



# Abbott India Limited

ANNUAL REPORT 2012



**THE POWER OF EXECUTION**



**THE POTENTIAL FOR GROWTH**



**THE PROMISE OF SUCCESS**

# CORPORATE OVERVIEW

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### 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', 'promises' 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.

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**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.**

# 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 characterised 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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**THE POWER  
OF EXECUTION  
THE POTENTIAL  
FOR GROWTH  
THE PROMISE  
OF SUCCESS**



The pharmaceutical business is unlike any other business – it impacts and influences human life which is not only invaluable but also irreplaceable. This business requires an approach, orientation, thought and mindset that brings together science, research and commercial thoughtfulness in a unique balance. It requires turning the complex and complicated science of medicine and medication, formulae and formulations, into a considerate and compassionate caring for life and health.

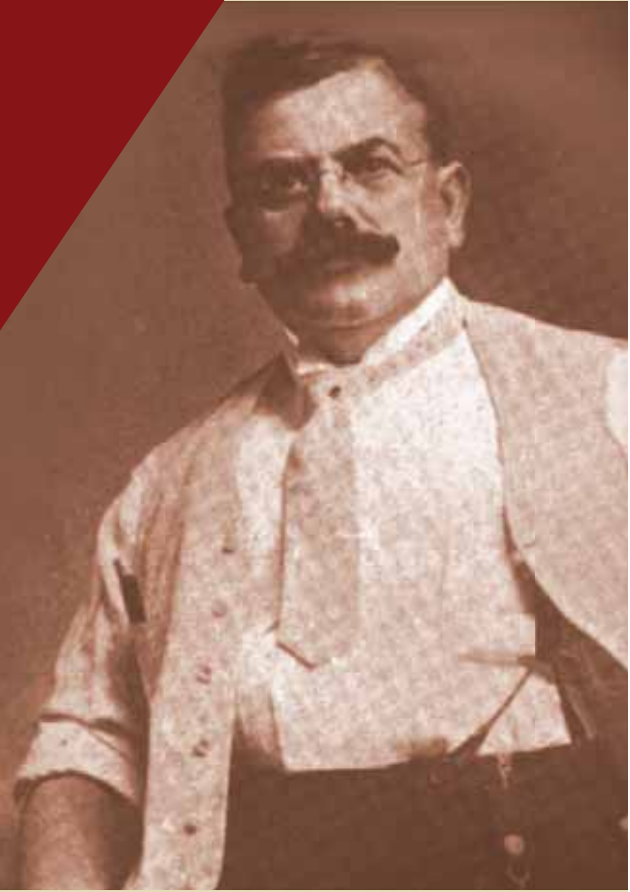


At Abbott India, we have been advancing health for people of India for over a century. From Gastroenterology to Women's Health, from Pain Management to Antacids, from Neuroscience to Hospital Care, from Metabolics to Cardiology, our products and activities span the entire continuum of care.



Today, we are amongst the most successful pharmaceutical companies in India. Our **Success** is a combination of focussed **Execution**, delivered **Growth** and fulfilled **Promises**. As we head into 2013 it is this combination of on-ground execution, KOL engagement, science led demand generation and performance based culture which will drive our growth and position Abbott India at the forefront of the Indian Pharmaceutical Industry.

# ABOUT ABBOTT GLOBAL



## 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 150 countries and is recognised for its global reach and ability to serve customers around the world.
- Abbott focuses on Turning Science into Caring





**Headquartered in Mumbai, Abbott India Limited, a publicly listed company and a subsidiary of Abbott Laboratories, enjoys strong brand equity in multiple therapeutic categories such as Women's Health, Gastroenterology, Neurology, Thyroid, Diabetes & Urology, Pain Management, Vitamins, Anti-Infectives & other therapy areas.**

Abbott India is one of India's fastest growing pharmaceutical companies. Abbott India's success is driven by a combination of a highly competent and motivated commercial team, R&D backed products, aided by strong alliances and partnerships with our suppliers and vendors. Abbott India employs over 2,600 people and reaches customers through a network of 35 distribution points, catering to over 4,500 stockists and 150,000 retail outlets.

The Company has over 100 employees at a state-of-the-art formulation plant at Verna, Goa. The

manufacturing plant is designed to produce high volume and quality formulations using cost efficient processes and has well equipped laboratories and trained personnel to ensure compliance with international quality standards. The Company has in-house development and medical teams to undertake product and clinical development that cater to the needs of the Indian market. Abbott India believes in providing quality healthcare through a mix of global and local products which directly impact the life of the common man in India.



**ABOUT**  
**ABBOTT**  
**INDIA**



## Women's Health

Arachitol  
Clome  
Duphaston  
Duvadilan  
Life  
Solfe

Women's Health products are prescribed in Pregnancy, Ovulation and Nutritional Supplements for Women



## Gastroenterology



Acuvert  
Adiza  
Cremaffin  
Colospa  
CremaGel  
CremaHep  
Cremalax  
Digecaine  
Digene  
Duphalac  
Eldicet  
Ganaton  
Heptral  
Nausidome  
Pankreoflat  
Rowasa  
Udiliv

Gastroenterology is a key therapy area with a broad portfolio of high quality and well accepted brands of Laxatives, Hepatoprotective, Pancreatic Enzymes, Proton Pump Inhibitors (PPIs), Antacids, Antispasmodics & Prokinetics



## Neurology



Epilex  
Levilex  
Prothiaden  
Revilife  
Rex-XR  
Uvox  
Vertin  
Zolfresh  
Zonicare

Neurology products are part of Speciality Care portfolio and used for Epilepsy, Depression, Vertigo and Sleep Disorders



OUR

# PRODUCTS & THERAPEUTIC CATEGORIES



## Thyroid, Diabetes & Urology

**Hytrin**  
**Obimet**  
**Thyrocab**  
**Thyrocal D3**  
**Thyronorm**

Products in this portfolio offer Thyroid and Diabetes Management



## Pain Management



**Brufen**  
**Brugel**  
**Bruspaz**

Pain Management products include Anti-Rheumatic and Muscle Relaxant brands



## Vitamins

**Betonin**  
**Kinetone Advance**  
**Surbex XT**  
**Surbex Osteo**  
**Surbex Gold**  
**Thyrowel Capsules**

Vitamin products include Multi-Vitamins combinations for diverse patient population



## Anti-infectives



**Celex OD**  
**ICUopen**  
**Klacid**

This portfolio comprises of various Antibiotics



## Anaesthesia

**Sevorane**

For induction and maintenance of general anaesthesia in adult and paediatric patients, for in-patient and outpatient surgery



## Neonatology

**Survanta**

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



## Others

**Allergy: Ebasil, Solspre**

**Anti Coagulant: Clivarine**

**Cardiology: Omacor**

**Immunology: Influvac**







**Virology: Aluvia**

**Disclaimer:**

Products are displayed for illustration purpose only. Consult your doctor for professional medical advice



**10 Abbott India products are among the Top 300 brands in Indian Pharmaceutical Market (IPM)**

-  Digene continues to be # 1 prescribed Antacid with over 5.5 million prescriptions annually. Approximately 29,000 doctors prescribe Digene every month.
-  Duphaston maintained its # 1 position in its segment (Progestogen and similar combinations) and is a Top 50 brand in IPM
-  Thyronorm was ranked 8th in IPM in December 2012.
-  Vertin jumped 13 positions from 112 in January '12 to 99 in November 2012 and entered the Top 100 brands in IPM
-  Zolfresh moved to #2 in the Extended Sleep Market, jumping 234 positions in a span of 2 years
-  Digecaine has become the # 3 brand (Antacid + Local Anaesthetic) in a span of 2 years



\* Source - IMS

- With the launch of Adiza (Ilaprazole), Abbott India entered the large PPI (Proton Pump Inhibitors) segment of the Indian Pharmaceutical Industry.
- Heptral, which was launched in September 2010, continued to build share in 2012 and achieved sales of ₹ 21 Crores.
- We continued to build our presence in key therapy areas with the launch of Omacor (Cardiology), Prothiaden- M (Depression) and Obimet GX Forte (Diabetes).

## 2012 NEW PRODUCT INTRODUCTIONS



- Rolled out SAP successfully integrating 6 Abbott divisions, 1000+ users, 2 manufacturing sites, 19 loan licensees, 76 C&FAs and 18 warehouses
- We have audited 8 new facilities, 15 existing TPM's and 16 C&FAs
- As part of Project Triveni Abbott India derived operational synergies by transferring 3 brands and 8 SKUs to Abbott's own manufacturing plant in Goa.
- Began implementation of Sales Force Automation (SFA) system (Salesforce.com) to build a world class sales effectiveness framework

## 2012 OPERATIONAL EFFICIENCIES



# CHAIRMAN'S MESSAGE



## Dear Shareholders,

I am happy to report that your Company had another record year in 2012. Sales increased by 11.6% and Profit After Tax by 20.2% over prior year. This is a significant achievement considering the slower growth in the Indian Pharmaceutical Market at 11.1% vs. 14.9% in the previous year.

Your Company continued to strengthen its position in the key Therapeutic Areas in which it competes. During the year, several new products were launched Adiza, a Proton Pump Inhibitor (PPI), Prothiaden M for Depression and Obimet GX Forte for Diabetes. We are getting closer to our customers by increasing product awareness and access. New product launches are being revamped and greater emphasis is being put on talent acquisition and training and development of our people. As we venture ahead into this exciting and promising phase of growth, we are striving to make Abbott India a leader in the therapeutic areas in which we operate.

Many transformation programs initiated helped improve productivity and profitability and cost containment initiatives successfully offset impact of high inflation and adverse exchange rates.

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**Training and development of our People, Performance Excellence, Ingenuity and Continuous Improvement are the key strategic initiatives that will help Abbott India harness the potential for growth.**

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## Many transformation programs initiated helped improve productivity and profitability and cost containment initiatives successfully offset impact of high inflation and adverse exchange rates.

Your Board has recommended a dividend of ₹ 17 per share for the year 2012.

While the global economy faces many challenges, uncertainties continue in India. Prudence dictates caution in such an environment, particularly with the proposed inclusion of additional pharmaceutical compounds under the DPCO.

As you may be aware, the National Pharmaceutical Pricing Policy 2012 has expanded price control to 348 drugs specified in the National List of Essential Medicines. The new Drugs Price Control Order (DPCO), which may impact margins of some of the key products of your Company is likely to be notified soon.

However the longer term prospects for the Indian Pharmaceutical Market are excellent. According to McKinsey, a leading global consulting organisation, the Healthcare market has the potential to grow to ₹ 3,85,000 Crores by year 2020.

Training and development of our people, Performance Excellence, Ingenuity and Continuous Improvement are some of the key strategic initiatives that will help Abbott India harness the potential for growth. However, the key to this is effective execution at the grassroots level. At the heart of effective execution are our people, who, with their commitment and strong knowledge of the market, will drive Performance Excellence and keep growing our business through Continuous Improvement.

We are simplifying processes and reducing hierarchical complexities with IT to improve speed and productivity. One of the successful projects has been implementation of SAP during the year.

I thank all our loyal and committed employees, customers, suppliers, stockists, bankers and other business associates for their consistent support over the years.

I also wish to thank your Board of Directors for their counsel, support and advice.

My sincere gratitude to our valued shareholders for your trust in the

Company over the years and look forward to your continued support in 2013 and beyond. With the help of our employees and their consistent support, Abbott India will continue to grow and prosper.



**Munir Shaikh**  
Chairman

Total Revenue

**₹ 1,675** Crores

PAT

**₹ 145** Crores

EPS

**₹ 68.10** / Share

Dividend

**₹ 17.00** / Share

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At Abbott India, we are constantly improving our operational efficiencies and streamlining processes, both internally and externally. We continue to re-vitalise our product portfolio with line extensions and new packaging formats and designs.

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MESSAGE FROM THE

# MANAGING DIRECTOR

## Dear Shareholders,

It is my pleasure to present Abbott India's financial performance for the year 2012. Having joined the Company in May 2012, it has been an exciting journey for the last 10 months and I am proud of our achievements and the transformation that our organisation has undergone.

In spite of 2012 being a difficult year for the Indian economy and the Indian Pharmaceutical Industry, your company delivered commendable results.

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**Net Sales for the year increased to ₹ 1613 Crores in 2012 as against ₹ 1446 Crores in 2011.**

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This performance is quite an achievement in light of the slow down in the Indian economy to below 6% GDP growth for the first time in the last 10 years. With inflation remaining unabated at 7.8% in 2012, interest rates remained high throughout the year, impacting both direct and indirect costs, and consequently, our margins.

The Indian Pharmaceutical Industry also went through a difficult year and grew at 11.1% in 2012 vs. 14.9% in 2011 - growth was sluggish at best. The therapeutic categories that Abbott India operates in were also adversely affected. Hence your Company's performance in 2012 represents an effort which overcame these external challenges to deliver growth.

Apart from Sales growth, Profit Before Tax (PBT) improved significantly to ₹ 215 Crores compared to ₹ 180 Crores for the previous year. In percentage terms, PBT increased for the year and stood at 13.3% of Sales for 2012 against 12.5% of Sales for 2011.

This improvement in margins is due to Abbott India becoming leaner on multiple fronts through:

- Cost savings from various transformation programs in the areas of Supply Chain, Technology and People Management
- Other Expenses as a percentage of Net Sales reduced to 16.9% (last year 19.8%)

- Promotional spends curtailed to 4.3% of Sales in 2012 vs. 5.8% in 2011
- Focus on increasing sales force productivity through efficiency metrics, frequent reporting, territory management and on-ground execution.

Segment-wise, Abbott India continued to dominate the therapy areas it operates in. All brands continued to gain significant segment-shares during 2012. Some of the notable achievements and milestones include:

- Digene continues to remain as the #1 Antacid with over 5.5 million prescriptions annually
- Brufen, another leading brand, has over 5 million prescriptions annually
- Thyronorm continues to outpace market growth and became the 8th ranked brand in IPM in Dec 2012
- In the Women's Health segment, Duphaston crossed ₹ 100 Crores in Sales and features among the Top-50 brands in IPM.
- Vertin improved its rank from 112 in January 2012 to 99 in November 2012 and entered the Top-100 brands in IPM.
- The most significant improvement in ranking was by Zolfresh leaping 234 ranks (over a period of 2 years) to become the # 2 brand in the extended Sleep segment.
- Heptral launched in September 2010 continued to grow with sales of ₹ 21 Crores in 2012.

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**During the year, your Company launched Adiza (Esomeprazole) and entered the large PPI (Proton Pump Inhibitors) segment. It is interesting to note that 40% of the base business sales growth in 2012 came from products launched during the last 3 years demonstrating the success of our new product initiatives.**

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At Abbott India, we are constantly improving our operational efficiencies

and streamlining processes, both internally and externally. We continue to re-vitalise our product portfolio with line extensions and new packaging formats and designs.

I am confident that your Company will continue to grow and keep building on the success it has achieved.

I take this opportunity to thank all our employees, partners, suppliers, stockists, retailers and customers. I appreciate the trust our shareholders and investors have placed in the management and on behalf of Abbott India thank them sincerely.

With warm regards



**Rehan A. Khan**  
Managing Director

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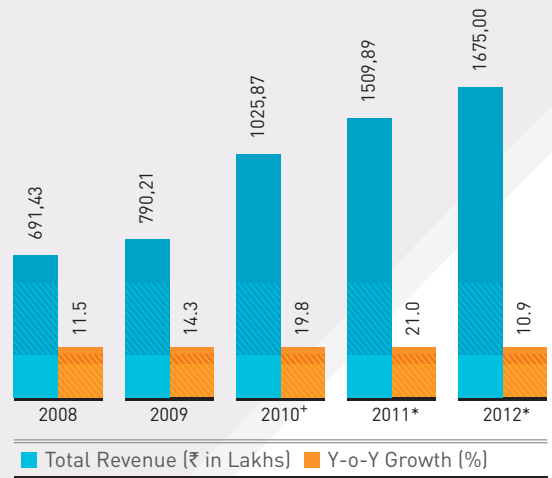
**Your Company delivered a strong performance in 2012 inspite of adverse economic conditions registering Sales growth of 11.6% and PAT growth of 20.2%**

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# FINANCIAL RATIOS

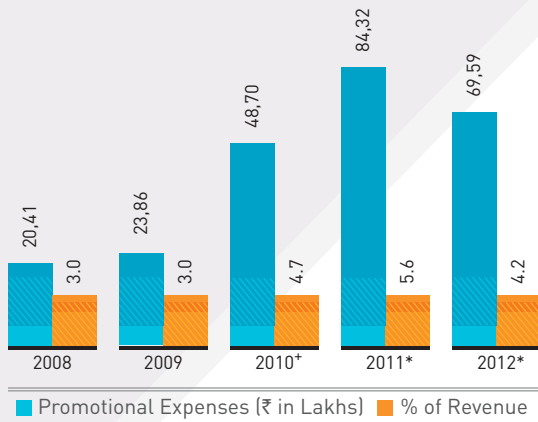
**TOTAL REVENUE**  
Y-o-Y Growth

**10.9%**

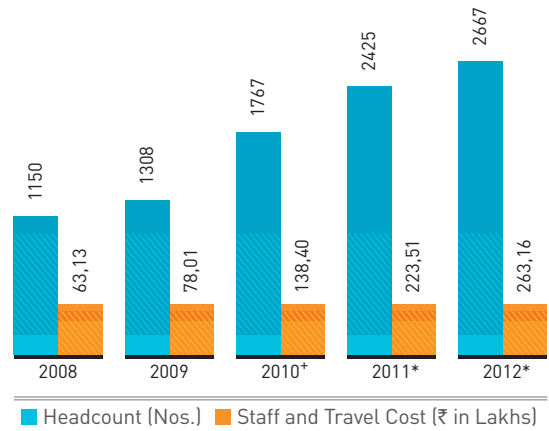


**PROMOTIONAL EXPENSE**  
% to Total Revenue

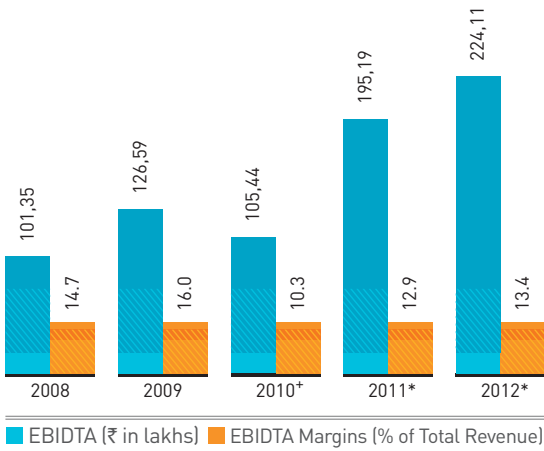
**4.2%**



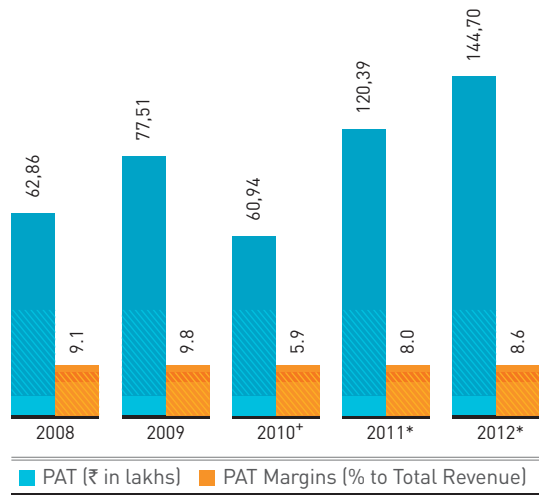
**HEADCOUNT**  
Staff & Travel Cost



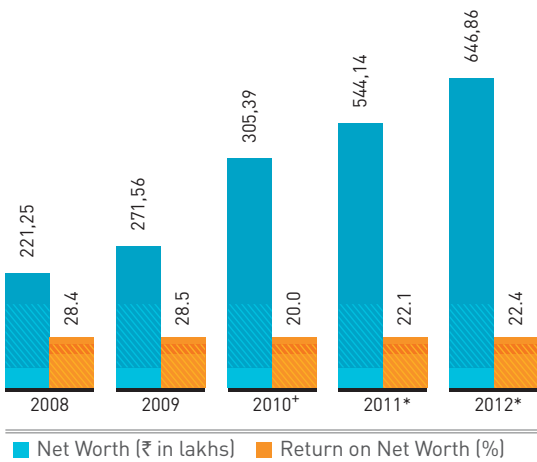
**EBIDTA MARGINS**  
% to Total Revenue **13.4%**



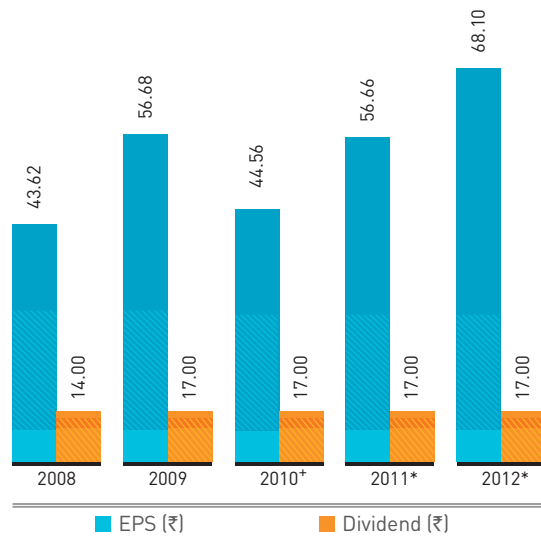
**PAT MARGINS**  
% to Total Revenue **8.6%**



**NET WORTH**  
Return on Net Worth **22.4%**



**DIVIDEND**  
Per Share **₹17.00**



\* Post Merger with Solvay Pharma India Limited  
+ Figures for 2010 are for 13 months of standalone Abbott India Limited

**10 YEAR****FINANCIAL  
HIGHLIGHTS**

	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>OPERATING RESULTS</b>			
TOTAL REVENUE	390,56	462,61	459,53
MATERIALS	221,83	249,01	295,75
EMPLOYEE BENEFITS EXPENSE	22,81	24,39	25,02
OTHER EXPENSES	46,37	47,42	47,65
DEPRECIATION/ AMORTISATION	4,39	4,17	3,98
FINANCE COST	11	17	2
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	95,05	137,45	87,11
EXCEPTIONAL ITEMS	-	-	-
PROVISION FOR TAXATION	27,08	35,20	27,95
PROFIT AFTER TAX	67,97	102,25	59,16
RETAINED EARNINGS	5,29	41,79	28,16
EARNINGS PER SHARE - BASIC & DILUTED (₹)	43.39	66.92	38.72
DIVIDEND PER SHARE (₹)	35.00	35.00	17.50
<b>FINANCIAL SUMMARY</b>			
<b>ASSETS EMPLOYED</b>			
FIXED ASSETS (Net)	33,46	32,52	31,17
CURRENT ASSETS (Net)	115,23	157,95	187,08
TOTAL ASSETS	148,69	190,47	218,25
<b>FINANCED BY</b>			
SHARE CAPITAL	15,28	15,28	15,28
RESERVES AND SURPLUS	131,21	173,00	201,16
TOTAL SHAREHOLDERS' FUNDS	146,49	188,28	216,44
BORROWINGS	2,20	2,19	1,81
<b>NUMBER OF SHAREHOLDERS</b>			
<b>HEADCOUNT</b>	13,747	14,792	14,029
	897	862	858

\*Post merger with Solvay Pharma India Limited

₹ in lakhs

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010 (13m)</b>	<b>2011*</b>	<b>2012*</b>
	530,78	620,29	691,43	790,21	1025,87	1509,89	<b>1675,00</b>
	353,33	408,46	454,62	504,17	647,30	861,21	<b>971,65</b>
	28,19	35,35	48,92	62,37	111,20	167,35	<b>206,10</b>
	57,27	68,93	86,54	97,08	161,93	286,14	<b>273,14</b>
	4,44	5,66	6,98	9,01	11,25	15,00	<b>19,49</b>
	12	2	2	20	4	3	<b>2</b>
	87,43	101,87	94,35	117,38	94,15	180,16	<b>204,60</b>
	-	-	-	-	-	-	<b>10,39</b>
	27,57	33,44	31,49	39,87	33,21	59,77	<b>70,29</b>
	59,86	68,43	62,86	77,51	60,94	120,39	<b>144,70</b>
	29,37	39,66	40,47	50,31	33,83	78,55	<b>102,72</b>
	39,18	46,01	43,62	56,68	44,56	56,66	<b>68,10</b>
	17,50	17,50	14,00	17,00	17,00	17,00	<b>17,00</b>
	31,53	36,31	50,63	49,15	50,57	80,02	<b>109,18</b>
	215,69	195,74	171,38	222,41	254,82	464,12	<b>537,68</b>
	247,22	232,05	222,01	271,56	305,39	544,14	<b>646,86</b>
	15,28	14,47	13,68	13,68	13,68	21,25	<b>21,25</b>
	230,53	216,55	207,57	257,88	291,71	522,89	<b>625,61</b>
	245,81	231,02	221,25	271,56	305,39	544,14	<b>646,86</b>
	1,41	1,03	76	-	-	-	<b>-</b>
	14,905	14,152	13,689	13,422	14,461	19,354	<b>20,826</b>
	894	1042	1150	1308	1767	2425	<b>2667</b>

ABBOTT INDIA

# BOARD OF DIRECTORS

**Mr. Munir Shaikh**  
Chairman



**Mr. Rehan A. Khan**  
Managing Director



**Mr. Rajendra Shah**  
Independent Director







**Mr. Ashok Dayal**  
Independent Director



**Mr. Thomas Dee**  
Non- Executive Director

**Mr. Ranjan Kapur**  
Independent Director



**Mr. Kaiyomarz Marfatia**  
Whole - time Director



**Mr. Bhasker Iyer**  
Non- Executive Director

**Mr. Sachin Dharap**  
Non - Executive Director





**1 Rehan A. Khan**  
**Managing Director**

Rehan joined Abbott India in May 2012 as Managing Director. Prior to this he was the General Manager & Country Head of Abbott Nutrition, India (ANI) from March 2009. Rehan has 17 years of commercial experience in India, US, UK and Continental Europe (Switzerland, Germany, Holland, Sweden) in General Management, Marketing & Sales, Strategic Planning and PE/Operations. Prior to joining ANI, Rehan was with AstraZeneca India as VP Sales & Marketing (Hospital & Oncology business units). Rehan has a SM in Biomedical Sciences from Harvard/MIT (Harvard MIT Division of Health Sciences), an MBA from Drexel University and BS from University of Wisconsin – Madison.

**MEET THE**  
**LEADERSHIP**  
**TEAM**

**2 Rajiv Sonalker**  
**Director Finance**

Rajiv joined Abbott India as Director Finance in 2006 with nearly 26 years of experience in various organisations in the Pharmaceutical, FMCG and Engineering sectors. Before joining Abbott, he worked with Bristol-Myers Squibb as Director- Finance. He has also worked with Voltas Ltd, Johnson & Johnson, Sanofi - Aventis in India and Germany. Rajiv holds a Bachelors Degree in Science from the University of Bombay, and is a Chartered Accountant from the Institute of Chartered Accountants in India.

**3 Nagina Singh**  
**HR Director**

Nagina joined Abbott India as HR Director in July 2012. Prior to this she was heading HR and Safety for the Adelaide operations of PepsiCo Australia and New Zealand and was appointed Director- Talent Acquisition for PepsiCo India Region. Nagina has a Bachelors degree in English Honors, a Masters in Industrial Psychology and a Masters in International Business with a specialisation in International HR.

**4 Vidyadhar Natu****Commercial Director - Women's Health & Gastroenterology**

Natu joined Abbott India in December 2005 as a Marketing Manager for the Metabolics division. He then took over as Head- Metabolics before being appointed as Commercial Director for Women's Health & Gastroenterology in January 2013. He has also worked in Abbott Global in Basel as part of his tenure. Natu has a B.Pharm degree from Birla Institute of Technology and a Post Graduate Diploma in Business Management from the Indian Institute of Planning and Management

**5 Rajaram Sankaran****Commercial Director – Speciality Care**

Rajaram joined Abbott India in February 2013 as Commercial Director – Speciality Care. He started his career as a medical representative and over a period of 14 years, he has worked with organisations such as Frost & Sullivan, Torrent, Ranbaxy, AstraZeneca and Abbott Nutrition. Prior to joining Abbott India, Rajaram was with Abbott Nutrition, India as BU Head for Medical Nutrition. Rajaram has a Post Graduate in Management from IIFM, Bhopal and a Bachelors degree in Science from Nagarjuna University.

**6 Ashok Nair****Commercial Director – General Care**

Ashok Nair joined Abbott India in January 2012 as the Business Unit head for General Care division. Subsequently, he was appointed as the Commercial Director for General Care in Jan 2013. Ashok brings with him over 25 years of pharmaceutical marketing and sales experience. He started his career as a medical representative in Cipla and then assumed senior management roles in companies such as Sun and Torrent. Ashok graduated in Science from Bhopal University.

**7 Kaiyomarz Marfatia****Director - Legal & Secretarial**

Kaiyomarz joined Abbott India as Manager - Legal in 1996 and assumed responsibility for the Legal & Secretarial function in 2002. In 2011, he was appointed to the Board of Abbott India Limited. Prior to joining Abbott India, he was associated with Siemens Limited for 16 years in various Legal and Secretarial roles. Kaiyomarz is a Commerce graduate and holds a Law degree from Government Law College Mumbai.

**8 Dr. Rashmi Hegde****Director Medical & Regulatory Affairs**

Dr. Rashmi joined Solvay in January 2001 as General Manager, Medical. She assumed responsibility as Medical Director for SE Asia in 2002 and as

Pharmacovigilance Director for Asia, Middle East, Australia and Canada in 2007. She assumed her current position of Medical Director for Abbott India in August 2012. Dr. Rashmi has an MBBS and Masters degree in Pediatrics from Mumbai University

**9 Nagesh Voleti****Director QA/QC**

Nagesh joined Abbott India in September 2008 as the Head of Quality with a focus on collaborating with Operations, R&D, Regulatory, Marketing, NPI and Global Abbott as well as with external regulatory bodies to ensure compliance in products, systems & practices. Prior to Abbott India, Nagesh was with Dr. Reddys Laboratories for 6 years and with GlaxoSmithKline for 13 years in various Quality related roles. Nagesh completed his Masters in Organic Chemistry from Mumbai University and Masters in Business Management from NMIMS.

**10 TR Prasad****Associate Director Operations**

Prasad joined Solvay in August 2004 as the Planning and Distribution Head. In 2007, he was appointed as the Head for Supply Chain and subsequently assumed his current position of Associate Director from 2011. Prior to Abbott, Prasad was employed with Dow Corning and Elf lubricants for over 4 years. Prasad has a chemical engineering degree from Shivaji University and an MBA in operations from Mumbai University. He also has a diploma in Excise and Service Tax.

**11 Sambit Sathapathy****Director Commercial Operations**

Sambit joined Abbott India in January 2013. He brings with him a diverse set of FMCG execution skills and strategic thinking experience with about 12 years as a Divisional Manager for Sales & Marketing at ITC and 5 years at McKinsey & Company. Sambit in his role is responsible for leading NPI, Ex-India Markets, strategy and project management for Abbott India. He has completed his B.Tech (Manufacturing Science and Technology) from IIT Kharagpur and Post Graduate Diploma with Specialisation in Marketing and Finance from ISB Hyderabad.

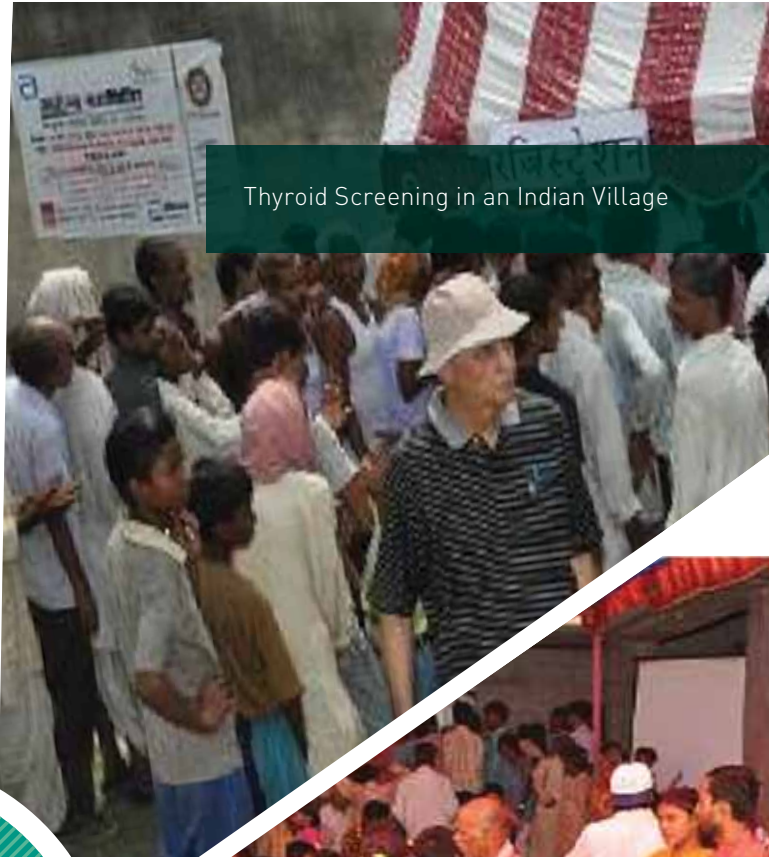
**12 Sandeep Khandelwal****Director Commercial Excellence**

Sandeep joined Abbott India in February 2013 as Director- Commercial Excellence where he is accountable for SFE, SFA, Training, OTC and IT. He comes with 13 years of diverse experience geographically & functionally in Sales & Distribution. Prior to joining Abbott India, he was with Marico as Head Sales for Nature & Personal Care for 12 plus years. Sandeep has completed his B.E (Electronics) from Mumbai University and MMS from NMIMS.

Patient Awareness  
(Mega Wellness Camp)



Thyroid Screening in an Indian Village



WIDENING  
THE CIRCLE  
OF WELLNESS  
IN 2012

Government Partnerships for  
Thyroid Management

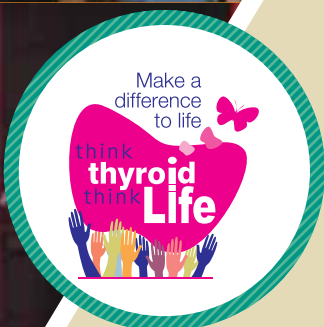


Friday Thyroid Clinic



Abbott India has been one of the leaders in Thyroid Management in India. Our teams engage with doctors to educate patients and spread awareness about Thyroid conditions. Some of our initiatives include:

- **Friday Thyroid Clinics:** Abbott has tied-up with select laboratories of national repute for conducting Thyroid tests at discounted rates. Laboratories offer these services to doctors who express an interest in bringing in low cost thyroid testing at their clinics. These camps are done periodically and test results are sent by the laboratories directly to the doctors.
- **Mega Wellness Camps:** Abbott continued its alliance with Rotary for improving lives of the underprivileged by conducting Mega Wellness Camps which provide access to testing for Thyroid and other disorders.
- **Government Partnerships:** Abbott has partnered with select government bodies to improve awareness of and screening for Thyroid. Two notable examples are: Greater Visakhapatnam Municipal Corporation and Bruhat Bangalore Mahanagar Palike. In these partnerships, Abbott arranges for trainings of Government Doctors, and assists them in spreading awareness and diagnosis of thyroid disorders, while the Government body provides infrastructure and logistics support.



### Epilepsy Camp in an Indian Village



Over the last 12 months Abbott India has continued its efforts in screening patients with Epilepsy in rural areas. These initiatives are run in partnerships with doctors from surrounding areas

- **Epilepsy Camps:** Abbott has taken up the initiative of bridging the gap in Neurological care in many small towns/villages of India. In 2012, Abbott partnered with multiple NGOs to conduct camps where Neurologists travelled from nearby cities to diagnose patients for Epilepsy.
- **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 India provided support in this initiative and around 3000 Epilepsy patients have benefited across the remotest parts of rural India.



Doctor Counselling a Patient for Epilepsy



Jeevan Rekha Express

2013 & BEYOND –

# EXECUTING THE ABBOTT INDIA TRILOGY

As we continue to build on the foundation laid down through the transformation programs over the last several years, Abbott India has developed an operational plan which hinges on 3 key elements – People and Culture, Performance Excellence and Continuous Improvement. These 3 elements combined together will ensure that Abbott India remains on an upward growth trajectory, improves profitability and most importantly impacts the lives of millions of Indians through the science of medicine.





People and Culture



Performance Excellence



Continuous Improvement



The uninterrupted growth and proven success of Abbott India over 100+ years in advancing health for people in India is propelled by the **POWER OF EXECUTION**. It is this power of execution that is responsible for keeping Abbott India at the forefront of the Pharmaceutical Industry in India as a leading healthcare organisation.

## THE POWER OF EXECUTION GENERATED BY

# PEOPLE & CULTURE

The world of pharmaceuticals goes through fast paced changes brought about by research, development and innovation. Every change brings about a new set of challenges as well as opportunities. Approaches need to be re-thought, business models need to be revamped and strategies need to be re-formulated. And then comes the most crucial part – translating strategy into action – EXECUTION.

At Abbott India, the power of meticulous and methodical execution is generated by our most important resource – our People. We understand the immense value and the indispensable role people play in our endeavour to realise our potential for growth and deliver our promise of success. People form a key part of our growth strategy and to keep them motivated and empowered, we have set our focus on the following areas:





## Building Skills & Capability

In 2013 Abbott India has developed a comprehensive plan to upgrade critical skills, improve knowledge and build capabilities across the organisation. This will be achieved through on-going training programs and launch of a proprietary Sales Training Academy. The on-boarding program for new hires has also been strengthened to ensure that new employees are effective from day one.



## Improving Talent Mix

Talent sourcing is being strengthened via new strategies that will focus on bringing in experienced professionals (primarily at the sales representative level) and also bring in talent from outside the pharmaceutical industry so that best practices from other industries can be incorporated into how Abbott India does business.



## Defining Career Programs

To reduce attrition and develop internal talent, Abbott India launched an integrated Career Pathing and Development framework across various levels and positions in the organisation. This framework will facilitate accelerated growth for consistent performers through a well defined evaluation mechanism. Promotion will be linked to training and certification programs to maintain an edge in the industry.



## Engaging With The Field

There is a renewed and strong focus on field engagement. We launched an internal initiative branded as "Connexion" which aims to create a platform for field staff to engage with Abbott India leadership. It represents an open platform which facilitates exchange of ideas across all levels within the organisation. 2013 is likely to see 30 Connexion meetings being held across the country with attendance from various leaders in the organisation .



# THE POTENTIAL FOR GROWTH ACHIEVED THROUGH PERFORMANCE EXCELLENCE

To keep excelling in our performance and continue to maintain an edge over competition, we have made performance excellence a key part of our growth strategy for 2013. We have focussed on the following areas to drive performance excellence in 2013:



## Building a Culture of Performance Excellence

Organisation performance is closely tracked on a week by week, month by month basis through a series of management level dashboards, sales and marketing KPIs. Performance is tracked centrally through a single system and data shared at various levels in the organisation



## Establishing Leadership in Key Therapy Areas

Following are some of the initiatives to establish science based leadership in 2013

- Enter new and adjacent therapeutic segments
- Build leadership in 4 key areas of CNS: Depression, Sleep, Epilepsy and Vertigo



## Engaging in Upfront Goal Setting

For the first time in the history of the company, Abbott India launched a national goal setting exercise – Lakshya 2013 in January over a period of 3 days. This created a forum where all employees came together to align on the goals and targets for 2013

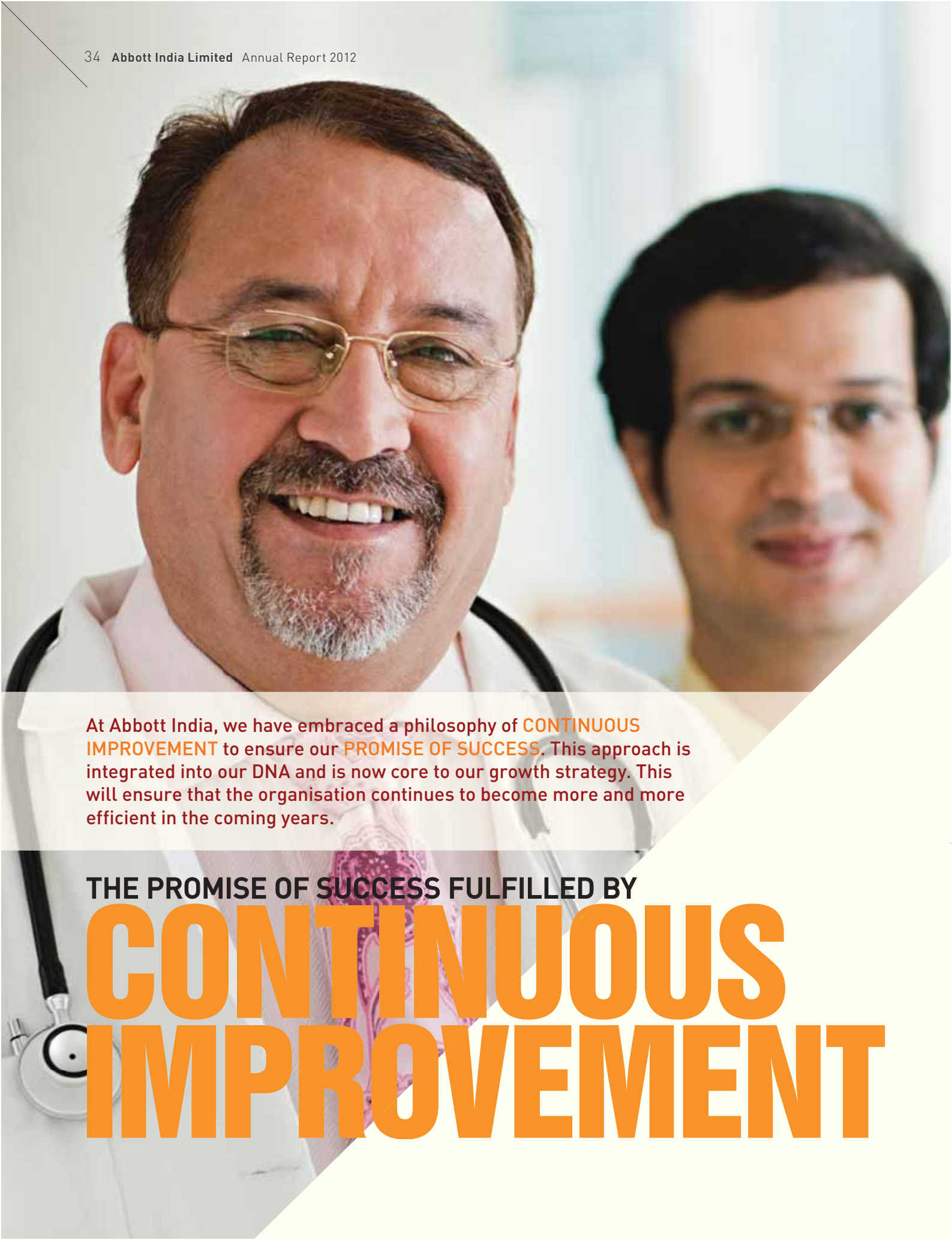


## Building Stronger Doctor Engagement and Demand Generation Strategies

We are currently exploring various options to engage with KOLs in scientific discussions. Traditional methods of detailing products are being revamped and innovation being brought in to create dialogues with KOLs and improve in clinic effectiveness. We are pursuing the creation of a strategic marketing team which will focus solely on this area.



The Indian Pharmaceutical Industry holds tremendous potential for growth. While this immense growth potential provides an exciting opportunity to all players in the industry, few players will be able to fully capitalise on this and realise the true potential. Abbott India is one of the front-runners to ride on top of this growth wave and poised to achieve formidable growth. At Abbott, we are confident of **POTENTIAL FOR GROWTH** – achieved through **PERFORMANCE EXCELLENCE**.



At Abbott India, we have embraced a philosophy of **CONTINUOUS IMPROVEMENT** to ensure our **PROMISE OF SUCCESS**. This approach is integrated into our DNA and is now core to our growth strategy. This will ensure that the organisation continues to become more and more efficient in the coming years.

THE PROMISE OF SUCCESS FULFILLED BY

**CONTINUOUS  
IMPROVEMENT**

We are living in a world that is changing at a faster pace than it has ever before. New ideas and innovations, superior processes and methods, better products and services are constantly re-shaping our world, forcing us to re-think and re-align our plans. At Abbott India we have identified a number of areas to improve our processes and systems. Some of these include:



## Establishing a New Brand Launch Framework

We are currently in the process of completely overhauling our new product launch processes to double the number of new launches per year.

These are being developed with a view to be early to launch new products and increase the success of new launches.



## Revamp Distribution for Faster Demand Fulfilment

We will open 4 new distribution points to reduce service turnaround time in markets where our speed to serve is constrained by the geographic spread.

We will revamp the infrastructure and service levels at 12 of our C&FA locations and adopt consistent and stringent Service Level Agreements.



## Simplify Processes

We plan to leverage IT significantly more than we have done in the past for automating various backend processes to improve speed (As an example we plan to reduce field activity reimbursement from 75 days to 30 days through IT automation).

Another project will reduce complexity on internal approvals by defining clear responsibility matrices and organising regular trainings and thereby reducing turnaround time for key approvals.



## Improve Sales Force Systems

We expect our SFA system - Salesforce.com to be ready by mid year, which will help bring many of the sales support processes under a single system. Not only will this improve reporting and tracking of field activities but will also help our sales force manage their day to day field work.

# 2012 HIGHLIGHTS

## REWARDS AND RECOGNITION



Awarded Frost & Sullivan 'MNC Pharmaceutical Company of the Year' for the second consecutive year



Marketing Excellence Award (Resurgence of Thyroid Market in India) by Institute of Pharmaceuticals and Healthcare Management Research (CMARC)



Rural Marketing Association of India (RMAI) Award for Epilepsy outreach initiative



## NOTICE

Notice is hereby given that the Sixty-Ninth Annual General Meeting of Abbott India Limited will be held at Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021 on Thursday, April 25, 2013 at 10.30 a.m. to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at December 31, 2012 and the Statement of Profit and Loss 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 Munir Shaikh, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr R. A. Shah, 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 Bhasker Iyer, 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 appoint a Director in place of Mr Sachin Dharap, 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.

By Order of the Board

February 20, 2013  
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 April 18, 2013 to April 25, 2013 (both days inclusive).
- v. Dividend, if approved by the Members at the Annual General Meeting will be paid on or before May 24, 2013 to the Members whose names appear on the Register of Members as on April 25, 2013 and to the Beneficial Owners of the shares as on April 17, 2013, 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 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, 2004 has been transferred to Investor Education and Protection Fund.  
  
Members who have not encashed their dividend warrants for the year ended November 30, 2005 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. In support of **“Green Initiative in Corporate Governance”**, the Company will be sending various notices and documents including Annual Report of the Company through electronic mode to the shareholders whose email address are available with the Company. Members who have not availed this facility, can avail the same by registering their email address with the Company/ Registrars and Share Transfer Agents. 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](http://www.abbott.co.in). The Company will be sending physical copy of Annual Report and other documents to all shareholders whose email address are 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

February 20, 2013  
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 No 6**

Mr Bhasker Iyer was appointed as Additional Director by the Board with effect from February 20, 2013 in terms of Article 113 of the Articles of Association of the Company. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the appointment of Mr Iyer as a Director of the Company, liable to retire by rotation.

Mr Iyer has over 30 years of experience in the pharmaceutical industry and has worked for a number of companies including Glaxo, ICI Pharmaceuticals, Nicolas Piramal India Ltd., AstraZeneca and, most recently, in Wockhardt where he held the position of President India and Emerging Markets. He holds degrees of Bachelor of Science and a Masters in Marketing from Bombay University.

Considering his rich industry experience and diversified profile, your Board recommends Mr Iyer’s appointment as Director on the Board.

None of the Directors except Mr Iyer is deemed to be concerned or interested in the said resolution

### **Item No 7**

Mr Sachin Dharap was appointed as Additional Director by the Board with effect from February 20, 2013 in terms of Article 113 of the Articles of Association of the Company. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the appointment of Mr Dharap as a Director of the Company, liable to retire by rotation.

Prior to joining Abbott, Mr Dharap has worked with Piramal Healthcare Limited and Indian Oil Corporation Limited. He has around 15 years of experience in the finance stream spanning across Business Planning and Analysis, Controllership, Management Accounting, Mergers and Acquisitions and Transition Management and System Development and Implementation.

The Board recommends his appointment as Director on the Board.

None of the Directors except Mr Dharap is deemed to be concerned or interested in the said resolution

By Order of the Board

February 20, 2013  
Mumbai

Krupa Anandpara  
Company Secretary

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



**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT SIXTY-NINTH ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE 49 IV(G) OF THE LISTING AGREEMENT)**

Name of Director	Munir Shaikh	R. A. Shah	Bhasker Iyer	Sachin Dharap
Date of Birth	March 1, 1943	July 7, 1931	March 7, 1956	April 8, 1976
Date of Appointment	March 2, 2001	February 21, 1983	February 20, 2013	February 20, 2013
Expertise in Specific Functional Area	Possesses vast knowledge of the industry and is a consummate team player with an entrepreneurial flair.	Specialisation in a broad spectrum of corporate laws.	Over 30 years of experience in Pharmaceutical Industry with expertise in sales & marketing	Expertise in area of financial planning and controlling
Qualifications	Fellow of the Institute of Chartered Accountants in England and Wales.	Solicitor	BSC, MMS from Mumbai University	Fellow of the Chartered Accountants and Company Secretary
No of Shares held in the company	NIL	5,098	NIL	NIL
Other Directorships in Indian Companies	None	Godfrey Philips India Limited * Deepak Fertilizers & Petrochemicals Corporation Limited Precision Valve (India) Private Limited Roche Products (India) Private Limited Preval Pumps and Accessories (India) Private Limited Asian Paints (India) Limited Modicare Limited Uhde India Private Limited ACC Limited Atul Limited Schrader Duncan Limited RPG Life Sciences Limited Colgate Palmolive India Limited Pfizer Limited * Procter & Gamble Hygiene and Healthcare Limited * Clariant Chemical (India) Limited * The Bombay Dyeing & Manufacturing Company Limited Lupin Limited BASF Limited Century Enka Limited Wockhardt Limited	None	None
* Chairman of the Board				
Memberships of Committees		The Bombay Dyeing & Manufacturing Company Limited BASF Limited Century Enka Limited Wockhardt Limited Colgate Palmolive India Limited # Pfizer Limited # Procter & Gamble Hygiene and Healthcare Limited # Clariant Chemical (India) Limited #		
# Chairman of the Committee				

## REPORT OF THE DIRECTORS

### TO THE MEMBERS

Your Directors have pleasure in presenting the Sixty-Ninth Annual Report and Audited Accounts of the Company for the year ended December 31, 2012.

### Financial Results

	₹ in Lakhs	
	Year ended December 31, 2012	Year ended December 31, 2011
Sales	1613,09.30	1445,57.29
Profit Before Tax	214,99.29	180,15.83
Profit After Tax	144,70.05	120,39.30
Balance brought forward	329,95.61	263,44.69
Profit available for appropriation	474,65.66	383,83.99
Appropriations :		
Dividend (Proposed)	36,12.38	36,12.38
Corporate Dividend Tax	5,86.02	# 5,72.07
Transfer to Reserves	14,47.01	12,03.93
Balance carried forward	418,20.25	329,95.61

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

### Dividend

Your Directors recommend a dividend of ₹ 17 per share for the year ended December 31, 2012. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of ₹ 36,12.38 Lakhs (Previous year : ₹ 36,12.38 Lakhs) and Corporate Dividend Tax of ₹ 5,86.02 Lakhs (Previous year : ₹ 5,86.02 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, 2012 were ₹ 625,60.98 Lakhs comprising of Amalgamation Reserve ₹ 37.82 Lakhs, Capital Reserve ₹ 5,22.62 Lakhs, Capital Redemption Reserve ₹ 2,52.48 Lakhs, General Reserve ₹ 199,27.81 Lakhs and Surplus in Statement of Profit and Loss ₹ 418,20.25 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, 2012, and of the Profit of the Company for the 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, 2012, 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 Laurent Van Lerberghe and Mr Ramon F Neira Hoyos resigned as Directors of the Company effective February 20, 2013. The Board placed on record its sincere appreciation for the valuable support rendered by them.

Mr Bhasker Iyer and Mr Sachin Dharap have been appointed as Additional Directors by the Board with effect from February 20, 2013, subject to approval of the shareholders of the Company at the ensuing Annual General Meeting.

Mr Munir Shaikh and Mr R. A. Shah retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors have pleasure in recommending their appointment.

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### STATUTORY AUDITORS

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

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### 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 2011 was filed with the Central Government on January 30, 2013 (Due date for filing – February 28, 2013).

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## 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 endeavors to improve on environmental management to minimise the adverse environmental impact and through all our activities demonstrate commitment to protecting the environment.

The plant has a state of the art activated sludge type waste water treatment plant. The plant is a ZERO discharge plant. The quality of treated water from the waste water treatment plant is well below the norms laid down by pollution control board. The treated water is recycled for horticulture within the site. During the current year water recycling initiatives were taken up.

The ambient air quality is being monitored on a regular basis to conform to the compliance of ambient air quality standards.

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.

During the year the plant reduced the carbon footprint by reducing 112 tons of CO<sub>2</sub> emission by implementing various electricity

saving projects such as, installation of Variable Frequency Drive (VFD), optimisation of light usage, online dissolve oxygen trimming system in effluent treatment plant etc. Further, the plant commissioned briquette fired boiler which reduced furnace oil usage. The anticipated annual CO<sub>2</sub> emission reduction is 740 tons and there are no sulphur emissions.

Environmental Key Performance Indicators are shared and discussed with employees to increase awareness and thereby 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. The Employee, Health and Safety (EHS) programme includes EHS & E policy, well defined organisational structure, EHS SOP's and EHS specific programmes.

In the plant we are driving a programme of moving to ZERO EHS incidents with focus on near miss reporting, cultural change and behavioural based safety.

Employees are the key to the success of the EHS Management System as they are responsible for the proper implementation and maintenance of systems.

The site conducts various training programmes related to EHS. The site develops a yearly training schedule (calendar), reviewed quarterly and strictly adheres to it. The topics covered are machine guarding, forklift safety, electrical safety, ergonomics, waste management, first aid, emergency preparedness planning, confined spaces, spill prevention, chemical safety, work permit, biological safety, etc.

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

The plant celebrated the World Environment Day on June 5, 2012. Vehicle emission checking drive was also conducted.

The plant has an in house occupational health centre. The centre is equipped with Phygmo Nanometer, Spirometer, Audiometer, Audiometric Cabin and Otoscope, besides regular first aid equipment. The plant also has a well equipped ambulance.

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.

## TECHNOLOGY ABSORPTION AND DEVELOPMENT

The R&D Centre of the Company at Goa is approved by the Department of Scientific and Industrial Research. It carries out development of new formulations and modification of existing ones for Life Cycle Management. R&D center also carries out evaluation of product dossiers for introduction of new products through insourcing. Effective Life Cycle Management, cost reduction in existing products and new vendor development are focus areas at the R&D centre.

The R&D centre has played a key role in launching new products in 2012, e.g. Adiza, Zilsa, Obimet GX forte and Omacor. The R&D has been instrumental in site to site technology transfers as a result of rationalisation of production sites to improve efficiencies and costs. Notable among them were insourcing of Cremaffin Plus, Udiliv and Duphalac manufacturing to Goa Plant.

## EMPLOYEES

Your Board records its sincere 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 and also a Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

For and on behalf of the Board

February 20, 2013  
Mumbai

Munir Shaikh  
Chairman

Rehan A. Khan  
Managing 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) Installation of briquette fired boiler will result in annual saving of 275 KL of furnace oil.  
Commissioned in November 2012, resulted in saving of 33 KL of furnace oil for the year 2012.
- 2) Optimisation of lighting by reducing number of lighting fixtures while maintaining the same illumination level have resulted in electricity saving of 5,118 KWH per year.
- 3) Installation of VFD for liquid manufacturing ventilation blower have resulted in electricity saving of 2,976 KWH.
- 4) Implementation of on line dissolved oxygen trimming system in waste water treatment plant aeration system have resulted in electricity saving of 15,190 KWH.

#### (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 VFD, online dissolved oxygen trimming system in waste water treatment plant and optimisation of lighting have resulted in significant power savings.

Installation of briquette fired boiler resulted in significant amount of furnace oil savings.

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

	Year ended December 31, 2012	Year ended December 31, 2011
<b>A. Power &amp; Fuel Consumption :</b>		
a) Electricity		
(i) Purchased (Unit Millions)	3.11	3.43
Total amount (₹ Lakhs)	4,62.90	4,65.13
Rate/Unit (₹)	14.91	13.57
(ii) Own Generation in KWH		
(through Diesel Generator)	88,524	23,095
(through Steam turbine/Generator)	N.A.	N.A.
b) Biomass Briquets		
Quantity (Kgs)	85,485	N.A.
Total amount (₹ Lakhs)	5.20	N.A.
Average Rate/Unit (₹)	6.05	N.A.
c) Coal	N.A.	N.A.
d) Furnace Oil		
Quantity (kilo ltrs)	216.23	285.10
Total amount (₹ Lakhs)	1,02.60	1,13.50
Average rate (₹)	47.45	39.81
Others/Internal Generation	N.A.	N.A.

**B. Consumption per Unit of Products :**

Since the Goa 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. During the year, Cremaffin Plus, Udiliv and Duphalac oral liquid manufacturing has been successfully validated and commercial supplies started from Goa plant.

**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.

A number of formulations were developed for domestic market either through inhouse development or in collaboration with external laboratories/ CRO's. The R&D Centre played a vital role in closely working with third party developers to launch products like Adiza, Zilsa, Obimet GX Forte. A reformulated multivitamin liquid Betonin AST was successfully developed inhouse and scaled up.

A number of continuous improvement projects (CI) were undertaken and implemented. Cost improvements were performed on Digene tablets by rationalising the existing excipients in current Digene tablet which was further scaled up to undergo commercialisation. A number of new vendors of API's and excipients were studied and approved resulting in cost savings.

**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 new products 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 products. New vendor development for API's with cost challenge has helped to reduce cost and to improve the efficiency of supply chain. Development of new products 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 :**

Assessments are ongoing to monitor trend analysis of key currently manufactured products, assess the gaps, if any and remediate as a proactive measure. New product development continues to be a key deliverable of the team. Opportunities to expand locally developed products to other geographies are being identified, a significant volume of efforts will be dedicated for this. Variants of global products

may be developed for improved therapeutic benefit of prevailing molecules. Innovative technologies may be explored for equally efficient, cost effective and quality products. Identifying opportunities to rationalise costs and improve efficiencies through developing cost efficient and robust processes and products will be an area of focus.

#### D. Expenditure on R&D :

	₹ In Lakhs
(a) Capital	34.44
(b) Recurring	144.37
<b>Total</b>	<b>178.81</b>
<b>Total R&amp;D expenditure as a Percentage of Total turnover</b>	<b>0.11</b>

#### 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 ₹ 17,92.06 Lakhs, which includes ₹ 12,00.78 Lakhs towards exports and ₹ 5,91.28 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, finished goods, consumable stores and capital goods	176,35.25
(b) On professional charges, sales promotion expenses, commission on export sales, registration fees, business travel, software, etc.	8,21.24
(c) On remittance during the year on account of dividend	27,08.79
<b>B. Total foreign exchange earned</b>	<b>17,92.06</b>

For and on behalf of the Board

February 20, 2013  
Mumbai

Munir Shaikh  
Chairman

Rehan A. Khan  
Managing Director

# REPORT ON CORPORATE GOVERNANCE

## 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 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, 2012, 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 (May 14, 2012)		
Mr Munir Shaikh Chairman of the Board	Non-Executive, Independent Director	5	Yes	--	--
Mr Rehan A. Khan Managing Director (appointed as Director w.e.f. March 15, 2012 and as Managing Director w.e.f. May 15, 2012)	Executive Director	3	Yes	--	--
Mr R. A. Shah	Non-Executive, Independent Director	6	Yes	14 (includes Chairmanship of 4 companies)	8 (includes Chairmanship of 4 committees)
Mr Ashok Dayal	Non-Executive, Independent Director	4	Yes	2	--
Mr Ranjan Kapur	Non-Executive, Independent Director	4	Yes	3	3 (includes Chairmanship of 1 committee)
Mr Thomas Dee	Non-Executive Director	1	No	--	--
Mr Laurent Van Lerberghe	Non-Executive Director	2	Yes	--	--
Mr Kaiyomarz Marfatia	Executive Director	6	Yes	--	--
Mr Ramon F Neira Hoyos	Non- Executive Director	2	Yes	--	--
Mr Vivek Mohan (resigned effective May 15, 2012)	Executive Director	3	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 Committees

- (c) During the year ended December 31, 2012, 6 Board Meetings were held on the following dates :

February 28, 2012, March 15, 2012, May 14, 2012, August 08, 2012, August 21, 2012 and November 10, 2012.

- (d) Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under Clause 49IV(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, 2012, May 14, 2012, August 08, 2012 and November 10, 2012.

Mr Munir Shaikh, Mr R. A. Shah and Mr Ashok Dayal attended all meetings and Mr Ranjan Kapur attended 2 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 May 14, 2012 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 3 Directors, namely, Mr Ashok Dayal, Non-Executive and Independent Director as Chairman, Mr Rehan A. Khan, Managing Director, and Mr Kaiyomarz Marfatia, Whole – time Director.

The Committee 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 :

February 28, 2012, August 08, 2012 and November 10, 2012

A summary of complaints received from shareholders / investors and resolved by the Company during the year ended December 31, 2012 is given below :

Particulars	Received	Resolved
Non receipt of share certificates duly transferred	02	02
Non receipt of dividend warrants	16	16
Non receipt of Annual Report	06	06

During the year under review, the Company received 2 letters relating to an investor grievance forwarded by the Bombay Stock Exchange Limited and 1 from the Securities and Exchange Board of India, which were duly replied.

As on December 31, 2012, 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, 2012 are as follows :

Terms of Agreement	Mr Rehan A. Khan (Managing Director) (appointed effective May 15, 2012)	Mr Kaiyomarz Marfatia (Whole-time Director)	Mr Vivek Mohan (Managing Director) (resigned effective May 15, 2012)
Period of appointment	5 years	5 years	5 years
Date of appointment/ re-appointment	May 15, 2012	March 1, 2011	November 1, 2009
Salary & Other Allowances (₹)	1,47,92,744	55,81,617	64,82,661
Perquisites (₹)	52,82,508	4,25,713	19,61,010
Contribution to Provident Fund & Group Gratuity Scheme (₹)	14,33,555	7,62,253	5,74,926
Performance Linked Incentive (₹)	45,53,820	11,00,005	30,20,000
Notice Period	Three months	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.	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".	The Company does not have any Stock Option Plan for its employees. However, Wholetime 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".	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".

\* As a part of the "Long Term Incentive Program", during the year 2,680 Restricted Stock Units of Abbott Laboratories, USA have been granted for which no option compensation expenses have been incurred by the Company. (Also refer note 29 (C) forming part of the Accounts)

**(b) Non-Executive Directors**

Mr Munir Shaikh, Mr R. A. Shah, Mr Ashok Dayal and Mr Ranjan Kapur were paid sitting fees amounting to ₹ 1,80,000/-, ₹ 2,00,000/-, ₹ 1,90,000/- and ₹ 1,20,000/- respectively, for attending Board meetings and various Committee meetings held during the year ended December 31, 2012.

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 revenues 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 and his relatives who hold 5,098 shares.**

## 6. GENERAL BODY MEETINGS

Financial Year	Date	Time	Location	No. of Special Resolutions
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	--
2011	May 14, 2012	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

- 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 41 forming part of the Accounts in the Annual Report.
- Pursuant to the disclosures received from the Senior Management Personnel of the Company to the Board, there were no material, financial and commercial transactions, which could have potential conflict with the interest of the Company at large.
- 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.
- In terms of requirement of Clause 49 (V) of the Listing Agreement, the Managing Director (CEO) and Director - Finance have made 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.

- 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.
- 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 :

- 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.
- For the year ended December 31, 2012, 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

- 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](http://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

Thursday, April 25, 2013 at 10.30 a.m.  
Y B Chavan Auditorium,  
General Jagannath Bhosale Marg,  
Mumbai 400 021

### ii. Financial Year

January 1, 2012 to December 31, 2012

### iii. Date of Book Closure

April 18, 2013 to April 25, 2013  
(both days inclusive)

### iv. Dividend Payment Date

On or before May 24, 2013

### v. Listing on Stock Exchange

Bombay Stock Exchange Limited (BSE)

### vi. Stock Code

500488

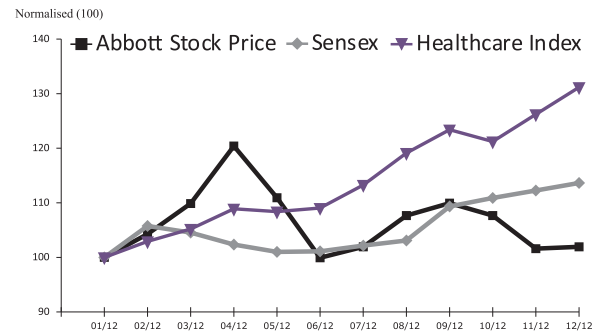
### vii. Market Price Data (High / Low during each month) on BSE :

(₹)

Month	High	Low
January 2012	1,500.95	1,425.00
February 2012	1,564.90	1,450.00
March 2012	1,649.00	1,475.05
April 2012	1,807.00	1,520.00
May 2012	1,665.00	1,380.00
June 2012	1,500.00	1,375.05
July 2012	1,530.00	1,440.00
August 2012	1,615.95	1,453.00
September 2012	1,650.00	1,567.00
October 2012	1,616.00	1,425.00
November 2012	1,524.90	1,425.00
December 2012	1,530.00	1,431.00

### viii. Performance in comparison to broad based indices:

January 1, 2012 to December 31, 2012



### 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 No. : +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 No. : +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 15 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, 2012**

Distribution	No of Share-holders	% to Total	No of Shares	% to Total
(1)	(2)	(3)	(4)	(5)
Upto 500	19,316	92.75	15,94,508	7.50
501 to 1000	860	4.13	6,19,379	2.91
1001 to 2000	388	1.86	5,48,114	2.58
2001 to 3000	117	0.56	2,87,038	1.35
3001 to 4000	51	0.25	1,78,332	0.84
4001 to 5000	33	0.16	1,48,707	0.70
5001 to 10000	32	0.15	2,13,645	1.01
Above 10000	29	0.14	1,76,59,579	83.11
<b>Total</b>	<b>20,826</b>	<b>100.00</b>	<b>2,12,49,302</b>	<b>100.00</b>

**Shareholding Pattern as on December 31, 2012**

Category of Shareholders	No. of Shares	% to Total
Promoters	1,59,34,048	74.99
Banks	10,187	0.05
FII	350	0.00
Insurance Companies	1,73,686	0.82
Mutual Funds	11,18,235	5.26
Domestic Companies	2,92,622	1.38
Non-Domestic Companies	471	0.00
Non Resident Indians	71,418	0.34
Directors & Relatives	5,098	0.02
Others	36,43,187	17.14
<b>Total</b>	<b>2,12,49,302</b>	<b>100.00</b>

**xii. Dematerialisation of Shares as on December 31, 2012**

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, 2012, 1,89,51,495 shares representing 89.19% 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**

Abbott India Limited

**Registered office:**

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

Telephone : 67978888

Fax : 67978727

Email : webmaster@abbott.co.in

investor.relations@abbott.co.in

**Sharepro Services (India) Private Limited**

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

Telephone No. : +91-22-67720400/67720300

Fax : +91-22-28591568

Email : sharepro@shareproservices.com

**Investors Relation Centre**

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

Telephone No. : +91-22-66134700

Fax : +91-22-22825484

For and on behalf of the Board

February 20, 2013  
Mumbai

Munir Shaikh  
Chairman

Rehan A. Khan  
Managing Director

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

As required under clause 49 I (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, 2012.

For and on behalf of the Board

Rehan A. Khan  
Managing Director

Mumbai, February 20, 2013

## 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, 2012, 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  
Partner  
(Membership No. 034382)

Mumbai, February 20, 2013

## REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Indian Pharmaceutical industry is highly fragmented. It is estimated to have about 24,000 players, of which only around 330 players are in the organised sector. Of these, the Top 10 companies make up for more than 40% of the market.

According to IMS, Indian Pharmaceutical industry grew by 11% YoY in 2012. The industry has been growing at a CAGR of more than 15% over the last five years. It is the third largest industry in the world in terms of volumes and accounts for around 10% of the world's production; however, in terms of value, the Indian Pharmaceuticals industry accounts for a mere 1.4%. Out of the total industry volumes, branded generics dominate, making up for approximately 80% of the total retail market. Factors like sedentary lifestyle due to rapid urbanisation are leading to a remarkable increase in lifestyle related ailments like diabetes, heart disease and stroke. This has also resulted in enhanced medical infrastructure, rise in prevalence of treatment of chronic diseases and greater health insurance coverage.

The pharmaceutical market will continue to increase in value at double-digit rates for the next 5 years. Population growth, epidemiological trends, rising incomes and improvements in the availability and accessibility of basic healthcare provision will all act as drivers of demand for medicines. New drug launches will also boost market value, but price will remain a modest contributor to growth – largely as a result of intense competition for market shares.

A further gradual shift in demand from acute to chronic disease treatments will also be witnessed. While acute therapies continue to account for the majority of sales, their share has been declining from 86% in 2000 to 70% in 2012 and will continue to do so. This will be driven largely by epidemiological trends, which have seen conditions such as cardiovascular disease, cancer and diabetes diagnosed with increasing frequency. The ability of more patients to pay for repeat prescriptions of chronic therapies will also play a role.

The ratio between retail and hospital sales will also alter, with hospital market growth outstripping rates of increase in the retail pharmacy sector. Hospital sales will continue to grow rapidly, driven by a combination of an expansion of both public and private hospital infrastructure and more widespread health insurance coverage.

Per IMS Prognosis Report, estimated at 4.2% of GDP, total healthcare expenditure remains low and out-of-pocket expenditure remains high at 50%. While it is unlikely to meet targets laid down in the 11th and 12th Five Year Plans, the Government's contribution to national healthcare spending will continue to rise from the current 33%. Alongside further growth in patient incomes, this will help drive increases in overall expenditure.

A substantial proportion of Government funds will be ploughed into the improvement and expansion of the public health infrastructure. Access to basic healthcare will improve as a result, but private clinics and hospitals will continue to play major role.

### OPPORTUNITIES AND THREATS :

The proportion of the population with some form of health insurance cover will continue to rise, reflecting the expansion of national and state-level schemes aimed at poor patients, and further growth in the market for private health insurance. Benefits offered by the national scheme for families living below the poverty line in particular will be limited, however, while public programmes and the vast majority of private plans will be limited to hospital treatment.

Broadening access to basic healthcare and improving the quality of public sector provision will continue to dominate Government healthcare policy.

Corporate providers will spearhead continued growth in the market for private hospitals and specialist private clinics. Players in the sector will target geographical expansion of their businesses, but will also benefit from strong demand in major urban markets, and from further increases in the number of health tourists seeking affordable treatment in India.

The Company operates only 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 December 2012, the market in which the Company participates grew by 12% versus the Company's growth at 16%.

The Women's Health therapy area is driven by its flagship brand – Duphaston. Displaying close to 30% growth, Duphaston has maintained number 1 rank in its therapeutic segment.

For the Gastroenterology therapeutic segment, Cremaffin continues to be No.1 brand followed by Duphalac in No. 2 position in its therapeutic segment. Both brands deliver strong growth on the back of increasing connect with the mass segment and continued support from specialists. In addition, Udiliv maintained its position in the top 100 brands in the Indian Pharmaceuticals market.

The Gastroenterology therapy segment has also been boosted by successful new product introductions. Success of Adiza was backed by establishing a strong ethical connect with key doctor segments. Heptral continued to effectively build connect with Key Opinion Leaders via focused medico marketing efforts to firmly establish the brand.

Thyronorm continues to be the primary growth driver of the Metabolics therapy area. Focusing on a 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 15 brands of the Indian Pharmaceuticals market. Thyronorm continues to grow at 1.5 times the market and has more than 50% market share in its segment.

For the CNS therapeutic segment, the persistent emphasis of Zolfresh on the Continuum of Care approach has accelerated brand performance. Zolfresh significantly outperformed the market and became the No. 2 brand in the Extended Sleep Market and is also counted among the

top 250 brands of the Indian Pharmaceuticals market. Vertin, the No. 1 brand in vertigo, continues to outperform the market by driving awareness programmes aimed at the mass segment to increase its prescriber base, and increasing its support from the specialist segment through focused medico marketing initiatives. In addition, Prothiaden maintains its leadership position in its therapeutic segment backed by introduction of a new line extension.

(Source : IMS)

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### CLINICAL RESEARCH :

Clinical Research is a branch of medical science that determines the safety and effectiveness of medications, devices, diagnostic products and treatment regimens intended for human use and benefits. In 2012, however, Clinical Research was hampered by a slowdown in the regulatory environment and media reports that showed this segment in a negative light.

Aligning with the Company's commitment on Life Cycle Management, Continuum of Care and Therapy Leadership and overcoming the recent regulatory challenges and media reports, 4 studies were conducted recruiting a total of 3000 patients across various centers in India in the year 2012.

Some important Clinical Research highlights underlying our Company's commitment are listed below:

- 500 patients with alcoholic and non-alcoholic liver disease enrolled across multiple centers in India for the two post marketing observational studies for Heptral to characterise patient population with cholestatic liver disease.
- 40 centers across India enrolled 1000 female subjects in a post marketing, prospective and observational study to understand the effectiveness of Duphaston in menstrual cycle regularisation.
- The Company supported 3 Investigator Initiated Studies (IIS) in 2012, of which 2 studies have successfully been completed and one of these is expected to be published soon.
- Digene OTC study: This is a prospective, non-randomised, non comparative pharmacy based observational study on 1500 patients requesting for Digene (gel or tablets) over the counter across 50 pharmacies.

Looking at 2013, the Company aims to conduct research in hepatic care, gastroenterology and neuroscience.

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### BRAND ACHIEVEMENTS :

The Company has achieved consistent success in the branded generics business with 10 brands in the Top 300 brands in the Indian Pharmaceutical market. Further, one of its products, Vertin – which is used for the treatment of vertigo, tinnitus and hearing loss, has jumped

13 ranks from 112 in January, 2012 to 99th rank in November, 2012 to enter the League of top 100 brands in the Indian Pharmaceutical markets. Thyronorm entered the top 15 brands of Indian Pharmaceutical market and Zolfresh is now counted among the top 250 brands.

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### OUTLOOK :

As per a report from McKinsey, the Indian Healthcare industry is expected to grow to a size of ₹ 3,02,500 crores with a potential to grow to ₹ 3,85,000 crores by 2020. The report states that such an increase in the industry size would be on the back of factors like increase in population, increased affordability of drugs and improved accessibility of drugs through growing medical infrastructure. This will be facilitated by increasing healthcare spend by the government (as a percentage of GDP) which has been growing annually at 18% since 2005-06.

The report also emphasises that this growth will be driven through the chronic therapeutic segments due to additional market creation by players, increased acceptance of biologics and preventive medicines. Market participants will shape the therapeutic segment especially for chronic therapies such as cardiovascular and neurosychiatry.

Further, according to the findings of the report, the consumer healthcare segment has a potential to grow over 14% annually provided the market participants make the large OTC (Over the Counter) brands easily available to consumers.

The Company has continued its focus on research and development enabling it to come out with new product launches to provide improved solutions for patients. The Company intends to continue revamping its new product launch processes to ensure higher number of successful new launches per year and also by bringing in new products first to the market in the competitive market scenario.

In order to enhance its reach the Company also lays immense focus on increasing its distribution points and adopting stringent levels of service level arrangements.

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### RISKS AND CONCERNS :

In spite of the fact that the Company has established itself very well in the branded generics space, increasing its market share in these segments will be challenging considering the influx of many new participants.

### Pricing Policy :

Intense competition will continue to limit price growth across much of the market. With regulatory intervention also likely to be stepped up, price growth will not contribute significantly to increases in market value.

The National Pharmaceutical Pricing Policy 2012 has expanded price control to 348 drugs specified in the National List of Essential Medicines. The Drug Price Control Order (DPCO) to give effect to the new policy is awaited. The new DPCO is expected to impact the margins on some of the Company's key products.

Discounts, bonuses and a range of other similar retailer programmes will continue to be offered by local manufacturers vying for market share at the chemist or retailer level.

#### **Regulatory challenges :**

With emphasis on stringent controls in the drug approval process by the Drug Controller General of India (DCGI), there has been a greater challenge in introduction of new drugs in the market. Regulatory standards are likely to be tightened further – in response to patient safety concerns, with more emphasis on stringent quality norms. Clinical trial guidelines are also expected to be strengthened further. This would mean extended timelines for new product launches.

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### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :**

#### **Sales :**

Sales during the year grew over 11.6%, to ₹ 1613,09 Lakhs inspite of a difficult business environment. The Company achieved double digit growth across most of its therapeutic segments except Gastroenterology. Metabolics Business Unit registered 27% growth, Hospital Products Business Unit 18%, CNS 11% and Gynecology 18%. Heptral, continued the momentum in 2012 with a stronger performance with sales exceeding ₹ 21,00 Lakhs. Gastroenterology, post a slow down in the first half, was able to regain some of the lost momentum in the second half of the year.

#### **Material Cost and Manufacturing :**

The Company has been able to contain its material cost at 60.2% of Sales as against 59.6% of Sales in 2011 despite inflationary pressures and the adverse exchange rate. During the year the Company insourced the manufacture of two of its key brands Udiliv and Duphalac at its Goa plant resulting in optimal utilisation of plant capacity.

#### **Employee Benefits Expense :**

During the year, the Company augmented its people strength by almost 5%. The increase in employee expenses is due to merit increases, new hires and full year impact of the sales force transformation initiative undertaken last year.

#### **Other Expenses :**

The Company enhanced its distributional capabilities at select locations by leasing additional warehouse space in line with the long term growth plans of the Company

In the second half of the year, cost control measures were initiated. As a result, discretionary spending such as Advertising and Publicity Expenses is significantly lower than in 2011. These efforts have ensured that Other Expenses in the current year have remained flat compared to previous year.

#### **Other Income :**

The investment strategy of the Company is reviewed periodically by the Audit Committee. 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 2012 of approx ₹ 297,00 Lakhs generated out of operating surplus. Through a mix of optimum maturity of term deposits the Company was able to increase the Other Income by 13.4%.

#### **Exceptional Items :**

During the year the Company provided for anticipated returns for date expiry in respect of its Sales till December 2011 aggregating ₹ 18,69 Lakhs. Further the Company also retrospectively changed its method of depreciation from Written Down Value Method to Straight Line Method resulting in writeback of depreciation of ₹ 29,08 Lakhs. These changes ,disclosed as exceptional items, have favourably impacted the Profit before tax for the current year by ₹ 10,39 Lakhs.

Profit before Tax at ₹ 214,99 Lakhs is higher compared to previous year largely due to the cost control measures initiated in the latter half of the year.

The Board of Directors has recommended a dividend at ₹ 17 per equity Share.

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### **INTERNAL CONTROL AND ITS ADEQUACY :**

The Internal Controls of the Company are adequate and commensurate with the size and scale of the operations. The Internal Controls in the Company operates through well documented standard operating procedures, policies and process guidelines. These are designed to ensure that transactions are conducted and authorised within defined authority limits commensurate with the level of responsibility for each functional area. They also ensure that Company's assets are safeguarded



and protected from loss or unauthorised disposal. The Company's accounting and reporting guidelines ensure that transactions are recorded and reported in conformity with generally accepted accounting principles. 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.

During the year, the Company implemented SAP, an integrated enterprise-wide ERP. This has further enhanced the Company's ability to monitor its operations and exercise controls, across the various geographical locations within India.

The Company has a robust internal audit programme which is conducted by a professional firm appointed by the Company. They conduct a risk-based audit with a view to test the adherence to laid down policies and procedures and suggest improvements in processes and systems. Their audit programme 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.

## **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES :**

The year 2012 saw the Company taking the business transformation journey to the next level by laying the foundation of performance excellence and institutionalising the performance philosophy through a series of initiatives. Human Resources (HR) strongly partnered with the business to drive these objectives.

The Company saw multiple changes at the leadership level with Mr Rehan A. Khan joining as new Managing Director. The organisation structure underwent changes to bring increased focus on each of the therapy areas. The leadership team also saw infusion of fresh talent some of whom come with diverse experience of having worked in non-pharma industries like FMCG. The Commercial Excellence team has been further strengthened to support business with focus on four critical areas viz. Sales Force Excellence (SFE), Sales Force Automation (SFA), Sales Training and Sales Administration. The HR team played an active role in the restructuring exercise as well in acquiring high quality talent at the leadership level.

Various initiatives were taken to strengthen a culture of meritocracy and superlative performance. While on one side a very aspiring incentive scheme clubbed with revised Reward and Recognition programme was rolled out to encourage and recognise exceptional performance, employees struggling to perform were put through a robust Performance Improvement Plan (PIP) wherein they were supported

by their managers through an extensive development plan. For PIP, HR partnered with Commercial Excellence team to design the programme, create development plans and track progress. About 200 employees benefitted from this programme.

Talent Acquisition (TA) increased the focus on building the talent pipeline with several initiatives like establishing strong connect with Tier 1 institutes through leadership engagement and branding activities. This helped in attracting high quality talent for three critical programmes at Abbott, viz. Summer internship, Professional Development Program (PDP) and Management Development Program (MDP). To strengthen the Abbott brand amongst Channel partners, TA organised the first ever Abbott Agency Day where the leadership team engaged with the channel partners. TA also took on a new challenge to hire people, especially for the front line sales role, with revised criteria of more experienced employees from industries like FMCG, OTC, etc. This includes increased focus on improving the gender diversity at the front line sales level.

Talent Development continued to be a priority and this was met through structured programmes like 'Talent Management Review'. High potential employees were identified with new roles and responsibilities. To ensure structured interventions for each employee to enable him/her to grow in the organisation, a detailed 'Career Path' has been designed and HR partnered with Commercial Excellence Team to establish a robust 'Certification Program' aligned to the Career Path.

One of the most important aspects of employee engagement; namely Leadership connect with employees, got a new impetus with 'Connexion' – A platform where the Managing Director and HR Director engage directly with the field based employees. Over 12 such meetings were organised across various cities where front line sales employees got an opportunity to meet the Managing Director and HR.

As on December 31, 2012, the total employee strength of the Company stood at 2667 employees spread across India.

For and on behalf of the Board

February 20, 2013  
Mumbai

Munir Shaikh  
Chairman

Rehan A. Khan  
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, 2012, Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on December 31, 2012 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)

**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 explanations 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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 in respect of formulations and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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, 2012 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, 2012 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	1,53.81
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
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)	2007-2011	4.26
West Bengal Sales Tax Act, 1994	Sales Tax	Appellate & Revisional Board, Commercial Tax	2003-2005	17.38
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 2008-2010	0.57
	Sales Tax	Appellate & Revisional Board, Commercial Tax	2005-2006	4.69
	Sales Tax	Joint Commissioner of Commercial Taxes	2006-2007	3.81
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 2010	1,45.63
	Value Added Tax	Deputy Commissioner of Sales Tax	2012-2013	10.41
Kerala General Sales Tax Act, 1963	Sales Tax	Sales Tax Appellate Tribunal, Additional Bench	2002-2003	13.05

(₹ In Lakhs)

Statute	Nature of Dues	Forum where Dispute is pending	Year to which the amount relates	Amount
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 2009	9,00.72
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 20, 2013

## Abbott India Limited

**BALANCE SHEET AS AT DECEMBER 31, 2012**

	NOTE	As at December 31, 2012 ₹ Lakhs	As at December 31, 2011 ₹ Lakhs
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) SHARE CAPITAL	5	21,24.93	21,24.93
(b) RESERVES AND SURPLUS	6	625,60.98	522,89.33
TOTAL SHAREHOLDERS' FUNDS		646,85.91	544,14.26
<b>(2) NON CURRENT LIABILITIES</b>			
(a) DEFERRED TAX LIABILITIES (NET)	15	1,25.27	-
(b) LONG TERM PROVISIONS	7	29,42.99	14,82.12
TOTAL NON-CURRENT LIABILITIES		30,68.26	14,82.12
<b>(3) CURRENT LIABILITIES</b>			
(a) TRADE PAYABLES	8	101,33.57	120,89.63
(b) SHORT TERM PROVISIONS	9	84,11.17	76,34.60
(c) OTHER CURRENT LIABILITIES	10	44,12.17	41,28.11
TOTAL CURRENT LIABILITIES		229,56.91	238,52.34
<b>TOTAL</b>		<b>907,11.08</b>	<b>797,48.72</b>
<b>II ASSETS</b>			
<b>(1) NON CURRENT ASSETS</b>			
(a) FIXED ASSETS			
(i) Tangible assets	12	103,86.83	79,20.42
(ii) Intangible assets	13	4,79.82	45.63
(iii) Capital Work-in-progress		50.93	35.57
TOTAL FIXED ASSETS		109,17.58	80,01.62
(b) DEFERRED TAX ASSETS (NET)	15	-	6,20.27
(c) LONG TERM LOANS AND ADVANCES	16	22,88.19	25,00.45
TOTAL NON CURRENT ASSETS		132,05.77	111,22.34
<b>(2) CURRENT ASSETS</b>			
(a) INVENTORIES	17	263,63.41	254,89.76
(b) TRADE RECEIVABLES	18	141,03.33	132,61.47
(c) CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES	19	324,51.45	258,94.56
(d) SHORT TERM LOANS AND ADVANCES	20	42,79.29	35,17.31
(e) OTHER CURRENT ASSETS	21	3,07.83	4,63.28
TOTAL CURRENT ASSETS		775,05.31	686,26.38
<b>TOTAL</b>		<b>907,11.08</b>	<b>797,48.72</b>
See accompanying Notes to the Financial Statements	1 to 42		

In terms of our report attached

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS**  
Chartered AccountantsREHAN A. KHAN  
Managing DirectorR. A. SHAH  
DirectorB. P. SHROFF  
PartnerASHOK DAYAL  
DirectorKRUPA ANANDPARA  
Company Secretary

Mumbai, February 20, 2013

Mumbai, February 20, 2013

Abbott India Limited

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012**

	NOTE	Year ended December 31, 2012 ₹ Lakhs	Year ended December 31 2011 ₹ Lakhs
<b>I REVENUE FROM OPERATIONS</b>	22	<b>1652,68.89</b>	1490,21.06
<b>II OTHER INCOME</b>	23	<b>22,31.44</b>	19,67.75
<b>III TOTAL REVENUE (I + II)</b>		<b>1675,00.33</b>	1509,88.81
<b>IV EXPENSES</b>			
a) Cost of Material Consumed	24	167,12.48	123,06.96
b) Purchases of Stock-In-Trade	25	795,78.84	811,79.19
c) (Increase) / Decrease in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	26	8,73.55	(73,64.12)
d) Employee Benefits Expense	27	206,10.42	167,34.91
e) Depreciation and Amortisation Expense	14	19,48.70	14,99.53
f) Finance Cost	30	2.39	3.00
g) Other Expenses	31	273,14.08	286,13.51
<b>TOTAL EXPENSES</b>		<b>1470,40.46</b>	1329,72.98
<b>V PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III – IV)</b>		<b>204,59.87</b>	180,15.83
<b>VI EXCEPTIONAL ITEMS</b>			
a) Provision for Anticipated Date Expired Goods	11	18,68.98	-
b) Write-back of Depreciation consequent to change in method	14	(29,08.40)	-
<b>TOTAL EXCEPTIONAL ITEMS</b>		<b>(10,39.42)</b>	-
<b>VII PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS (V –VI)</b>		<b>214,99.29</b>	180,15.83
<b>VIII TAX EXPENSE</b>			
Current Tax Expense for the year		62,55.50	59,30.00
Current Tax Expense for prior years		28.20	4,25.22
Net Current Tax Expense		62,83.70	63,55.22
Deferred Tax Expense/ (Credit) (Net)		7,45.54	(3,78.69)
<b>TOTAL TAX EXPENSE</b>		<b>70,29.24</b>	59,76.53
<b>IX PROFIT AFTER TAX (VII –VIII)</b>		<b>144,70.05</b>	120,39.30
<b>X EARNINGS PER SHARE</b>			
Earnings per share – Basic/ Diluted ₹	33	68.10	56.66
See accompanying Notes to the Financial Statements	1 to 42		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered AccountantsB. P. SHROFF  
Partner

Mumbai, February 20, 2013

For and on behalf of the Board of Directors

REHAN A. KHAN  
Managing DirectorASHOK DAYAL  
Director

Mumbai, February 20, 2013

R. A. SHAH  
DirectorKRUPA ANANDPARA  
Company Secretary

**Abbott India Limited****CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012**

	Year ended December 31, 2012 ₹ Lakhs	Year ended December 31, 2011 ₹ Lakhs
<b>A Cash Flow from Operating Activities :</b>		
<b>Profit Before Tax and after Exceptional Items</b>	<b>214,99.29</b>	180,15.83
Adjustments for :		
i) Exceptional Items :		
Provision for Likely Sales Returns, Date Expiry and Damaged Products	<b>18,68.98</b>	-
Writeback on account of change in method of Depreciation	<b>(29,08.40)</b>	-
ii) Depreciation/ Amortisation Expense	<b>19,48.70</b>	14,99.53
iii) Profit on sale of Fixed Assets (Net)	<b>(1.93)</b>	(12.84)
iv) Unrealised Foreign Exchange (Gain)/ Loss	<b>(2,14.36)</b>	2,12.35
v) Provision for Doubtful Debts/ Bad debts written off	<b>2,51.83</b>	2,37.85
vi) Provision for Likely Sales Returns, Date Expiry and Damaged Products	<b>3,15.16</b>	99.11
vii) Dividend from non-trade current investments	-	(56.01)
viii) Profit on sale of current investments (Net)	-	(0.12)
ix) Interest income (Net of Expense)	<b>(21,82.99)</b>	(18,40.14)
	<b>(9,23.01)</b>	1,39.73
<b>Operating Profit before Working Capital Changes</b>	<b>205,76.28</b>	181,55.56
Changes in Working Capital		
Adjustments for (Increase)/ Decrease in Operating Assets :		
i) Inventories	<b>(8,73.65)</b>	(72,80.09)
ii) Trade Receivables	<b>(10,95.16)</b>	(52,33.82)
iii) Loans and Advances	<b>(7,98.55)</b>	(15,32.81)
Adjustments for Increase/ (Decrease) in Operating Liabilities :		
i) Trade Payables	<b>(17,40.23)</b>	32,41.73
ii) Other Liabilities and Provisions	<b>5,29.69</b>	10,77.20
	<b>(39,77.90)</b>	(97,27.79)
Cash generated from operations :	<b>165,98.38</b>	84,27.77
Direct taxes paid (net of refund)	<b>(64,63.46)</b>	(60,21.18)
Net Cash Flow generated from Operating Activities	<b>101,34.92</b>	24,06.59



## Abbott India Limited

**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012**

	Year ended December 31, 2012 ₹ Lakhs	Year ended December 31, 2011 ₹ Lakhs
<b>B Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets (including Capital Advances)	(17,26.37)	(15,50.44)
Purchase of Non-Trade Current Investments	-	(23.72)
Payment to shareholders of Solvay Pharma India Limited for Fractional entitlements (Refer Note 3)	-	(7.40)
Proceeds from Sale of Investments	-	36,90.30
Proceeds from Sale of Fixed Assets	23.85	23.93
Investment in Fixed Deposits maturing beyond 3 months	(64,89.63)	(32,18.21)
Dividend from Non-Trade Current Investments	-	56.01
Interest received	23,40.83	15,34.83
Net Cash Flow (used in)/ generated from Investing Activities	(58,51.32)	5,05.30
<b>C Cash Flow from Financing Activities :</b>		
Dividends paid (Including Corporate Dividend Tax)	(41,98.40)	(41,98.50)
Interest paid	(2.39)	(3.00)
Net Cash Flow used in Financing Activities	(42,00.79)	(42,01.50)
<b>D Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>82.81</b>	<b>(12,89.61)</b>
<b>E Cash and Cash Equivalents at the Beginning of the Year</b>	<b>108,62.70</b>	<b>70,37.76</b>
<b>F Cash and Cash equivalents acquired on Amalgamation (Refer Note 3)</b>	<b>-</b>	<b>51,14.55</b>
<b>G Cash and Cash equivalents at the Close of the Year (D+E+F) (Refer Note 19)</b>	<b>109,45.51</b>	<b>108,62.70</b>

See accompanying Notes to the Financial Statements

1 to 42

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of the Board of Directors

REHAN A. KHAN  
Managing Director

R. A. SHAH  
Director

B. P. SHROFF  
Partner

ASHOK DAYAL  
Director

KRUPA ANANDPARA  
Company Secretary

Mumbai, February 20, 2013

Mumbai, February 20, 2013

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS****1. COMPANY INFORMATION**

Abbott India Limited ('The Company') is a public limited company domiciled in India and is listed and traded on the Bombay Stock Exchange and also traded on the National Stock Exchange. The Company is one of the leading multinational pharmaceutical companies in India and operates with an owned manufacturing facility in Goa and various independent contract/ third party manufacturers based across the country. The Company sells its products through independent distributors primarily within India.

**2. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Accounting**

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

**b) 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.

**c) Revenue Recognition**

Sales are recognised when the risk and reward of ownership is passed on to the customers. 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.

Service income is recognised as per the terms of the contracts/ arrangements when related services are performed.

**d) 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 the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use.

With effect from January 1, 2012, Depreciation and amortisation is provided, pro-rata for the period of use, on the straight line method. Till December 31, 2011, depreciation was being provided, pro-rata for the period of use, on the written down value method (WDV Method). The write-back on account of the retrospective change in method has been disclosed as an exceptional item for the year ended December 31, 2012. (Refer Notes 12 to 14)

Till December 31, 2011 the depreciation was provided under WDV method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of computers, photocopiers, facsimile machines, modems and appliances where depreciation has been provided @ 80%. With effect from January 1, 2012, the rate of depreciation/ amortisation under straight line method is revised to higher of the rate determined based on the management's estimate of useful life or the rate prescribed under Schedule XIV to the Companies Act, 1956; and are as follows :

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

<b>Method of Depreciation :</b>	<b>Straight Line</b>	<b>Written Down Value</b>
<b>Period :</b>	<b>From January 1, 2012</b>	<b>Till December 31, 2011</b>
<b>Type of Assets</b>	<b>Useful Life in Yrs</b>	<b>Rate of Depreciation</b>
Leasehold Land	Over Lease Period	Over Lease Period
Leasehold Improvements	Over Lease Period	Over Lease Period
Buildings		
Factory Building	29 years and 11 months	10.00%
Residential Buildings	50 years	5.00%
Plant and Equipment		
Anaesthetic Equipment (included under Plant and Equipment)	5 years	20.00%
Others	9 to 10 years	Shift Depreciation as applicable
Office Equipments		
Computers, Printers, Facsimile Machines, Modems and Appliances (included under Office Equipment)	3 to 5 years	80.00%
Others	10 years	13.91%
Furniture and Fixtures	10 years	18.10%
Vehicles	5 years	25.89%
Software	3 to 5 years	80.00%
Trade Marks	5 years	5 years

Assets individually costing ₹ 5,000 or below are fully depreciated in the month of purchase.

**e) 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 Statement of Profit and Loss. 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 amount is appropriately reversed.

**f) 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 and forward contracts denominated in foreign currencies at the year end are translated at year end exchange rates. In respect of monetary items which are 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 Statement of Profit and Loss.

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS****g) 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.

**h) Inventories**

Inventories consists of Raw Materials and Packing Materials, Work-in-progress, Stock-in-Trade and Finished Goods. Inventories are valued at lower of cost 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. Cost of finished goods includes Excise Duty.

**i) 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 Statement of Profit and Loss in the year in which it is incurred.

**j) Employee benefits****(i) Post-employment Benefits****(a) Defined Contribution Plans :**

The Company has Defined Contribution Plans for post employment benefits, charged to Statement of Profit and Loss, 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 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 Statement of Profit and Loss for the year.

**k) Leases**

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

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

### l) 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 virtual certainty that sufficient future taxable income would be available against which such deferred tax assets can be realised.

### m) 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 economic benefits is possible.

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

3. (a) During the previous year, the Scheme of Amalgamation ('Scheme') of 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 ("The Effective Date").
  - (b) The swap ratio for the merger was 2:3 i.e. every two shares of Solvay Pharma entitled their holder to three shares of Abbott India Limited. The fractional entitlement of shares (equivalent to 497 shares) have been paid in cash with reference to the price prevailing on the Date of Allotment.
  - (c) Under the Scheme, the amalgamation took place effective January 1, 2011 ('The Appointed Date'). Accordingly, the "Statement of Profit and Loss for the year ended December 31, 2011" includes the results of Solvay Pharma.
  - (d) The amalgamation was accounted under the "pooling of interests" method as prescribed by Accounting Standard 14 (AS 14) "Accounting for Amalgamations". Accordingly, the assets, liabilities and other reserves of Solvay Pharma as at December 31, 2010 were taken over at their book values after adjusting the reserves for the financial effect of conflicting accounting policies between the Company and Solvay Pharma, additional share capital allotted by the Company (over the share capital of Solvay Pharma) and cash for fractional shares payable by the Company.
4. The financial statements for the year ended December 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI of the Companies Act, 1956, the financial statements for the year ended December 31, 2012 are prepared as per Revised Schedule VI of the Companies Act, 1956. Accordingly, the previous year figures have also been regrouped/ reclassified to conform to the current year's classification.

## Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

	As at December 31, 2012	As at December 31, 2011
<b>5. SHARE CAPITAL</b>		
<b>Authorised :</b>		
<b>2,75,00,000</b> (2011 : 2,75,00,000) Equity Shares of ₹ 10 each	<b>27,50.00</b>	27,50.00
<b>Issued, Subscribed and Paid Up :</b>		
<b>2,12,49,302</b> (2011 : 2,12,49,302) Equity Shares of ₹ 10 each fully paid	<b>21,24.93</b>	21,24.93
<b>Per Balance Sheet</b>	<b>21,24.93</b>	21,24.93
a) Number of Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding the reporting date :		
Number of Equity Shares allotted to shareholders of Solvay Pharma in 2011 (Refer Note 3)	-	75,74,062
b) Details of Equity shares of ₹ 10 each fully paid held by the Holding Company and subsidiaries of the ultimate Holding Company :		
i) <b>1,07,19,097</b> (2011 : 1,07,19,097) Abbott Capital India Ltd. U.K., (Holding Company)	<b>10,71.91</b>	10,71.91
ii) <b>37,44,951</b> (2011 : 37,44,951) Abbott Healthcare Products Ltd., U.K., (Subsidiary of the ultimate Holding Company)	<b>3,74.50</b>	3,74.50
iii) <b>14,70,000</b> (2011 : 14,70,000) British Colloids Ltd., U.K., (Subsidiary of the ultimate Holding Company)	<b>1,47.00</b>	1,47.00
The ultimate Holding Company is Abbott Laboratories, USA		
c) The Company has only one class of equity shares with voting rights having a par value of ₹ 10 per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
d) Reconciliation of number of shares :		
Shares outstanding at the beginning of the year	<b>2,12,49,302</b>	1,36,75,240
Shares issued during the year (Refer Note 3)	-	75,74,062
Shares outstanding at the end of the year	<b>2,12,49,302</b>	2,12,49,302
e) Details of equity shares held by each shareholder holding more than 5% shares		
i) Abbott Capital India Ltd. U.K. :	No of Shares	<b>1,07,19,097</b>
	% of holding	<b>50.45</b>
ii) Abbott Healthcare Products Ltd., U.K. :	No of Shares	<b>37,44,951</b>
	% of holding	<b>17.62</b>
iii) British Colloids Ltd., U.K. :	No of Shares	<b>14,70,000</b>
	% of holding	<b>6.92</b>
Total :	No of Shares	<b>1,59,34,048</b>
	% of holding	<b>74.99</b>
f) Shares bought back during the period of five years immediately preceding the reporting date :		
Year ended November 30, 2008	<b>7,97,500</b>	7,97,500
Year ended November 30, 2007	<b>8,07,360</b>	8,07,360

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

		₹ in Lakhs unless otherwise stated	
		As at December 31, 2012	As at December 31, 2011
<b>6. RESERVES AND SURPLUS :</b>			
i) Amalgamation Reserve :			
Balance as per last Balance Sheet		37.82	37.82
ii) Capital Reserve :			
Balance as per last Balance Sheet		5,22.62	5,22.62
iii) Capital Redemption Reserve :			
Balance as per last Balance Sheet		2,52.48	2,52.48
iv) General Reserve :			
Balance as per last Balance Sheet		184,80.80	20,13.10
Add : Transferred from Surplus in Statement of Profit and Loss		14,47.01	12,03.93
Add : Addition on Amalgamation (Refer Note 3)		-	152,63.77
		<b>199,27.81</b>	<b>184,80.80</b>
v) Surplus in Statement of Profit and Loss :			
Balance as per last Balance Sheet		329,95.61	263,44.69
Add : Net Profit for the year		144,70.05	120,39.30
Less : Transferred to General Reserve		14,47.01	12,03.93
Less : Proposed Dividend for the year		36,12.38	36,12.38
Less : Corporate Dividend Tax for the year		5,86.02	5,86.02
Less : Corporate Dividend Tax for the period ended December 31, 2010		-	(13.95)
		<b>418,20.25</b>	<b>329,95.61</b>
<b>Per Balance Sheet</b>		<b>62,560.98</b>	<b>522,89.33</b>
<b>7. LONG TERM PROVISIONS :</b>			
a) For Employee Benefits			
Compensated Absences		9,15.93	7,32.64
Post Retirement Medical Benefits		1,64.48	1,52.22
Long Service Benefits		1,12.51	93.32
		<b>11,92.92</b>	<b>9,78.18</b>
b) For Likely Sales Returns, Date Expiry and Damaged Products (Refer Note 11)		17,50.07	5,03.94
<b>Per Balance Sheet</b>		<b>29,42.99</b>	<b>14,82.12</b>
<b>8. TRADE PAYABLES :</b>			
<b>Per Balance Sheet</b>		<b>101,33.57</b>	<b>120,89.63</b>
There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at December 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.			

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS**

	₹ in Lakhs unless otherwise stated	
	As at December 31, 2012	As at December 31, 2011
<b>9. SHORT TERM PROVISIONS :</b>		
a) For Employee Benefits		
Compensated Absences	1,39.77	1,09.40
Post Retirement Medical Benefits	11.23	11.54
Long Service Benefits	11.70	8.58
Gratuity	3,08.70	1,44.51
Superannuation	1,15.10	99.72
	<b>5,86.50</b>	<b>3,73.75</b>
b) For Taxation		
Current Income Tax [Net of Advance Tax of ₹ 264,40.31 Lakhs (2011 : ₹ 337,09.89 Lakhs)]	22,49.63	26,23.82
Fringe Benefit Tax [Net of Advance Tax of ₹ 7,72.66 Lakhs (2011 : ₹ 7,72.66 Lakhs)]	19.39	19.39
	<b>22,69.02</b>	<b>26,43.21</b>
c) For Proposed Dividend	<b>36,12.38</b>	<b>36,12.38</b>
d) For Corporate Dividend Tax	<b>5,86.02</b>	<b>5,86.02</b>
e) For Likely Sales Returns, Date Expiry and Damaged Products (Refer Note 11)	<b>13,57.25</b>	<b>4,19.24</b>
<b>Per Balance Sheet</b>	<b>84,11.17</b>	<b>76,34.60</b>
<b>10. OTHER CURRENT LIABILITIES :</b>		
a) Unclaimed Dividends @	2,06.39	2,21.94
b) Statutory dues including provident fund and tax deducted at source	93.88	1,04.10
c) Salaries, Wages, Incentives and Bonus payable to employees	21,56.61	22,22.12
d) Value Added Tax Payable	8,56.42	7,07.58
e) Advance from Customers	1,48.41	1,10.94
f) Towards Purchase of Fixed Assets	2,12.07	14.66
g) Other Liabilities including deposit received	7,38.39	7,46.77
<b>Per Balance Sheet</b>	<b>44,12.17</b>	<b>41,28.11</b>
@ 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, 2012.		
<b>11. DISCLOSURE AS PER ACCOUNTING STANDARDS (AS 29) FOR PROVISIONS IS AS UNDER :</b>		
Provision for likely sales returns, date expiry and damaged products		
Carrying Amount at the beginning of the year	9,23.18	1,99.44
Add : Addition on Amalgamation (Refer Note 3)	-	6,24.63
Add : Net amount provided during the year	3,15.16	99.11
Add : Net amount provided during the year in respect of Sales till December 2011 @	18,68.98	-
Carrying Amount at the end of the year	<b>31,07.32</b>	<b>9,23.18</b>
@ In line with an opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on "Accounting for Sales Return" the Company has revised its approach for estimating the anticipated returns for date expiry in respect of its sales with effect from January 1, 2012. Accordingly a provision of ₹ 18,68.98 Lakhs towards the same made in respect of Sales till December 2011 has been disclosed as an exceptional item in the Statement of Profit and Loss for the year ended December 31, 2012.		



**Abbott India Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

₹ Lakhs unless otherwise stated

**12. TANGIBLE ASSETS :**

	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK			
	As at January 1, 2012	Additions	Deductions/ Transfers	As at December 31, 2012	As at January 1, 2012	Additions	Deductions/ Transfers	Writeback (Net) on account of Change in Method	As at December 31, 2012	As at December 31, 2011
Leasehold Land	47.62	-	-	47.62	8.44	0.50	-	-	38.68	39.18
Leasehold Improvements	1,37.87	-	-	1,37.87	1,28.59	14.93	-	(7.38)	1,36.14	9.28
Buildings	69,99.50	1,94.05	-	71,93.55	29,16.97	1,58.72	-	(16,55.05)	14,20.64	40,82.53
Plant and Equipment	63,18.75	6,52.33	5,94.14	63,76.94	34,69.49	12,10.27	5,88.58	(7,81.37)	33,09.81	28,49.26
Office Equipment	24,37.11	4,23.97	49.44	28,11.64	18,69.63	3,07.55	45.58	(2,59.46)	18,72.14	5,67.48
Furniture and Fixtures	9,01.31	65.51	22.23	9,44.59	6,24.43	1,01.75	16.14	(1,86.41)	5,23.63	2,76.88
Vehicles	2,43.92	1,02.25	1,13.22	2,32.95	1,48.11	78.56	1,06.81	(32.83)	87.03	95.81
<b>Total</b>	<b>170,86.08</b>	<b>14,38.11</b>	<b>7,79.03</b>	<b>177,45.16</b>	<b>91,65.66</b>	<b>18,72.28</b>	<b>7,57.11</b>	<b>(29,22.50)</b>	<b>73,58.33</b>	<b>103,86.83</b>
Previous Year	118,20.78	# 56,58.79	3,93.49	170,86.08	68,50.18	@ 26,91.83	3,76.35	-	91,65.66	79,20.42

# Includes ₹ 42,08.77 Lakhs for addition on amalgamation (Refer Note 3)

@ Includes ₹ 12,64.15 Lakhs for addition on amalgamation (Refer Note 3)

**Notes :**

i) Included in Plant & Equipment are anaesthetic equipment installed at various Hospitals free of cost with the intention of procuring business for the Company's products :

Class of Asset	Year	Gross Block	Depreciation for the year	Writeback (Net) on account of Change in Method	Accumulated Depreciation
Plant and Equipment	2012	23,01.72	9,24.82	(4,92.85)	13,27.25
	2011	27,11.99	2,68.55	-	14,50.20

ii) Included in buildings is an amount of ₹ 2,450.00 (2011: ₹ 2,450.00) representing value of shares in co-operative housing societies, of which share certificates of ₹ 500.00 (2011: ₹ 500.00) are yet to be received.

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

**13. INTANGIBLE ASSETS :**

	GROSS BLOCK AT COST				AMORTISATION				NET BLOCK		
	As at January 1, 2012	Additions	Deductions/Transfers	As at December 31, 2012	As at January 1, 2012	Additions	Deductions/Transfers	Writeback (Net) on account of Change in Method	As at December 31, 2012	As at December 31, 2012	As at December 31, 2011
Software	2,14.85	5,24.71	-	<b>7,39.56</b>	1,69.22	76.42	-	14.10	<b>2,59.74</b>	<b>4,79.82</b>	45.63
Trademarks	18,79.83	-	-	<b>18,79.83</b>	18,79.83	-	-	-	<b>18,79.83</b>	-	-
<b>Total</b>	<b>20,94.68</b>	<b>5,24.71</b>	-	<b>26,19.39</b>	<b>20,49.05</b>	<b>76.42</b>	-	<b>14.10</b>	<b>21,39.57</b>	<b>4,79.82</b>	
Previous Year	-	# 20,94.68	-	20,94.68	-	@ 20,49.05	-	-	20,49.05		45.63

# Includes ₹ 20,34.30 Lakhs for addition on amalgamation (Refer Note 3)

@ Includes ₹ 19,77.20 Lakhs for addition on amalgamation (Refer Note 3)

**14. DEPRECIATION AND AMORTISATION EXPENSE AND WRITE BACK OF DEPRECIATION/ AMORTISATION ON ACCOUNT OF CHANGE IN METHOD :**

DEPRECIATION AND AMORTISATION EXPENSE	Year Ended December 31, 2012	Year Ended December 31, 2011
Depreciation on Tangible Assets	<b>18,72.28</b>	14,27.68
Amortisation of Intangible Assets	<b>76.42</b>	71.85
<b>Per Statement of Profit and Loss</b>	<b>19,48.70</b>	14,99.53
WRITE BACK (NET) OF DEPRECIATION/ AMORTISATION ON ACCOUNT OF CHANGE IN METHOD	Year Ended December 31, 2012	Year Ended December 31, 2011
Depreciation on Tangible Assets	<b>(29,22.50)</b>	-
Amortisation of Intangible Assets	<b>14.10</b>	-
<b>Per Statement of Profit and Loss</b>	<b>(29,08.40)</b>	-

With effect from January 1, 2012, the Company has retrospectively changed its method of providing depreciation on fixed assets from written down value (WDV) method to straight line method (SLM). As a result, an amount of ₹ 29,08.40 Lakhs, arising from the retrospective change in the method of providing depreciation till December 31, 2011, has been written back as an exceptional item in the Statement of Profit and Loss for the year ended December 31, 2012.

Further, with effect from January 1, 2012, the Company has revised the estimated useful life of its assets, on account of which the depreciation charge for the year is higher by ₹ 6,83.88 Lakhs.

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

	₹ in Lakhs unless otherwise stated	
	As at December 31, 2012	As at December 31, 2011
<b>15. NET DEFERRED TAX ASSET/ (LIABILITY) CONSISTS OF :</b>		
<b>(a) Deferred Tax Liability :</b>		
Book/Tax depreciation difference	(12,73.31)	(4,34.74)
	<b>(12,73.31)</b>	<b>(4,34.74)</b>
<b>(b) Deferred Tax Asset :</b>		
Provision for Compensated Absences	2,36.86	2,18.63
Provision for Doubtful Debts	2,50.98	1,81.63
Disallowance under section 35DD of the Income Tax Act, 1961	1,46.72	2,11.92
Disallowance under section 43B and 40(a)(ia) of the Income Tax Act, 1961	2,84.15	2,13.50
Others	2,29.33	2,29.33
	<b>11,48.04</b>	<b>10,55.01</b>
<b>Per Balance Sheet</b>	<b>(1,25.27)</b>	<b>6,20.27</b>
<b>16. LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD) :</b>		
Deposits against Tenders	1,50.58	1,14.01
Capital Advances	45.05	99.45
For Taxation		
Current Income Tax [Net of Provisions of ₹ 359,27.32 Lakhs (2011 : ₹ 220,03.79 Lakhs)]	20,90.29	22,84.72
Fringe Benefits Tax [Net of Provisions of ₹ 1,57.86 Lakhs (2011 : ₹ 1,57.86 Lakhs)]	2.27	2.27
<b>Per Balance Sheet</b>	<b>22,88.19</b>	<b>25,00.45</b>
<b>17. INVENTORIES :</b>		
Raw Materials and Packing Materials #	57,95.82	40,48.62
Work-in-Progress (Refer (a) below)	2,95.61	90.74
Finished Goods (Refer (b) below)	47,51.69	23,07.28
Stock-in-Trade @ (Refer (c) below)	155,20.29	190,43.12
<b>Per Balance Sheet</b>	<b>263,63.41</b>	<b>254,89.76</b>
# Includes Goods in Transit ₹ 7,96.03 Lakhs (2011 : ₹ 1,27.03 Lakhs)		
@ Includes Goods in Transit ₹ 2,59.10 Lakhs (2011 : ₹ 13,71.45 Lakhs)		
Inventory includes medical samples, valued at actual cost :		
In Finished Goods	95.56	84.97
In Stock-in-Trade	6,93.75	5,95.49
	<b>7,89.31</b>	<b>6,80.46</b>

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS**

	₹ in Lakhs unless otherwise stated	
	As at December 31, 2012	As at December 31, 2011
<b>(a) Inventories of Work-in-progress :</b>		
Tablets	97.62	58.51
Injectables	27.77	-
Liquids	88.73	32.23
Capsules	81.49	-
	<b>2,95.61</b>	<b>90.74</b>
<b>(b) Inventories of Finished Goods :</b>		
Tablets	30,01.41	10,57.52
Injectables	62.43	29.22
Liquids	5,64.11	6,26.37
Capsules	5,53.00	2,88.46
Excise Duty	5,70.74	3,05.71
	<b>47,51.69</b>	<b>23,07.28</b>
<b>(c) Inventories of Stock-in-Trade :</b>		
Tablets	30,78.11	34,59.70
Injectables	95,33.57	116,06.53
Liquids	18,03.74	30,71.75
Capsules	2,60.63	2,80.72
Ointments	90.47	82.44
Granules	73.27	84.13
Powder	2.06	2,00.64
Others	6,78.44	2,57.21
	<b>155,20.29</b>	<b>190,43.12</b>
<b>18. TRADE RECEIVABLES :</b>		
Unsecured, Considered Good :		
Outstanding for a period exceeding six months from the date they are due for payment	96.05	91.49
Others	140,07.28	131,69.98
	<b>141,03.33</b>	<b>132,61.47</b>
Unsecured, Considered Doubtful :		
Outstanding for a period exceeding six months from the date they are due for payment	6,88.94	4,83.07
Others	84.63	76.74
	<b>7,73.57</b>	<b>5,59.81</b>
Less: Provision for Doubtful Debts	7,73.57	5,59.81
	-	-
<b>Per Balance Sheet</b>	<b>141,03.33</b>	<b>132,61.47</b>

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

	₹ in Lakhs unless otherwise stated	
	As at December 31, 2012	As at December 31, 2011
<b>19. CASH AND CASH EQUIVALENT AND OTHER BANK BALANCES (UNRESTRICTED FOR USE UNLESS OTHERWISE STATED) :</b>		
<b>Cash and Cash Equivalents as defined in AS-3 'Cash Flow Statement' :</b>		
Cash and Stamps on Hand	0.81	0.99
Balances with Banks :		
In Current Accounts	21,44.70	20,68.79
In Term Deposits with original maturity of less than three months	88,00.00	87,92.92
	<b>109,45.51</b>	<b>108,62.70</b>
<b>Other Bank Balances :</b>		
Earmarked balances with Banks :		
Unpaid Dividend Accounts	2,06.39	2,21.94
Margin Deposit and Deposit against Guarantees and Tenders	3,36.98	2,59.92
In Term Deposits with original maturity of more than three months	209,62.57	145,50.00
	<b>215,05.94</b>	<b>150,31.86</b>
<b>Per Balance Sheet</b>	<b>324,51.45</b>	<b>258,94.56</b>
<b>20. SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD) :</b>		
Receivable from Related Parties	1,45.21	91.25
Advances to Employees and Suppliers	16,62.33	14,07.31
Deposits for Utility Services and against Operating Leases	6,59.82	5,45.00
Advance to Director (advance given prior to becoming a Director)	-	3.50
Prepaid Expenses	1,61.80	1,48.12
Balance with Customs and Excise on Current Account	87.48	1.80
Other advances recoverable in cash or in kind or for value to be received	15,62.65	13,20.33
<b>Per Balance Sheet</b>	<b>42,79.29</b>	<b>35,17.31</b>
<b>21. OTHER CURRENT ASSETS :</b>		
Interest accrued but not due on Bank Deposits	3,07.83	4,63.28
<b>Per Balance Sheet</b>	<b>3,07.83</b>	<b>4,63.28</b>

## Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

	₹ in Lakhs unless otherwise stated	
	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>22. REVENUE FROM OPERATIONS :</b>		
Sale of Products		
Gross Sales	1635,01.89	1463,75.21
Less : Excise Duty	21,92.59	18,17.92
Net Sales (Refer (a) below)	1613,09.30	1445,57.29
Other Operating Revenues		
Service Income (Refer (b) below)	18,87.64	17,17.28
Sale of Materials	8,02.69	13,84.06
Input Tax Credit	3,99.06	4,78.42
Insurance, Customs and Carriers Claims	6.57	46.34
Miscellaneous Income	8,63.63	8,37.67
Total Other Operating Revenues	39,59.59	44,63.77
<b>Per Statement of Profit and Loss</b>	<b>1652,68.89</b>	<b>1490,21.06</b>
<b>(a) Net Sales :</b>		
Tablets	606,08.44	553,95.74
Injectables	652,46.80	573,27.61
Liquids	270,01.94	245,37.25
Capsules	62,66.06	52,80.29
Ointments	5,16.09	4,93.81
Granules	2,93.45	2,06.59
Powder	(16.16)	1,79.52
Others	13,92.68	11,36.48
	1613,09.30	1445,57.29
<b>(b) Service Income includes :</b>		
(i) Shared Services rendered to Abbott Healthcare Private Limited, India	13,79.87	13,39.66
(ii) Shared Services rendered to Abbott Truecare Pharma Private Limited, India	1.49	-
(iii) Support Services to Abbott International LLC, USA	4,07.74	3,49.59
(iv) Support Services to Abbott Products Operations AG., Switzerland	9.69	-
(v) Support Services to Abbott Products GmbH., Germany	87.58	-
(vi) Support Services to Abbott Laboratories (Singapore) Pte Ltd., Singapore	1.27	28.03
	18,87.64	17,17.28

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>23. OTHER INCOME :</b>		
Interest received on Bank Deposits and Others	21,85.38	18,43.14
Dividend from non-trade current investments	-	56.01
Profit on sale of current investments (net)	-	0.12
Sale of Scrap	30.00	35.15
Profit on Sale of Fixed Assets	16.06	33.33
<b>Per Statement of Profit and Loss</b>	<b>22,31.44</b>	<b>19,67.75</b>
<b>24. COST OF MATERIALS CONSUMED :</b>		
Active Bulk Ingredients	136,78.05	90,87.71
Foils	4,82.51	6,42.99
Miscellaneous	25,51.92	25,76.26
<b>Per Statement of Profit and Loss</b>	<b>167,12.48</b>	<b>123,06.96</b>
<b>VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED :</b>		
Indigenous – 33.7% (2011 : 45.8%)	56,27.29	56,41.03
Imported – 66.3% (2011 : 54.2%)	110,85.19	66,65.93
	<b>167,12.48</b>	<b>123,06.96</b>
<b>25. PURCHASES OF STOCK-IN-TRADE :</b>		
Tablets	91,99.27	113,46.84
Injectables	575,87.68	557,19.64
Liquids	90,63.47	99,09.36
Capsules	8,58.01	9,21.67
Ointments	3,52.82	2,98.91
Granules	1,39.15	1,93.36
Powder	23.84	2,99.96
Others	23,54.60	24,89.45
<b>Per Statement of Profit and Loss</b>	<b>795,78.84</b>	<b>811,79.19</b>

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>26. (INCREASE)/ DECREASE IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE :</b>		
Opening Stock of Work-in-progress	90.74	72.36
Less : Closing Stock of Work-in-progress	(2,95.61)	(90.74)
(Increase)/ Decrease in Work-in-progress	(2,04.87)	(18.38)
Opening Stock of Finished Goods	23,07.28	11,16.84
Add : Finished Goods acquired on Amalgamation (Refer Note 3)	-	7,87.30
Less : Closing Stock of Finished Goods	(47,51.69)	(23,07.28)
(Increase)/ Decrease in Finished Goods	(24,44.41)	(4,03.14)
Opening Stock of Stock-in-trade	190,43.12	112,17.43
Add : Stock-in-trade acquired on Amalgamation (Refer Note 3)	-	8,83.09
Less : Closing Stock of Stock-in-trade	(155,20.29)	(190,43.12)
(Increase)/ Decrease in Stock-in-trade	35,22.83	(69,42.60)
<b>Per Statement of Profit and Loss</b>	<b>8,73.55</b>	<b>(73,64.12)</b>
<b>27. EMPLOYEE BENEFITS EXPENSE :</b>		
Salaries and Wages	185,87.76	147,08.62
Contribution to Provident and Other Funds	15,42.78	12,75.85
Staff Welfare Expenses	5,28.90	7,50.44
Less : Reimbursement from Related Parties	(49.02)	-
<b>Per Statement of Profit and Loss</b>	<b>206,10.42</b>	<b>167,34.91</b>

**28. DISCLOSURE UNDER ACCOUNTING STANDARD – 15 'EMPLOYEE BENEFITS' :**

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



Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

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

	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>Included in Contribution to Provident and Other Funds</b>		
Employer's Contribution to Provident Fund/ Employees' Pension Fund	8,62.37	6,55.35
Employer's Contribution to Superannuation Fund	2,77.26	2,59.37
<b>Included in Staff Welfare Expenses</b>		
Employer's Contribution to Employees' Deposit Linked Insurance Scheme	8.42	12.45
Premium paid in respect of Group Life Insurance Cover	17.87	10.03

The above amounts are included in 'Contribution to Provident and Other Funds' and 'Staff Welfare Expenses' (Refer Note 27)

**2] Defined Benefit Plans****a. Gratuity**

Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provision 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. 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 of the beneficiaries 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. Compensated Absences (CA)**

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

**d. 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	Gratuity (Funded Scheme)		PRMB (Non funded Scheme)	
	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2011
Defined Benefit Obligation at the beginning of the year	19,54.35	10,55.81	1,63.76	1,22.16
Acquired on Amalgamation (Refer Note 3)	-	5,22.52	-	-
Current Service Cost	1,76.35	1,33.09	1.65	1.18
Interest Cost	1,70.54	1,34.24	13.49	9.78
Past Service Cost	-	9.76	-	-
Benefits Paid	(1,53.35)	(1,13.54)	(9.35)	(9.48)
Actuarial (gain)/loss on Obligations	2,42.71	2,12.47	6.16	40.12
Defined Benefit Obligation at the end of the year	23,90.60	19,54.35	1,75.71	1,63.76

## Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

<b>(B) Changes in Fair Value of plan assets for Gratuity (Funded Scheme)</b>	<b>Year Ended December 31, 2012</b>	Year Ended December 31, 2011
Fair Value of Plan Assets at the beginning of the year	18,09.84	8,25.12
Acquired on Amalgamation (Refer Note 3)	-	5,07.92
Expected Return on Plan Assets	1,47.89	1,07.63
Actuarial Gains/ (Losses)	56.09	29.10
Contributions	2,21.43	4,53.61
Benefits Paid	(1,53.35)	(1,13.54)
Fair Value of Plan Assets at the end of the year	20,81.90	18,09.84

<b>(C) Amounts recognised in Balance Sheet</b>	<b>As at December 31, 2012</b>	As at December 31, 2011
Defined Benefit Obligation of Gratuity at the end of the year	23,90.60	19,54.35
Less : Fair Value of Plan Assets at the end of the year	20,81.90	18,09.84
Liability recognised in the Balance Sheet – Included in Short Term Provisions (Refer Note 9)	3,08.70	1,44.51
<b>Defined Benefit Obligation at end of the year for Non Funded Schemes</b>		
Included in Short Term Provisions (Refer Note 9) and Long Term Provisions (Refer Note 7)		
Compensated Absences	10,55.70	8,42.04
Post Retirement Medical Benefits	1,75.71	1,63.76
Long Service Benefits	1,24.21	1,01.90

<b>(D) Expenses recognised in Statement of Profit and Loss</b>	<b>Gratuity (Funded Scheme)</b>		<b>PRMB (Non funded Scheme)</b>	
	<b>Year Ended December 31, 2012</b>	Year Ended December 31, 2011	<b>Year Ended December 31, 2012</b>	Year Ended December 31, 2011
Current Service Cost	1,76.35	1,33.09	1.65	1.18
Past Service Cost	-	9.76	-	-
Interest Cost	1,70.54	1,34.24	13.49	9.78
Expected Return on Plan Assets	(1,47.89)	(1,07.63)	-	-
Net actuarial (gain)/loss recognised in the year	1,86.62	1,83.37	6.16	40.12
One Year Renewable Term Assurance (OYRTA) Premium	17.53	8.30	-	-
Total Expenses/ (Credit) recognised in the Statement of Profit and Loss included in Employee Benefits Expense (Refer Note 27)	4,03.15	3,61.13	21.30	51.08

**(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.

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

**(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, 2012	Year Ended December 31, 2011
a. Discount rate (per annum)	8.25%	8.45%
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)	8.50%	8.50%
d. Expected Retirement age of employees (years)	58/60 years, as applicable	58/60 years, 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 :		
Age (years)		
– 21-44	2.00%	2.00%
– 45 & Above	1.00%	1.00%
h. 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.	5.00%	5.00%
i. Mortality rates considered are as per the published rates in the Life Insurance Corporation (1994-96) Mortality table.		

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

	1% Increase		1 % Decrease	
	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2011
On Aggregate of Service Cost & Interest Cost	2.01	1.88	(1.67)	(1.57)
On Defined Benefit Obligation	19.93	18.86	(16.72)	(15.81)

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

(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 :

	Year Ended November 30, 2008	Year Ended November 30, 2009	Period Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012
Defined Benefit Obligation	6,31.46	6,78.87	10,55.81	19,54.35	<b>23,90.60</b>
Plan Assets	6,85.29	6,92.97	8,25.12	18,09.84	<b>20,81.90</b>
Surplus /(Deficit)	53.83	14.10	(2,30.69)	(1,44.51)	<b>(3,08.70)</b>
Experience Adjustments on Plan Liabilities	31.38	55.55	1,25.81	2,31.04	<b>1,99.16</b>
Experience Adjustments on Plan Assets	(21.57)	48.42	23.14	29.10	<b>56.09</b>

Expected Gratuity Contribution by the Company for the next year ₹ **50.00 Lakhs** (2011 : ₹ 85.00 Lakhs)

**29. DISCLOSURES RELATING TO SHARE BASED COMPENSATION :****(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 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 12,500 per purchase cycle or USD 25,000 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 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, 2012, **4,922** shares (2011 : 425 shares) were purchased by employees at weighted average fair value of US \$ **50.01** (2011 : US \$ 38.42) per share.

**(B) Employees Stock Options Plan (Stocks of 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 at least 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 year period and have a 10 years contractual life.

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	December 31, 2012		December 31, 2011	
	Number of Options	Weighted Average Exercise Price US \$	Number of Options	Weighted Average Exercise Price US \$
Outstanding at the beginning of the year	98,264	50.01	119,963	49.36
Add : Transfers in during the year	778	54.37	-	-
Less : Forfeited / Expired during the year	2,868	53.63	-	-
Less : Exercised during the year	34,646	50.83	21,699	46.40
Less : Transfer out during the year	26,300	49.04	-	-
Outstanding at the end of the year	35,228	49.73	98,264	50.01
Exercisable at the end of the year	35,228	49.73	98,264	50.01

The weighted average share price at the date of exercise for stock options exercised during the year was **US \$ 59.37** (2011 : US \$ 53.93) and weighted average remaining contractual life is **3.63 years** (2011 : 4.28 years)

**(C) Employees Restricted Stock Options Plan (Stocks of 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 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 year period. No options compensation expenses have been incurred by the Company during the year.

	December 31, 2012		December 31, 2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	25,939	Not Applicable	15,058	Not Applicable
Add : Granted during the year	18,010	Not Applicable	16,970	Not Applicable
Add : Transfers in during the year	2,493	Not Applicable	-	Not Applicable
Less : Forfeited during the year	3,552	Not Applicable	99	Not Applicable
Less : Exercised during the year	11,345	Not Applicable	5,990	Not Applicable
Less : Transfers out during the year	4,808	Not Applicable	-	Not Applicable
Outstanding at the end of the year	26,737	Not Applicable	25,939	Not Applicable

The weighted average share price at the date of exercise for stock options exercised during the year was **US \$ 54.95** (2011: US \$ 47.18)

**30. FINANCE COST :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
Interest Expense on duties and taxes	2.39	3.00
<b>Per Statement of Profit and Loss</b>	<b>2.39</b>	<b>3.00</b>

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

**31. OTHER EXPENSES :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
Consumption of Stores (Refer (a) below)	3,52.06	2,37.64
Power and Fuel	9,06.03	8,37.17
Rent (Refer (b) below)	10,04.77	7,90.74
Repairs to Buildings	1,56.10	78.96
Repairs to Machinery	1,11.07	1,13.90
Insurance	1,42.80	1,89.29
Rates and Taxes	8,22.27	6,57.13
Advertising and Publicity	69,58.94	84,32.03
Forwarding Charges	23,40.91	20,25.88
Travelling and Business Meetings	57,05.33	56,15.81
Commission to Carrying & Forwarding Agents	11,96.40	11,56.00
Exchange Loss (Net)	2,38.91	4,29.95
Bad Debts written off	38.07	12.49
Less : Adjusted against earlier year's provision	38.07	12.49
	-	-
Provision for Doubtful Debts	2,51.83	2,37.85
Professional Fees and Other Services	28,84.79	31,01.32
Loss on Sale of Fixed Assets	14.13	20.49
Excise Duty (Refer (c) below)	3,31.92	1,50.50
Stamp Duty on Amalgamation (Refer Note 3)	-	7,02.01
Payment to Auditors (Refer (d) below)	1,00.72	1,07.76
Miscellaneous Expenses	37,95.10	37,29.08
<b>Per Statement of Profit and Loss</b>	<b>273,14.08</b>	<b>286,13.51</b>
<b>(a) Consumption of Stores :</b>		
Indigenous – 92.2% (2011 : 96.9%)	3,24.73	2,30.39
Imported – 7.8% (2011 : 3.1%)	27.33	7.25
	<b>3,52.06</b>	<b>2,37.64</b>
<b>(b) Disclosure of Operating Leases :</b>		
The Company has obtained various residential/ office premises (including furniture and fittings, therein as applicable) under operating lease or leave and licence agreements. These are generally not non-cancellable and 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. Lease payments are recognised in the Statement of Profit and Loss under "Rent". Disclosures with respect to non-cancellable operating leases :		
1) Lease payments recognised in the Statement of Profit and Loss under "Rent" :	2,99.72	3,50.24
2) Future minimum lease rent is as follows :		
Not later than one year	3,98.56	2,69.45
Later than one year and not later than five years	8,67.10	3,74.07
Later than 5 years	3,16.29	64.81

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	Year Ended December 31, 2012	Year Ended December 31, 2011
(c) Excise duty deducted from turnover represents amount of excise duty collected by the company on sale of goods manufactured by the Company. Excise duty included under Other 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.		
<b>(d) Auditors' Remuneration (Including Service Tax) :</b>		
As Auditors	74.27	73.90
Tax Audit	6.88	6.20
Tax Services *	16.82	16.55
Other Services	2.02	9.54
Reimbursement of out-of-pocket expenses	0.73	1.57
* 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.		

**32. "TOTAL EXPENSES" AS PER STATEMENT OF PROFIT AND LOSS INCLUDES :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
Revenue expenditure on Research and Development	1,44.37	1,22.14
Medical samples manufactured/purchased, valued at cost, amounting to	12,00.43	18,67.55

**33. EARNINGS PER SHARE :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
Profit After Tax available to Equity Shareholders	144,70.05	120,39.30
Weighted Average Number of Shares used in computing Earnings Per Share – Basic/ Diluted	2,12,49,302	2,12,49,302
Basic/ Diluted Earnings Per Share (Face Value of ₹ 10. per share) ₹	68.10	56.66

**34. CONTINGENT LIABILITIES :****(i) Claims against the Company not acknowledged as Debts :**

- 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

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

however, out of abundant caution and based on its understanding of the facts and circumstances of the case provided for a sum of ₹ 91.31 Lakhs (2011 : ₹ 87.42 Lakhs) including interest liability till date.

	Year Ended December 31, 2012	Year Ended December 31, 2011
b. Sales Tax, Service Tax and Custom Duty demands under appeals	10,82.89	10,93.52
c. Income Tax demands under appeals	1,67.81	1,31.09
d. Reimbursements claimed by Third Party	47.84	47.84

**(ii) Capital Commitments :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances)	1,24.70	4,91.26

**35. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
Capital Goods	1,30.75	1,13.41
Stock in Trade	58,67.10	57,66.66
Raw Materials and Packing Materials	116,16.83	58,73.20
Consumable stores	20.57	5.46

**36. EXPENDITURE IN FOREIGN CURRENCIES FOR :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
Export Commission	50.61	71.80
Travel	2,07.44	2,65.25
Reimbursement of expenses incurred for Promotion and Distribution	1,48.06	73.52
Software Charges	1,15.90	78.96
Others	2,99.23	1,70.39

**37. REMITTANCES MADE DURING THE YEAR IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
(a) Number of non-resident Shareholders	3	3
(b) Number of Equity Shares on which dividend remitted (2011 includes 44,86,576 Equity Shares held by shareholders of 'Solvay Pharma')	1,59,34,048	1,39,14,760
(c) Dividend remitted during the year (2011 includes ₹ 11,44.08 Lakhs remitted to shareholders of 'Solvay Pharma')	27,08.79	27,46.87
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.		



Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

**38. EARNINGS IN FOREIGN EXCHANGE :**

	Year Ended December 31, 2012	Year Ended December 31, 2011
Goods exported on FOB basis	12,00.78	5,87.71
Reimbursement of Expenses/ Earnings from Affiliates	5,91.28	5,39.88

**39. INFORMATION REGARDING FORWARD CONTRACTS :**

	Foreign Currency		₹ Lakhs	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
(a) Forward Contracts outstanding				
USD – Buy	26,05,728.56	46,55,585.35	14,52.80	24,60.92
(b) No of Contracts Outstanding	8	10		

(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	1,87,539.12	75,796.65	1,02.71	40.22
EURO	-	35,913.00	-	25.49
(b) Export of Finished Goods/ Stock-in-trade				
USD	6,47,384.45	3,31,398.80	3,54.66	1,75.84
(c) Others				
USD	-	62,173.33	-	32.99
EURO	9,040.00	-	6.39	-

**Amounts payable in foreign currency on account of the following :**

(a) Reimbursement of Expenses				
USD	45,853.89	4,39,365.09	25.32	2,33.13
EURO	34,333.80	9,907.58	24.48	6.79
(b) Import of Raw Materials and Stock-in-trade				
USD	22,15,539.15	-	12,17.16	-
EURO	1,560.00	76,596.70	1.03	51.29
(c) Capital Goods and Others				
USD	2,55,241.50	2,98,041.51	1,42.65	1,58.14
EURO	86,768.06	-	61.87	-
GBP	-	49,183.61	-	40.24

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

**40. 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.

**41. RELATED PARTY DISCLOSURE :****A. Parties where control exists :**

**Ultimate Holding Company :** Abbott Laboratories, USA

**Holding Company :** Abbott Capital India Limited, U.K.

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

**I) Fellow Subsidiaries :**

Abbott Logistics BV, Netherlands	Abbvie Logistics BV, Netherlands
Abbott Laboratories Intl. Co., USA	Abbott Laboratories S.A., China
Abbott Healthcare Private Ltd., India	Abbott Laboratories S.A., USA
Abbott Truecare Pharma Private Limited, India	Abbott SA NV, Belgium
Abbott Laboratories Ltd., Thailand	Abbott Laboratories Trading (Shanghai) Co. Ltd., China
Abbott International LLC, USA	Abbott Products Operations AG., Switzerland
Abbvie Italy, Italy	Abbott Products GmbH., Germany
Abbott Laboratories (Singapore) Pte Ltd., Singapore	Abbvie Inc, USA
Abbvie PTE Limited, Singapore	Abbott Laboratories, Philippines
Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone), Dubai	Abbott Products SAS, France
Abbott Healthcare Products Ltd., U.K.	British Colloids Ltd., U.K.

**II) Key Management personnel :**

Mr. V. Mohan – Managing Director (till May 14, 2012)	Mr. K. M. Marfatia – Director (with effect from March 1, 2011)
Mr. Niteen Gadgil (Managing Director of erstwhile Solvay Pharma India Limited till June 30, 2011)	Mr. Rehan A. Khan – Managing Director (with effect from May 15, 2012)

**B. Transactions during the year :****(1) Transactions with the Holding Company during the year**

<b>Remittance of Dividend :</b>	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>
<b>Abbott Capital India Ltd., U.K.</b>		
Remittance of Dividend (2011 : Includes ₹ 2,57.54 Lakhs Dividend of ‘Solvay Pharma’ for year ended December 31, 2010)	<b>18,22.25</b>	18,16.33

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

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

(i) Remittance of Dividend :	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>British Colloids Ltd., U.K.</b>		
Remittance of Dividend (2011 : Dividend of 'Solvay Pharma' for year ended December 31, 2010)	2,49.90	2,49.90
<b>Abbott Healthcare Products Ltd., U.K.</b>		
Remittance of Dividend (2011 : Dividend of 'Solvay Pharma' for year ended December 31, 2010)	6,36.64	6,36.64
<b>(ii) Sales to Fellow Subsidiaries :</b>	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>
<b>Abbott Logistics BV, Netherlands</b>		
Sales of Stock-in-trade	3,66.52	-
<b>(iii) Purchases from Fellow Subsidiaries :</b>	<b>Year Ended December 31, 2012</b>	<b>Year Ended December 31, 2011</b>
<b>Abbott Logistics BV, Netherlands</b>		
Purchase of Stock-in-trade	42,53.19	46,25.43
Purchase of Consumables	1.05	1.21
<b>Abbvie Logistics BV, Netherlands</b>		
Purchase of Stock-in-trade	1,95.97	-
<b>Abbvie Italy, Italy</b>		
Purchase of Capital Goods	53.53	-
<b>Abbott Laboratories Intl. Co., USA</b>		
Purchase of Stock-in-trade	8,75.65	6,83.91
<b>Abbvie Inc., USA</b>		
Purchase of Stock-in-trade	1,29.24	-
<b>Abbott International LLC, USA</b>		
Purchase of Capital Goods	-	1.59
<b>Abbott Healthcare Private Ltd., India</b>		
Purchase of Stock-in-trade	1,81.50	46.31
Purchase of Capital Goods	1,77.85	-
<b>Abbott Products Operations AG., Switzerland</b>		
Purchase of Raw Materials	98,01.55	56,13.92
Purchase of Stock-in-trade	4,13.04	-
<b>Abbott Products GmbH., Germany</b>		
Purchase of Stock-in-trade	-	4,57.33

## Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

(iv) Reimbursements from and to Fellow Subsidiaries :	Reimbursement to		Reimbursement from	
	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>Abbott Healthcare Private Ltd., India</b>				
Rent, Electricity, Depreciation and Interest	-	-	45.63	9.74
Shared Services	3,00.75	-	-	-
Market Research and Other Expenses	88.12	2,73.37	-	-
<b>Abbott International LLC, USA</b>				
Professional Fees, Travel and Other Expenses	74.41	47.80	12.40	41.42
<b>Abbott Laboratories (Singapore) Pte Ltd., Singapore</b>				
Professional Fees, Employee Benefits Expense, Travel Expenses and Business Meetings	1,31.94	1,26.52	44.96	-
<b>Abbott Laboratories, Philippines</b>				
Employee Benefits Expense	-	-	8.03	-
<b>Abbvie PTE Limited, Singapore</b>				
Employee Benefits Expense	-	-	0.32	-
<b>Abbott Laboratories SA, China</b>				
Travel and Other Expenses	-	5.26	-	-
<b>Abbott Laboratories S.A., USA</b>				
Other Expenses	7.73	14.20	-	-
<b>Abbott SA NV, Belgium</b>				
Travel and Other Expenses	-	6.84	-	-
<b>Abbott Laboratories Trading (Shanghai) Co. Ltd., China</b>				
Travel and Other Expenses	-	10.13	2.54	-
<b>Abbott Products Operations AG., Switzerland</b>				
Other Expenses	24.48	-	-	86.63
<b>Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone), Dubai</b>				
Other Expenses	-	-	9.51	-
<b>Abbott Products GmbH., Germany</b>				
Other Expenses	-	-	1.60	13.61
<b>Abbott Products SAS, France</b>				
Other Expenses	-	-	5.64	15.76
<b>Abbott Laboratories Ltd., Thailand</b>				
Amount written back	-	-	-	4.84

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

(v) Service Income from Fellow Subsidiaries :	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>Abbott Healthcare Private Ltd., India</b>		
Shared Service Income	13,79.87	13,39.66
<b>Abbott Truecare Pharma Private Ltd., India</b>		
Shared Service Income	1.49	-
<b>Abbott International LLC, USA</b>		
Support Services	4,07.74	3,49.59
<b>Abbott Laboratories (Singapore) Pte Ltd., Singapore</b>		
Support Services	1.27	28.03
<b>Abbott Products Operations AG., Switzerland</b>		
Support Services	9.69	-
<b>Abbott Products GmbH., Germany</b>		
Support Services	87.58	-

(vi) Key Management Personnel Remuneration during the year * :	Year Ended December 31, 2012	Year Ended December 31, 2011
Mr. Rehan A. Khan (with effect from May 15, 2012)	2,60.63	-
Mr. V. Mohan (till May 14, 2012)	1,20.39	3,15.60
Mr. K. M. Marfatia (with effect from March 1, 2011)	78.70	55.97
Mr. Niteen Gadgil (Managing Director of erstwhile Solvay Pharma India Limited till June 30, 2011)	-	62.35

\* As a part of the "Long Term Incentive Program", during the year **2,680** (2011 : 1,980) Restricted Stock Units of Abbott Laboratories, USA have been granted for which no option compensation expenses have been incurred by the Company. (Also Refer Note 29(c) )

**C. Outstanding**

	Year Ended December 31, 2012	Year Ended December 31, 2011
<b>Payable to Fellow Subsidiaries</b>		
Abbott Laboratories Intl. Co., USA	58.42	2,83.66
Abbvie Inc, USA	1,29.13	-
Abbott Logistics BV, Netherlands	4,88.90	21,53.60
Abbvie Logistics BV, Netherlands	2,55.40	-
Abbott Products Operations AG, Switzerland	17,14.59	-
Abbott Laboratories (Singapore) Pte Ltd., Singapore	49.63	1,48.02
Abbvie PTE Limited, Singapore	2.56	-

**Abbott India Limited****NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	Year Ended December 31, 2012	Year Ended December 31, 2011
Abbott Laboratories, Philippines	17.48	-
Abbvie Italy, Italy	54.40	-
Abbott Laboratories SA, China	-	5.36
Abbott Laboratories SA, USA	9.23	4.04
Abbott International LLC, USA	11.23	63.80
Abbott Products SAS, France	31.73	37.37
Abbott SA NV, Belgium	-	6.79
Abbott Healthcare Private Ltd., India	2,54.35	1,05.17
Abbott Laboratories Trading (Shanghai) Co. Ltd., China	-	11.91
<b>Receivables from Fellow Subsidiaries</b>		
Abbott International Ltd., USA	41.80	40.22
Abbott Laboratories Trading (Shanghai) Co. Ltd., China	2.60	-
Abbott Healthcare Private Ltd., India	35.75	25.53
Abbott Truecare Pharma Private Ltd., India	0.17	-
Abbott Products GmbH., Germany	58.34	7.00
Abbott Products Operations AG, Switzerland	6.55	18.50
<b>Receivable from Key Management Personnel &amp; their Relatives</b>		
Mr. K. M. Marfatia	-	3.50

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

For and on behalf of the Board of Directors

REHAN A. KHAN  
Managing Director

R. A. SHAH  
Director

ASHOK DAYAL  
Director

KRUPA ANANDPARA  
Company Secretary

Mumbai, February 20, 2013

# CORPORATE INFORMATION

## Board of Directors

---

Munir Shaikh, Chairman  
 Rehan A. Khan, Managing Director  
 Rajendra Shah, Independent Director  
 Ashok Dayal, Independent Director  
 Ranjan Kapur, Independent Director  
 Thomas Dee, Non-Executive Director  
 Kaiyomarz Marfatia, Whole-time Director  
 Bhasker Iyer, Non-Executive Director  
 Sachin Dharap, Non-Executive Director

## Audit Committee

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Ashok Dayal, Chairman  
 Rajendra Shah, Member  
 Ranjan Kapur, Member  
 Munir Shaikh, Member

## Corporate Management

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Rehan A. Khan, Managing Director  
 Rajiv Sonalker, Director-Finance  
 Nagina Singh, HR Director  
 Vidyadhar Natu, Commercial Director  
 Rajaram Sankaran, Commercial Director  
 Ashok Nair, Commercial Director  
 Kaiyomarz Marfatia, Director - Legal & Secretarial  
 Dr. Rashmi Hegde, Director-Medical  
 Nagesh Voleti, Director-Quality  
 TR Prasad, Associate Director-Operations  
 Sambit Sathapathy, Director Commercial Operations  
 Sandeep Khandelwal, Director Commercial Excellence

## Company Secretary

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Ms Krupa Anandpara

## Bankers

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Standard Chartered Bank  
 BNP Paribas  
 HSBC  
 HDFC Bank

## 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.



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