289.33
Secured Loans	NIL	Unsecured loans	NIL

Application of Funds

Net Fixed Assets	8101.07	Investments	NIL
Net current assets	46313.19	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV Performance of Company (Amount in ₹ Lakhs)

Turnover (including other income	149681.32	Total Expenditure	131665.49
Profit/(Loss) Before Tax	18015.83	Profit/(Loss) After Tax	12039.30
Earning per Share in ₹	56.66	Dividend Rate (%)	170.00

V Generic Names of three Principal Products / Services of Company (As Per Monetary Terms)

Item Code No. (ITC Code)	300431 10	Product Description	Insulins
Item Code No. (ITC Code)	300390 35	Product Description	Antacid
Item Code No. (ITC Code)	293723 00	Product Description	Dydrogesterone I.P.

For and on behalf of the board

Vivek Mohan
Managing Director

Ashok Dayal
Director

R. A. Shah
Director

Krupa Anandpara
Company Secretary

Place : Mumbai
Date : February 28, 2012

Notes

Notes

Corporate Information

Board of Directors

Munir Shaikh, *Chairman*

Vivek Mohan, *Managing Director*

Rajendra Shah

Ashok Dayal

Ranjan Kapur

Thomas Dee

Laurent Van Lerberghe

Ramon F Neira Hoyos

Kaiyomarz Marfatia, *Whole-time Director*

Rehan Khan

Audit Committee

Ashok Dayal, *Chairman*

Rajendra Shah, *Member*

Ranjan Kapur, *Member*

Munir Shaikh, *Member*

Corporate Management

Vivek Mohan, *Managing Director*

S Vasudevan, Director – *Marketing*

R Sonalker, Director – *Finance*

M Ische, Director – *Financial Controlling*

A Bhatt, *Regional Human Resource Director*

Dr B Nair, Director – *Medical*

U D Chiniwala, Director – *Risk & Financial Controlling*

K M Marfatia, Director – *Legal & Secretarial*

V Nagesh, Associate Director – *Quality*

Ms S Dalal, Director – *Commercial Development*

Ms D Mukerji, Director – *Business HR*

TR Prasad, Associate Director – *Operations*

M Niranjan, Associate Director – *Commercial Excellence*

Company Secretary

Ms Krupa Anandpara

Bankers

Standard Chartered Bank

BNP Paribas

HDFC Bank Ltd

Auditors

Deloitte Haskins & Sells

Solicitors

Wadia Ghandy & Co.

Crawford Bayley & Co.

Registered Office

3-4 Corporate Park
Sion-Trombay Road
Mumbai - 400 071.

Factory

L-18/19, Verna Industrial Estate, Goa.

Registrars & Share Transfer Agents

Sharepro Services (India) Private Limited
13A/B 2nd Floor, Samhita Warehousing Complex,
Behind Sakinaka Telephone Exchange,
Andheri Kurla Road, Sakinaka, Andheri (East)
Mumbai - 400 072.

Abbott India Limited

3-4 Corporate Park, Sion-Trombay Road, Chembur, Mumbai - 400 071.

Abbott
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