



ABBOTT INDIA LIMITED

ANNUAL REPORT 2013-14

# YOUR EXPERIENCE



# OUR PROMISE





# YOUR EXPERIENCE OUR PROMISE

- 04 | About Abbott India
- 06 | Chairman's Message
- 08 | Message from the  
Managing Director

## 10 | Your Experience, Our Promise

- Innovative Products
- Cutting Edge Insights
- Trusted Brands
- Building Awareness & Improving  
Diagnosis
- Culture Of Transparency &  
Empowerment
- Delivering Performance Leadership

### 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.

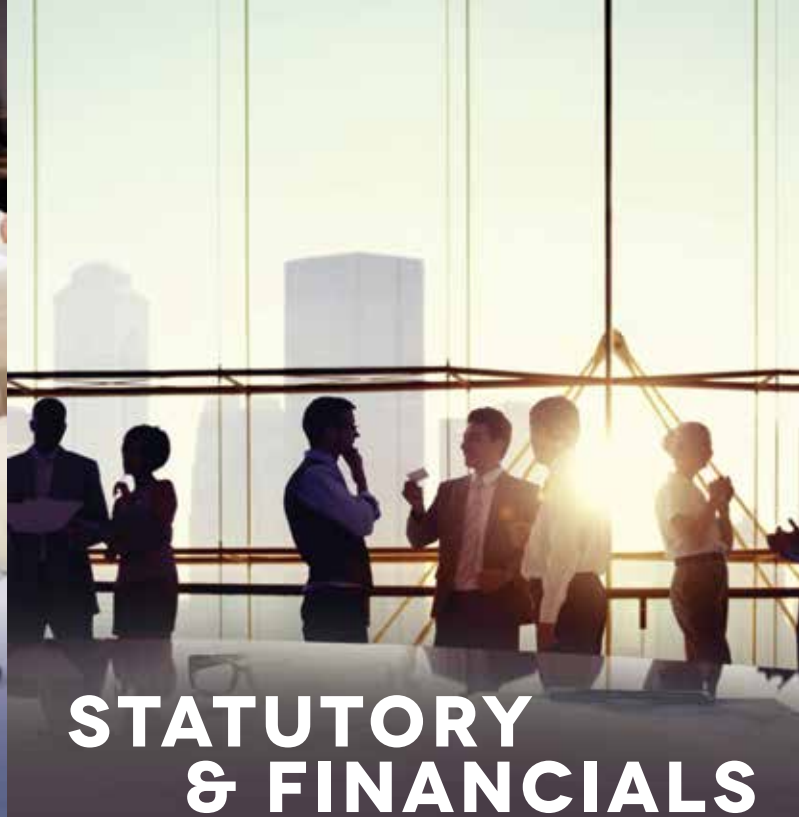
We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should 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.





## HIGHLIGHTS & BUSINESS REVIEW

- 34 | Winning The Right Way
- 36 | Key Financial Ratios
- 38 | 10 Year Financial Highlights
- 40 | Board of Directors
- 42 | Senior Leadership Team
- 46 | 2013 Awards



## STATUTORY & FINANCIALS

- 47 | Notice
- 53 | Directors' Report
- 58 | Report On Corporate Governance
- 68 | Report On Management Discussion and Analysis
- 72 | Auditors' Report
- 76 | Balance Sheet
- 77 | Statement Of Profit And Loss
- 78 | Cash Flow Statement
- 80 | Notes To The Financial Statements





# ABOUT ABBOTT INDIA

Headquartered in Mumbai, Abbott India Limited, is a publicly listed company and a subsidiary of Abbott Laboratories, USA. Abbott India enjoys strong brand equity in multiple therapeutic categories including Women's Health, Gastroenterology, Neurology, Thyroid, Diabetes, Pain Management, Vitamins and Anti-Infectives.

Abbott India is one of India's fastest growing pharmaceutical companies. Our success is driven by a combination of a highly competent and motivated team, R&D backed products aided by strong alliances and partnerships with our suppliers and customers. Abbott

India employs over 2700 people and reaches customers through a network of 30 distribution points, catering to over 4,900 stockists and 150,000 retail outlets. Abbott India has over 120 employees working at a state-of-the-art formulation plant at Verna, Goa. The manufacturing



plant is designed to produce high volume and high quality formulations using cost efficient processes and has well equipped laboratories and trained personnel to ensure compliance with international quality standards. We have in-house Research & Development team which

undertakes product development catering 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 person in India.



MUNIR SHAIKH | CHAIRMAN

Dear Shareholders,

.....

**At Abbott India, we have continued our commitment through talent development, performance excellence, ingenuity and continuous improvement. We have identified six key focus areas – innovation to brand building, from capturing insights to driving diagnosis, developing talent and flawless execution. These initiatives combined together will help enhance our performance in the future.**

.....

I am delighted to report that this year again, your company delivered outstanding results, improving our performance over the previous year. We have outperformed the Indian Pharmaceutical Market, with our core business

growing at 14.1%\* when the market grew by 10.1%# over the prior year.

This performance is achieved inspite of slowing economy, high inflation, weakening currency and a tight monetary policy.

As you may be aware, implementation of the Drugs Prices Control Order (DPCO) 2013 had a significant impact on some of our major brands like Thyronorm, Obimet, Epilex. These brands faced new price limits which have directly impacted our profitability.

Despite these challenges, Abbott India was successful in delivering a sterling performance, with impressive gains in both revenues and profits. In light of this achievement, your Board has recommended a dividend of ₹ 23 per share.

During the year, we launched 9 new products of which, Titaferon (Peg interferon) has emerged as a leading brand in its therapeutic area in Hepatic Care.



Our internal efficiencies ensured we deliver superior margins inspite of DPCO by better cost management and resource productivity.

Our ongoing efforts in the area of talent development and talent engagement were contributing factors to Abbott India being awarded the prestigious Business Today award for The Best Company to Work For.

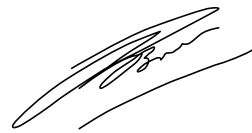
The current global macro economic situation is uncertain and could pose challenges in future while DPCO will continue to test margins in the Pharmaceutical industry. It is, therefore, prudent to remain cautious. We will adopt a dual focus, which drives growth where opportunities exist and capture operational efficiencies which will reduce cost. The result of the current election promises hope and if the economy accelerates, we are well poised to capture any gains that may result.

Our focus on the six pillars - innovative products, building brands, better insights, driving patient awareness, developing talent and delivering performance through superior

execution - gives us a strong combination to build a platform that enables business performance.

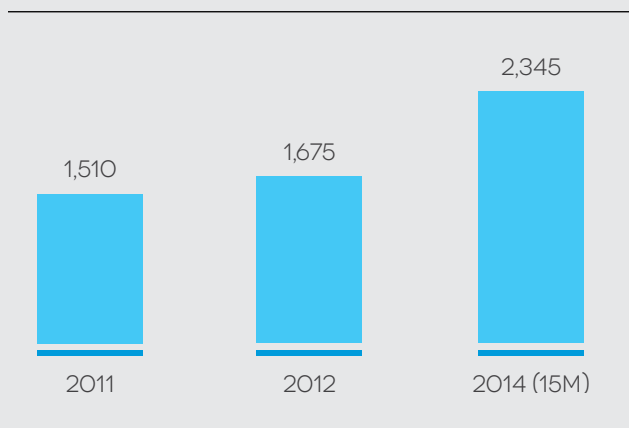
We are looking to leverage technology to simplify processes and make our field staff more effective. The effort put in by the senior management team on continuing to build our key brands and providing a platform for talent to grow, continues to pay dividends.

I would like to thank our employees for their tireless efforts and all other stakeholders including our shareholders for their sustained trust and faith in the Company. I also thank the Board of Directors for their counsel, support and advice. I am confident we will continue to grow and provide better healthcare to patients.



**Munir Shaikh**  
Chairman

**TOTAL REVENUE (₹ IN CRORES)**



Total Revenue

**₹ 2,345 Crores**

PAT

**₹ 198 Crores**

EPS

**₹ 93.39 / Share**

Dividend

**₹ 23 / Share**



REHAN A. KHAN | MANAGING DIRECTOR

Dear Shareholders,

.....  
**It is only when each part of the machine works in complete synchronisation with other parts that overall efficiency is possible. At Abbott India, we are all linked and geared, to multiply our individual strengths for collective wins.**  
.....

It is always a pleasure and privilege to share with you performance, outlook and strategy for your Company as we navigate through some very interesting and challenging times in the industry. It has been an exciting journey for me since I joined Abbott India in May 2012, and I am proud of our achievements and transformation during the last two years.

Amidst a difficult and challenging transactional environment that included global and domestic slowdown in growth and industry regulatory

constraints, we persevered and prevailed. We delivered:

**Sales:** up to ₹ 2,231 Crores (15m) from ₹ 1,613 Crores (12m)  
.....  
**PAT:** up to ₹ 198 Crores (15m) from ₹ 145 Crores (12m)

This solid performance was achieved though consolidated and cohesive efforts that included everyone – from our field to our manufacturing teams, from our marketing to our operations teams, and from our HR to our finance teams. Each and every team member has contributed to our success.

Our focus on growing and developing talent, speed of execution and simplification of processes has lead to better on ground execution and engagement with our customers. These have started paying dividends as is evident in this year’s performance.



Let me share with you key highlights in each division:

**1. Women’s Health and Gastroenterology:**

- Our largest division, Women’s Health and Gastroenterology, exhibited a robust growth of 14.0%+.
- We launched the ‘Gastro United Team’ to synergise programs across the three businesses covering Gastroenterologists for all our Gastroenterology brands.
- We launched innovative products like Duphalac Enema and Titaferon, both of which are beginning to display robust traction.

**2. Specialty Care:**

- Our flagship product, Thyronorm crossed ₹ 100 Crores in revenues.
- The Neurology therapy area scaled up its marketing campaign and activities leading to a 19.6%+ growth in Vertin.
- This division recorded growth of 20.0%+ and continues to outperform in the participated market.

**3. General Care:**

- This division witnessed an impressive turnaround growing at 13.5%+ from a slight de-growth in 2012.
- More than 40% of the field employees displayed strong performance and achieved their goals.

- We also introduced exciting new products in this division such as Enliva (GI Disorders) and Arachitol (Vitamin D Supplement). These have already started gaining market share.

We remain focused and driven: to accelerate growth ambitiously and aggressively. We will keep building on our momentum of the last two years and sustain our market beating growth. We will remain focused on actively driving commercial excellence and streamlining our processes to build speed and reduce operating costs. Our intensed focus on constantly building and upgrading skills will empower field teams for better customer engagement and significantly increase our revenues from new products. In addition, we will continue to build some of India’s biggest brands through better science and focused execution.

As we prepare to deliver yet another year of stellar performance, our focus remains constant and unchanged - to enhance Your Experience with Our Promise.

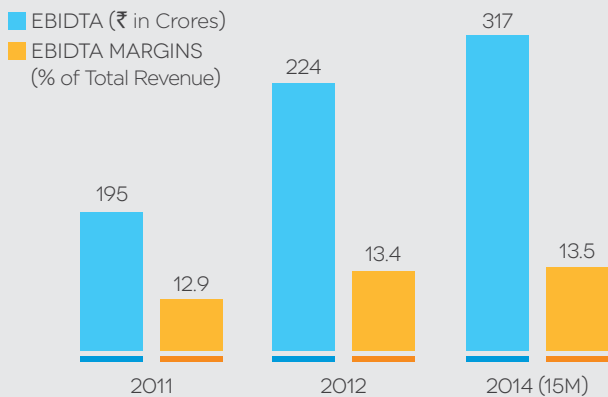
With warm regards,



**Rehan A. Khan**  
Managing Director

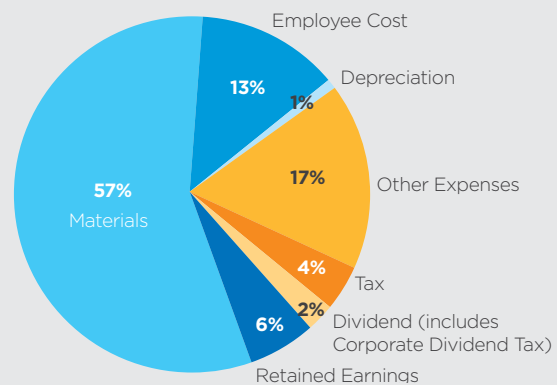
+ annualised

**EBITDA**



**REVENUE DISTRIBUTION**

Total Revenue - ₹ 2,345 Crores



# YOUR EXPERIENCE





# At Abbott India, maximizing your promise

1 Innovative, science based products which span the entire lifecycle from newborns to aging adults

2 Supporting healthcare practitioners through cutting edge product insights and latest scientific information

3 Building some of the most trusted and largest brands in the industry



# we are committed to experience with our

Driving awareness and diagnosis  
improvement through patient education  
and diagnostic camps in multiple  
chronic disease areas



Creating a transparent culture and  
empowering our team to push their  
performance boundaries and deliver  
the Abbott promise



Delivering performance leadership by  
consistently outperforming the Indian  
Pharmaceutical Market



# INNOVATIVE PRODUCTS



To cater to diverse and different health needs, we have a comprehensive range of products developed with leading scientific research and innovation that includes all stages of life and encapsulates most therapeutic areas.



At Abbott India, our comprehensive range of products are developed to meet specific needs of each group of patients in multiple therapeutic categories that span the continuum of care.

Our extensive product range consists of over 50 brands spanning Women's Health, Gastroenterology, Neurology, Thyroid, Diabetes, Pain Management, Vitamins and other therapy areas.



We are known for our innovative products. Every product at Abbott India is developed with the latest technology and leading research to advance healthcare needs of our patients. At the heart of all our products is our relentless focus and resolute commitment to improve health and enrich Your Experience of life with Our Promise for life.



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



## New Product Introductions

**TITAFERON**<sup>TM</sup>  
Peg Interferon alfa-2b 50/80/100/120 mcg

**BRUFIT**<sup>TM</sup> OD  
Flupirtine Maleate Sustained Release Tablets 400 mg  
*The sensitive pain reliever*

Therapeutic Approach in Neuropathy

**Surbex**  
**star**<sup>TM</sup>

Methylcobalamin 1500 mcg, Alpha Lipoic Acid 200 mg, Benfotiamine 150 mg, Inositol 100 mg, Pyridoxine HCl 3 mg, Folic Acid 1.5 mg, Chromium polynicotinate 200 mcg

*The Star Therapy for Neuronal Health*

**Arachitol-O**\*

**DIGENE**  
**FIZZ**<sup>TM</sup>  
powder

**enliya**<sup>TM</sup>  
(Levosulpiride 75mg SR + Rabeprazole Sodium 20 mg EC)  
live GERD-free

**Duphalac**<sup>®</sup>  
Lactulose  
Enema

**Dufaximin**  
Rifaximin 550mg / 400mg

9 new product launches over last 15 months: **Titaferon, Brufit OD, Surbex Star, Arachitol Chewable Tablets, Digene Fizz, Enliya, Duphalac Enema, Dufaximin and Digene Icy Cool.**

# CUTTING EDGE INSIGHTS



“Abbott India has led a Thyroid revolution in the country. They have increased Thyroid awareness amongst lay people and practicing physicians. They have networked with Endocrinologists to improve access to care, knowledge and capacity building to empower Physicians. They are partnering with ‘American College of Clinical Endocrinologist Indian Chapter’ and ‘Association of Physicians of India’ (API) for thyroid awareness drives. They are not just in education care and research, Abbott has gone one step ahead, they have screened and diagnosed undiagnosed disease and treated it effectively.”

Dr. Shashank Joshi, MD DM FRCP  
FACP FACE, Endocrinologist Mumbai,  
Indian Chapter Chair AACE, President-  
elect Association of Physicians of India

As a connecting-link with patients, it is the doctors who are our key customers. We support them with research data and scientific information with cutting-edge insights. These enable them to provide their patients more effective and useful health solutions.



The world of healthcare in general and pharmaceutical products in particular is one of the fastest changing spaces. New applications / formulations make it one of the most innovative businesses with new products launched in the markets at a faster rate than in any other industry.

For doctors, it is not only important but imperative to be aware of every new product and therapy in the market. Assimilating, analysing and interpreting this detailed and complex information can be daunting and challenging. Unless supported by timely,

integrated and accurate insights, new products are in danger of being ignored or misunderstood, leading to dual consequences - loss of business as well as patients not getting the benefit of new products.

At Abbott India, we share our cutting-edge insights with over 1,00,000 doctors across the length and breadth of India, enabling and empowering them with our impartial and latest scientific information. These cutting-edge insights, delivered through doctors, help in improving health and Your Experience with Our Promise.





METABOLICS



GASTRO-ENTEROLOGY

**SOME CUTTING EDGE INSIGHT INITIATIVES AT ABBOTT INDIA**

**METABOLICS**

- Helped shape treatment guidelines for Hypothyroidism in pregnant women, Dyslipidemics and Depressive patients by bringing together eminent Endocrinologists from across the country to form the ‘ThyroHealth Advisory Board’. Guidelines disseminated to over 30,000 doctors.

**GASTROENTEROLOGY**

- Published ‘Gastro Insights’, a

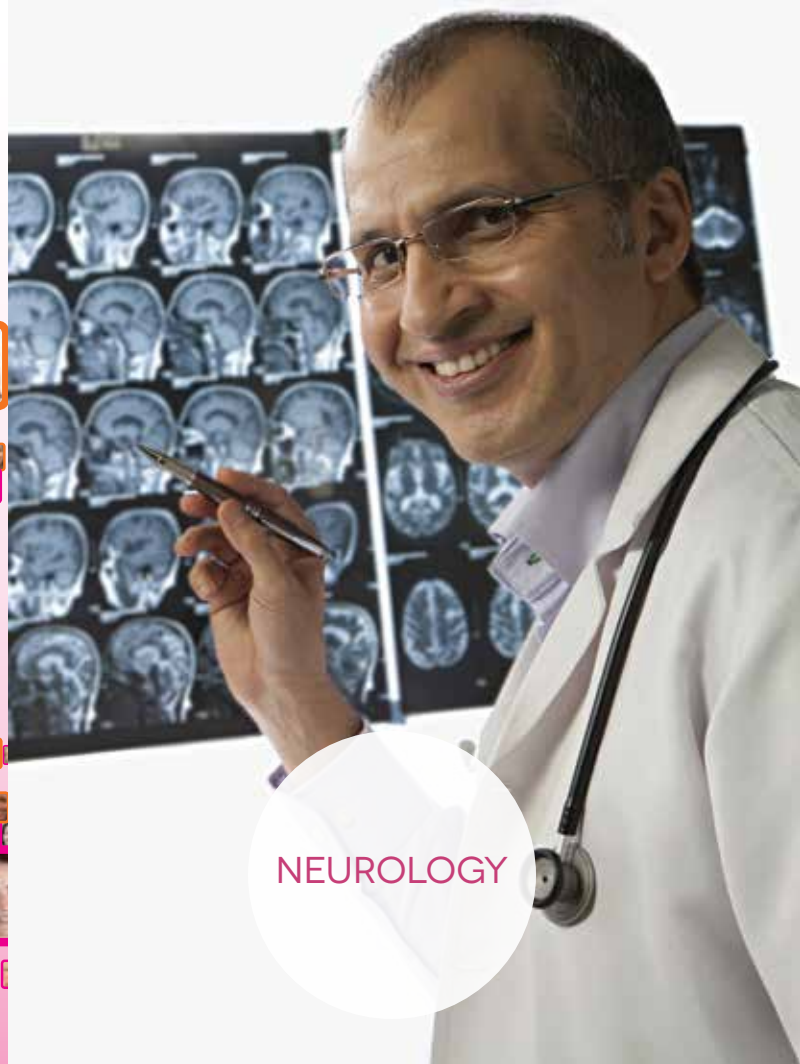
continuous scientific update to over 36,000 doctors every alternate month.

- Scaled up ‘Pancreas India’, an educational program for tomorrow’s Pancreatologists in India which trains doctors on new vistas in the field of Pancreatology.

**WOMEN’S HEALTH**

- Collaborated with India’s apex Gynaecology association – FOGSI in therapy shaping efforts for the management of early pregnancy loss by conducting 15 workshops nationwide.





## NEUROLOGY

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- Launched 'First To Inform' initiative which provides immediate summaries of proceedings from International Neurology conferences regularly to over 2,000 Neurologists across India.
- Exclusively distributed Insomnia Guidelines, a first time ever consensus document on Insomnia management, developed by the Indian Sleep Disorder Association and Indian Association of Neurology.
- Conducted a 'Master Class' by a leading international doctors to empower healthcare professionals with hands on training on complete 'Vertigo Management' from diagnosis to treatment.
- Launched a ground-breaking initiative – 'Neuroinfoline', an exclusive Neurology knowledge information service that provides customised knowledge services to Neurologists and Psychiatrists.

# TRUSTED BRANDS

In the Indian Pharmaceutical business which is dominated by a sea of generic formulations and me-too products, strong brands are equated with trust, faith and consistency. Our broad stable of more than 50 brands ensure strong relationships not only with doctors and healthcare professionals but also with patients and their care givers.

At Abbott India, we are proud of our brands. Some of these brands, such as Brufen, are over 40 years old, and have now become synonymous with the cure and the condition. Digene, another leading brand that was launched in 1940s, has been the #1 doctor prescribed Antacid brand in the country with 48 Lakhs prescriptions annually. Every month, approximately 30,000 doctors prescribe Digene to their patients.

Brands are the key to differentiation. Our key customers are doctors, who have a wide range of similar formulations to prescribe to their patients. Brands become important for doctors, as they are assured of quality, credibility and consistency.

## TOP BRAND PERFORMANCE

BRAND NAME	MARKET SHARE (%)	RANK
THYRONORM	47.5%	1
DUPHASTON	20.3%	1
DIGENE	18.1%	2
UDILIV	23.9%	1
VERTIN	30%	1
DUPHALAC	13.7%	1
CREMAFFIN	11.2%	2
ZOLFRESH	16.8%	1
CREMAFFIN PLUS	6.9%	3
CREON	38.3%	1
BRUFEN	97.8%	1

Source: IMS April MAT 2014

14 of our brands feature in the Top 1, 2 and 3 positions in their respective participated markets. Just three of our brands – Duphaston, Udiliv and Duphalac – together generate more than ₹ 250 Crores in revenue.



In revenues in 2013, Duphaston is in the Top 50 Indian Pharmaceutical Market (IPM) brands, and Udiliv is in the Top 100 IPM brands.



**“Being the principal investigator of Epidemiology study for Thyroid Disorders, I can proudly state that this was a first of its kind initiative in India. What amazed me was the way results of the study were communicated to the public for the noble cause of Thyroid awareness. I came to know that there were more than 100 print reports reaching 20 million people. I think it is a great way to create awareness.”**

Dr. A. G Unnikrishnan, CEO and Endocrinologist, Chellaram Diabetes Institute, Pune

Thyronorm, one of our flagship brands, entered the ₹ 100 Crore brand club in the IPM.



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



Titaferon, another one of our innovative products launched recently, is set to cross ₹ 3.5 Crores in just 8 months.





# BUILDING AWARENESS & **IMPROVING** **DIAGNOSIS**

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As a company committed to improving healthcare, we drive awareness building and diagnosis improvement through patient education and diagnostic camps for multiple chronic diseases.



Chronic conditions like metabolic disorders, diabetes, heart diseases, hepatic diseases and epilepsy are a major health issue today. It is estimated that about 90% of people in their golden age have one chronic disease and 77% have more than two chronic diseases.

Research done over the past few years suggests that prevention is one of the most effective ways of tackling chronic diseases. Early detection in most cases results in early treatment and less severe outcomes for patients. Clinical preventive services like screening for existing conditions or predisposition to its development, counselling and

immunisation are found to be highly effective. However, most patients are not aware of symptoms of such chronic conditions and, as a result, either ignore these or treat them with indifference. Clearly, building awareness and improved diagnosis play a crucial part in treatment of such multiple chronic diseases.

At Abbott India, we have been driving awareness building and diagnosis improvement over the years with relentless focus and efforts. In every therapeutic area that we are present in, we work continuously towards patient education, reaching out to the public at large through various channels and media.

Thyroid awareness and diagnosis program



At Abbott India, our awareness building and diagnosis improvement initiatives are part of our continued focus and unflinching dedication to reaching out to the millions of unaware and unsuspecting patients. Making your life healthier, making Your Experience happier with Our Promise for life.

## INCREASING AWARENESS ABOUT THYROID DISORDER

- Improving Thyroid awareness: Published a first of its kind study aimed at raising awareness about Thyroid disorders in India, reaching 2 Crores people.
- Thyroid clinics: 2,200 unique Friday Thyroid clinics conducted in association with national diagnostics laboratories across India to make Thyroid diagnosis accessible and affordable to the general public.

## EDUCATING PATIENTS ON LIVER RELATED AILMENTS

- Hepatitis awareness outreach program: Held in 21 cities in high prevalence areas with local Gastroenterologists.
- Liver health clinics: Conducted 400 clinics screening around 8,000 patients with non-invasive high end diagnostic tool Fibroscan during October 2013 to March 2014.
- 'Liver is Life' clinics: Conducted 1,300 clinics pan India to help early diagnosis of liver conditions with over 2,000 patients being screened and diet counselled every month.

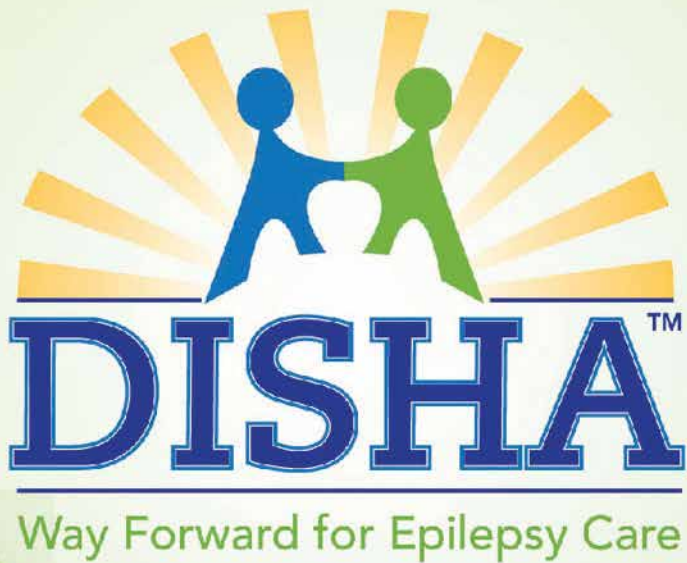


Thyroid on wheels – Awareness initiative in Uttar Pradesh and Tamil Nadu



Dietary interventions to manage liver diseases





## PATIENT AWARENESS DRIVE IN EPILEPSY

- ‘Disha’ Camps: Innovative model collaborating with a Fast Moving Consumer Goods major to help epileptic patients. 49 camps conducted so far benefitting over 3,000 patients
- ‘Badhte Kadam’: Our Pediatric Neurology program has entered its 4th year with a total of 6,151 children with neurological problems in 12 districts of Maharashtra being diagnosed.

## BETTER DETECTION OF VERTIGO AND RELATED CONDITIONS

- ‘Michael’s Glasses’: Vertigo diagnostic tool developed with an international key opinion leader in order to improve the differential diagnosis of Vertigo. This has been distributed to over 5,000 doctors.



# CULTURE OF TRANSPARENCY & EMPOWERMENT

We have some of the best talent in the industry, focused and dedicated to delivering Our Promise for life. Our unique culture has a strong foundation based on six pillars:

We are One Team

We Believe in Results

We are Agile

We Respect Each Other

We Build Trust

We Shape the Market

These pillars together create a culture of transparency and an enabling environment that accelerates performance and helps our team realise its full potential.



At Abbott India, we believe that our team is our strongest and most formidable asset. Therefore, nurturing, grooming and developing their talent is fundamental to our success and growth.

The Abbott India family consists of over 2,700 members spread across various geographic locations and functions. From manufacturing to marketing to sales, each function has its need for up-skilling, training and certification. Through continuous focus and efforts, we ensure talent development and talent engagement on a round-the-year basis. These range from skill-upgradation workshops to new therapy manager on-boarding programs to specific certification programs.

We recently launched 'Tracks' – a career progression and development framework in 2013-14 for commercial teams. The Abbott India Sales Training Academy launched its four-pronged training and certification program. Our senior

management team engages with our field force every month to understand the market deeper and interact with business managers.

Complementing talent development and talent engagement initiatives are our process enablers aimed at unlocking performance and potential of every employee at Abbott India. These include 'Pinnacle' – best in class incentive structure to motivate performance and 'Krypton' – aimed at delivering marketing input to the field staff with over 96% delivery rate. Through our 'Connexion' calls, all field staff across the country remain connected and all issues are resolved within 24 hours.

Our national goal setting program - 'Lakshya' will now enter its 3rd year. This program is held every January and ensures that all team members align on the goals for the upcoming year. This is also an opportunity to celebrate and share achievements for the year.

**We have one of the lowest attrition rates in the Pharmaceutical industry, a validation of the transparent and empowering work-culture at Abbott India, where every employee is united by a single goal and vision – to enhance Your Experience of life with Our Promise for life.**





## TALENT DEVELOPMENT

## TALENT ENGAGEMENT

### TALENT DEVELOPMENT

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- Unique sales force career progression and development framework 'Tracks'.
- Abbott India Sales Training Academy launched its 4 pronged training and certification program.
- Over 22,000 person days of training delivered
  - » Over 590 'Prima' (tier 1 of 3 tiered certification program) certified Therapy Business Managers.
  - » Over 450 Therapy Business Managers inducted through the new structured on-boarding program, 'StepIn' which is a 4 days structured orientation program conducted by the first line manager.
  - » Over 500 'Ask' (Advanced Skills and Knowledge) workshops covering over 1,600 field employees 3 times during

May-December period to provide continuous learning and development support to over 2,000 field managers.

- » Launched 'NHance' workshops to build managerial capabilities, towards the end of 2013 for all managers. 'NHance' will be a major initiative in 2014 and will continue to develop and build managerial talent.
- » 300 managers trained on coaching and performance discussions.
- » 600 new therapy managers onboarded at 'Genesis' - our 25 day onboarding and training program for new field joinees.

### TALENT ENGAGEMENT

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- **Safety First:** Helmets provided to entire field force and more than 1,050 field employees and managers trained on 2 wheeler driving safety.





## NATIONAL GOAL SETTING

- **Senior Leadership Team (SLT) in field initiative:** All members of the SLT including the Managing Director visit a non-metro town for 2 days for field work and interaction with customers, retailers, stockists and field teams.
- **‘Chalo Bazar Day’:** One of the only Pharma companies in the market where each head office staff member goes out twice a year and works in the market with both internal and external customers to bring about enhanced market understanding.

## NATIONAL GOAL SETTING

- **Annual ‘Lakshya’ meet:** Over 2,700 Abbott India employees celebrate prior year’s achievements, award high performers and align on the vision and goal for the coming year.



## PROCESS ENABLERS

### PROCESS ENABLERS TO UNLOCK TEAM PERFORMANCE

- **‘Pinnacle’ incentive and rewards & recognition:** Best-in-Class incentive structure to motivate various teams and drive performance.
- **Performance cards for the field force:** Transparent scorecards across Business Units and all levels every month to build a culture of performance and transparency.
- **‘Connexion’ calls:** Calls reaching out to the field force across the country to understand issues and resolve them in 24 hours.
- **‘Abbworld’:** Global customer relationship management platform, used extensively for online planning and reporting by the field force. This enabled profiling of 2,36,000 customers in a record time of 75 days.



# DELIVERING PERFORMANCE LEADERSHIP

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We have been on a sustained trajectory of strong growth. Outperforming consistently and visibly for the last 2 years. In the current period, Abbott India's core business grew at 14.1% when Indian Pharmaceutical Market grew by 10.1% over the previous year - a demonstration of delivering performance leadership.



The Indian Pharmaceutical Market (IPM) registered a growth of 10.1% over the prior year. Against this, Abbott India's core business grew at 14.1%+. What makes this performance even more exceptional is the fact that it was achieved in a year that was difficult and challenging for the IPM, more so for the therapeutic areas we operate in.

Inspite of these challenges, our Total Revenues for the period grew by 12.0%+ compared to the prior period. Our sustained efforts at improving efficiencies in operations helped us deliver excellent

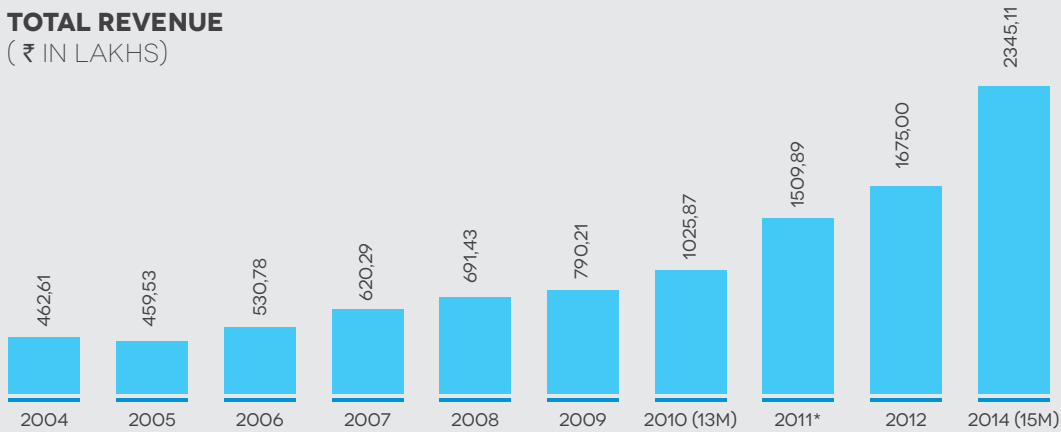
margins. For the period under review, our Profit After Tax grew by 9.7%+.

With innovative products, cutting-edge insights, top brands, patient engagement and our culture of transparency and empowerment, we have a unique and unbeatable advantage of moving faster and higher on strong growth trajectory, delivering superior performance and more value to our shareholders and stakeholders as we continue to remain committed to Your Experience with Our Promise.

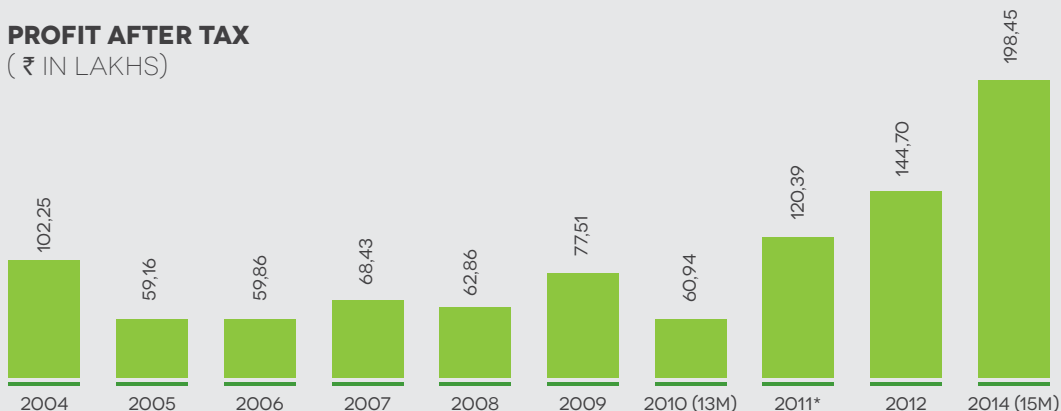
+ annualised

### CONSISTENCY IN PERFORMANCE

**TOTAL REVENUE**  
(₹ IN LAKHS)



**PROFIT AFTER TAX**  
(₹ IN LAKHS)



\* Post merger with Solvay Pharma India Limited.

# WINNING THE RIGHT WAY



**VIDYADHAR NATU**  
Commercial Director  
Women's Health &  
Gastroenterology

## WOMEN'S HEALTH & GASTRO-ENTEROLOGY

Abbott India is a leader in Women's Health & Gastroenterology. We have strong brand equity with doctors and 5 brands in IMS top 300. Women's Health and Gastroenterology has a mix of global and local brands in its portfolio and all brands have a scientific perception with doctors.

There are multiple opportunities for shaping therapies that we will work on in the next 12 months:

- Improving awareness among Physicians to help treat the increasing incidence of liver diseases
- Equipping Gynaecologists and improving knowledge on recurrent pregnancy loss.
- Provide product and therapeutic solutions to manage different bowel diseases.

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## SPECIALTY CARE

Specialty Care consists of three business units - Neuropsychiatry, Metabolics and Neurosciences & Vaccines. We have a leadership position in the participated markets of Hypothyroid Management, Vertigo, Sleep Management and Depression.

Two brands, Thyronorm and Vertin are in the top 100 brands of the Indian Pharmaceutical Market. Prothiaden is the largest anti-depressant. Zolfresh is the leading sleep management brand in the Indian Pharmaceutical Market. Both Prothiaden and Zolfresh are in the top 300 Pharma brands of the country.

We will continue to build on our science based patient centric approach to shape and grow the market by driving awareness and diagnosis in the key therapy areas.



**RAJARAM SANKARAN**  
Commercial Director  
Specialty Care

## GENERAL CARE

General Care is the mass products division and has products in Pain Management, Multi Vitamins & Nutritionals, Gyneacologicals & Gastroenterology segments. We operate across India with a team of more than 600 employees based in major towns and cities. We are further expanding our reach into extra urban markets.

The strength of our business lies in our highly experienced, science-focused team and our strong doctor engagement and brand knowledge in products like Brufen, Surbex XT, Betonin and Duvadilan. The field coverage serving General Practitioners, Orthopedics and Gynecologists is a major strength which has helped us accelerate over the past year.

We will capitalize on two of the fastest growing markets - Vitamin D3 and Rabeprazole/ Levosulpiride combination with our brands Arachitol and Enliva respectively. With a rejuvenated team determined to excel there is significant scope for launching new products for mass markets and increase sales. This will be one of the major growth drivers for the business in 2014. We are also looking at avenues to collaborate within and outside Abbott India for introducing new products.

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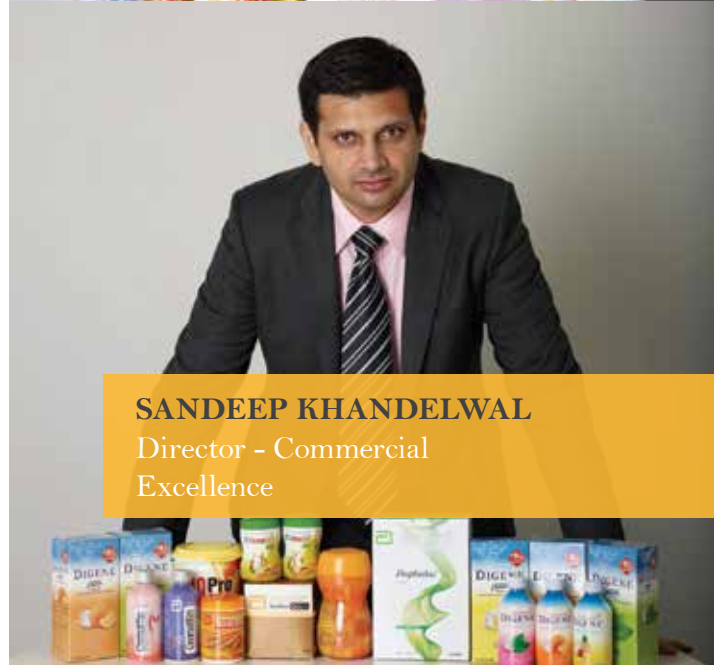
## CONSUMER CARE

The Over The Counter segment now constitutes 20% of the overall Pharmaceutical market in India. Being one of the leading players in the industry, Abbott India is actively participating in this segment by investing behind relevant business levers like high quality talent, team expansion, advertising and trade management.

The Consumer Care division was created as a strategic growth engine to help extend the life cycle of various mature brands. Since then, we have expanded our field force to directly cover 1,50,000 chemists across the country. We have also brought in Fast Moving Consumer Goods industry professionals and partnerd with marketing companies to strategically improve the Digene brand. Digene has been re-launched with enhanced formulation, packaging graphics and a new advertising film. The Consumer Care division is part of Commercial Excellence department.



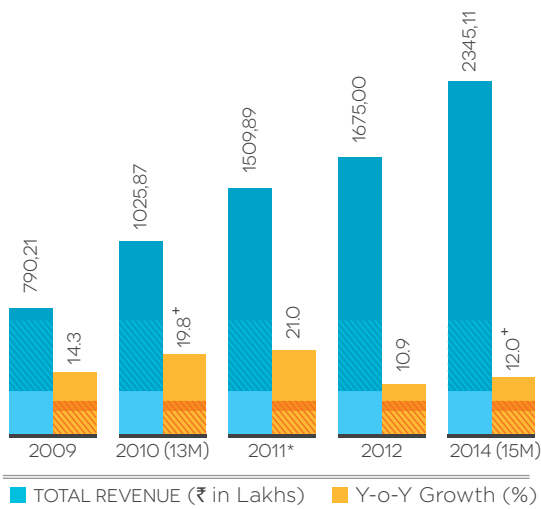
**ASHOK NAIR**  
Commercial Director  
General Care



**SANDEEP KHANDELWAL**  
Director - Commercial  
Excellence

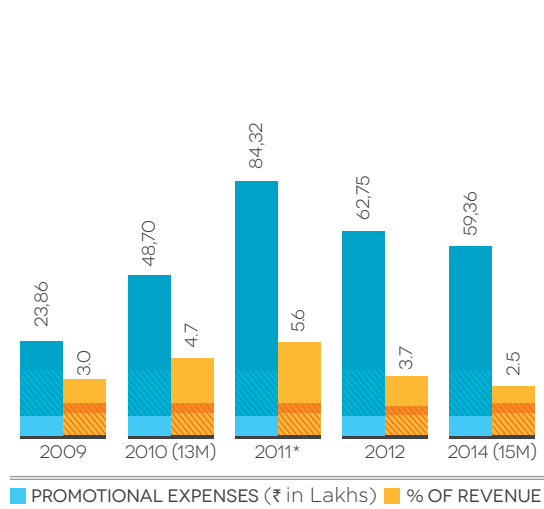
# KEY FINANCIAL RATIOS

## TOTAL REVENUE 12.0%

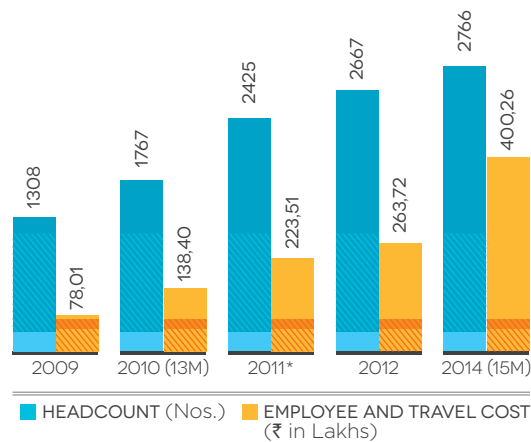


<sup>+</sup> Annualised percentage

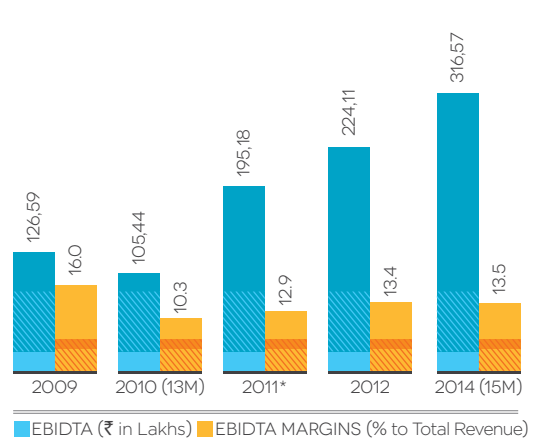
## PROMOTIONAL EXPENSE 2.5% % to Total Revenue



## HEADCOUNT Employee & Travel Cost



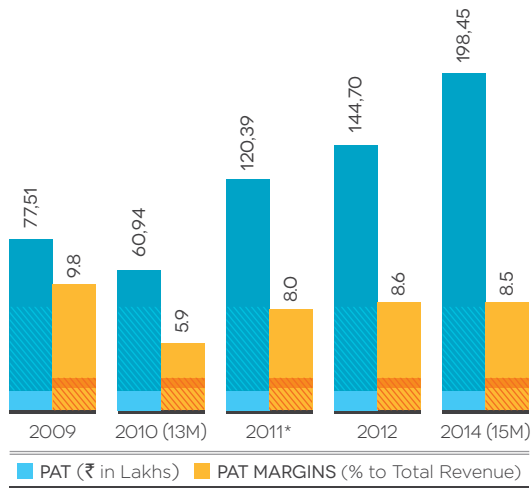
## EBIDTA MARGINS 13.5% % to Total Revenue





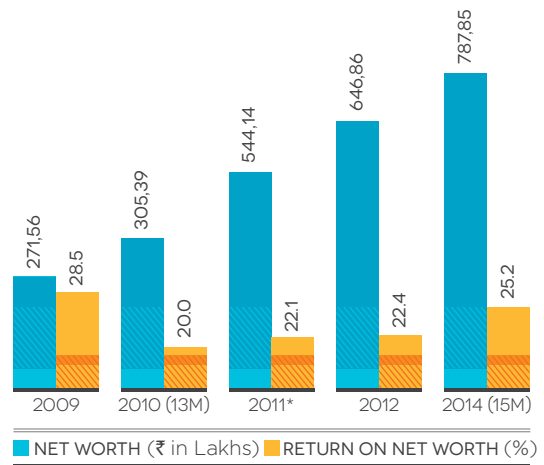
**PAT MARGINS**  
% to Total Revenue

**8.5%**



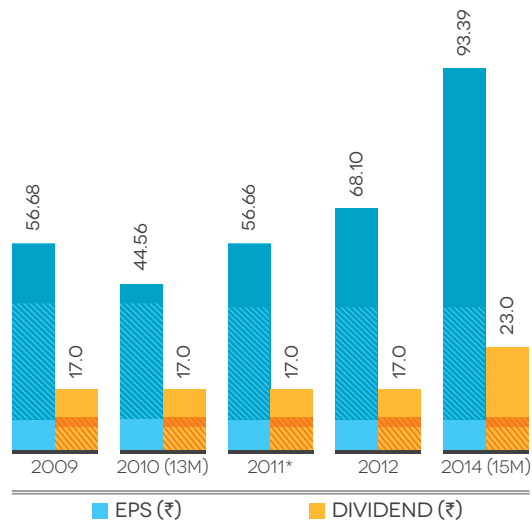
**NET WORTH**  
Return on Net Worth

**25.2%**



**DIVIDEND**  
Per Share

**₹ 23.0**



\* Post merger with Solvay Pharma India Limited.

# 10 YEAR FINANCIAL HIGHLIGHTS

	2004	2005	2006
<b>OPERATING RESULTS</b>			
TOTAL REVENUE	462,61	459,53	530,78
MATERIALS	249,01	295,75	353,33
EMPLOYEE BENEFITS EXPENSES	24,39	25,02	28,19
OTHER EXPENSES	47,42	47,65	57,27
DEPRECIATION/ AMORTISATION	4,17	3,98	4,44
FINANCE COST	17	2	12
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	137,45	87,11	87,43
EXCEPTIONAL ITEMS	-	-	-
PROVISION FOR TAXATION	35,20	27,95	27,57
PROFIT AFTER TAX AND EXCEPTIONAL ITEM	102,25	59,16	59,86
RETAINED EARNINGS	41,79	28,16	29,37
EARNINGS PER SHARE - BASIC & DILUTED (₹)	66.92	38.72	39.18
DIVIDEND PER SHARE (₹)	35.00	17.50	17.50
<b>FINANCIAL SUMMARY</b>			
<b>ASSETS EMPLOYED</b>			
FIXED ASSETS (Net)	32,52	31,17	31,53
CURRENT ASSETS (Net)	157,95	187,08	215,69
TOTAL ASSETS	190,47	218,25	247,22
<b>FINANCED BY</b>			
SHARE CAPITAL	15,28	15,28	15,28
RESERVES AND SURPLUS	173,00	201,16	230,53
TOTAL SHAREHOLDERS' FUNDS	188,28	216,44	245,81
BORROWINGS	2,19	1,81	1,41
<b>NUMBER OF SHAREHOLDERS</b>	14,792	14,029	14,905
<b>HEADCOUNT</b>	862	858	894

\* Post merger with Solvay Pharma India Limited.

₹ in Lakhs

	2007	2008	2009	2010 (13m)	2011*	2012	2014 (15m)
	620,29	691,43	790,21	1025,87	1509,89	1675,00	<b>2345,11</b>
	408,46	454,62	504,17	647,30	861,21	971,65	<b>1330,91</b>
	35,35	48,92	62,37	111,20	167,35	206,20	<b>299,74</b>
	68,93	86,54	97,08	161,93	286,14	273,04	<b>397,90</b>
	5,66	6,98	9,01	11,25	15,00	19,49	<b>21,93</b>
	2	2	20	4	3	2	<b>8</b>
	101,87	94,35	117,38	94,15	180,16	204,60	<b>294,55</b>
	-	-	-	-	-	10,39	-
	33,44	31,49	39,87	33,21	59,77	70,29	<b>96,10</b>
	68,43	62,86	77,51	60,94	120,39	144,70	<b>198,45</b>
	39,66	40,47	50,31	33,83	78,55	102,72	<b>140,99</b>
	46.01	43.62	56.68	44.56	56.66	68.10	<b>93.39</b>
	17.50	14.00	17.00	17.00	17.00	17.00	<b>23.00</b>
	36,31	50,63	49,15	50,57	80,02	109,18	<b>99,52</b>
	195,74	171,38	222,41	254,82	464,12	537,68	<b>688,33</b>
	232,05	222,01	271,56	305,39	544,14	646,86	<b>787,85</b>
	14,47	13,68	13,68	13,68	21,25	21,25	<b>21,25</b>
	216,55	207,57	257,88	291,71	522,89	625,61	<b>766,60</b>
	231,02	221,25	271,56	305,39	544,14	646,86	<b>787,85</b>
	1,03	76	-	-	-	-	-
	14,152	13,689	13,422	14,461	19,354	20,826	<b>18,270</b>
	1042	1150	1308	1767	2425	2667	<b>2766</b>



# ABBOTT INDIA BOARD OF DIRECTORS



MUNIR SHAIKH  
Chairman

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REHAN A. KHAN  
Managing Director

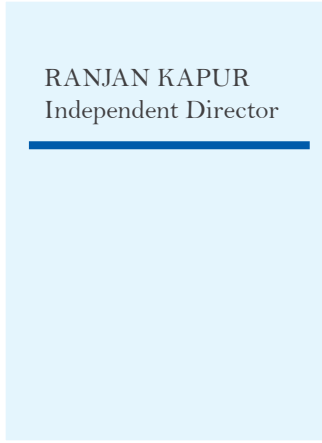
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RAJENDRA SHAH  
Independent Director



ASHOK DAYAL  
Independent Director



RANJAN KAPUR  
Independent Director



KAIYOMARZ  
MARFATIA  
Whole-time Director



SACHIN DHARAP  
Non-Executive Director



BHASKER IYER  
Non-Executive Director



SACHIN DHARAP  
Non-Executive Director



VALENTINE YIEN  
Non-Executive Director





# MEET THE LEADERSHIP TEAM



## REHAN A. KHAN | Managing Director

Rehan joined Abbott India in 2012 as Managing Director. Prior to this he was the General Manager & Country Head of Abbott Nutrition, India (ANI) for 3 years. Rehan has 18 years of commercial experience in India, US, UK and Continental Europe (Switzerland, Germany, Holland, Sweden) in General Management, Marketing & Sales, Strategic Planning and Finance/Supply chain. Prior to joining Abbott India, Rehan has worked with several other global healthcare companies including Novartis Pharma AG, AstraZeneca and J&J Consumer Pharma. 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.







NAGESH VOLETI



DR. RASHMI HEGDE



VIDYADHAR NATU



RAJARAM SANKARAN

## NAGESH VOLETI | Director - QA/QC

Nagesh joined Abbott India in 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 a Masters in Organic Chemistry from Mumbai University and Masters in Business Management from NMIMS.

## DR. RASHMI HEGDE | Director - Medical

Dr. Rashmi joined Solvay in 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 MD in Pediatrics from Mumbai University.

## VIDYADHAR NATU | Commercial Director - Women's Health & Gastroenterology

Natu joined Abbott India in 2005 as a Marketing Manager for the Primary Care division. He then took over as Head - Metabolics. He has also worked in Abbott Basel marketing as a part of his tenure. He was then appointed as Commercial Director for Women's Health & Gastroenterology in January 2013. 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 and has worked with leading Indian pharmaceutical companies like Ranbaxy and Sun Pharma prior to joining Abbott.

## RAJARAM SANKARAN | Commercial Director - Specialty Care

Rajaram joined Abbott India in 2013 as Commercial Director – Specialty 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.

## ASHOK NAIR | Commercial Director - General Care

Ashok Nair joined Abbott India in 2012 as the Business Unit Director for General Care division. Subsequently, he was appointed as the Commercial Director for General Care in January 2013. Ashok has 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 is a science graduate from Bhopal University.

## SANDEEP KHANDELWAL | Director - Commercial Excellence

Sandeep joined Abbott India in 2013 as Director- Commercial Excellence where he is accountable for SFE, Training, OTC and Ex India Markets. Sandeep has 15 years of diverse experience geographically and functionally in Sales and Distribution. Prior to joining Abbott India, he was with Marico as Head Sales for their Nature and Personal Care portfolio. Sandeep was awarded by Spencer Stuart / Economic Times as one of the '40 under 40 India's hottest business leaders' in 2014. Sandeep has completed B.E (Electronics) from Mumbai University and Masters in Business Administration, Sales and Marketing from NMIMS.

## RUMY KANGA | Group Marketing Director

Rumy Kanga joined Abbott India as Group Marketing Director in 2013. Rumy has 17 years of experience in Marketing Strategy and Operations in India and across Asia Pacific spanning the Healthcare & FMCG sectors. He has held positions of Regional Head of Marketing for Asia Pacific and Regional Category Head – Asia Pacific with CibaVision Singapore. During his ten year association with Johnson & Johnson, Rumy served as Business Manager - Vision Care India and as Marketing Manager for Johnson's Baby Business. Rumy has done Bachelors in Commerce from Sydenham College of Commerce & Economics, Mumbai and a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore.

## ADITYA SINGH | Director - Commercial Operations

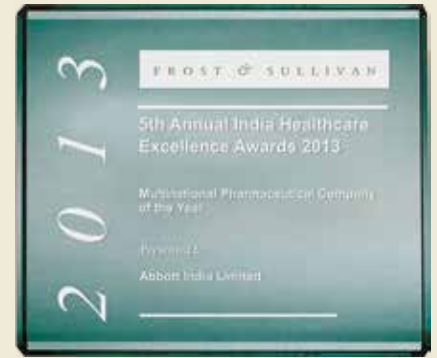
Aditya Singh joined Abbott India as Director – Commercial Operations in 2013. Aditya has 14 years of work experience and has worked across manufacturing, sales, strategy, purchasing and supply chain functions both in a line role and as a management consultant. He has worked for ICI, Hindustan Unilever, Tata Group and McKinsey & Co. Aditya has completed a B.Tech in Chemical Engineering from IIT Delhi and an MBA with specialisation in marketing and finance from Indian School of Business Hyderabad.



1.



2.



3.

# 2013 AWARDS

1. Golden Peacock Global Excellence Award for Outstanding Management Practices and Stakeholder Engagement at the Global Convention on Business Excellence in Dubai.
2. Business Today Best Companies to Work For: Ranked as the Best Pharmaceutical and Healthcare Company to work for in 2012-13 by Business Today.
3. Frost and Sullivan India Healthcare Excellence Awards- Multinational Pharmaceutical Company of the Year Award for 2013. We won this prestigious award for the 3rd consecutive year.
4. Pharmaleaders: 6th Annual Pharmaceutical Leadership Summit organized by Pharmaleaders - Multinational Company of the Year 2013.
5. Rehan A. Khan: Most Promising Entrepreneur award in Asia Pacific Entrepreneurship Awards 2014 conducted by Enterprise Asia; MNC Pharma CEO of the year by Pharmaleaders.
6. Sandeep Khandelwal (Director - Commercial Excellence): Awarded by Spencer Stuart / Economic Times as '40 under 40 India's Hottest Business Leaders'.



4.



5.



6.



## NOTICE

Notice is hereby given that the Seventieth Annual General Meeting of Abbott India Limited will be held at RAMA WATUMULL AUDITORIUM, K C College, 123, Dinshaw Vacha Road, Vidyasagar Prin. K. M. Kundnani Chowk, Churchgate, Mumbai - 400 020 on Friday, August 1, 2014 at 3.00 p.m. to transact the following business :

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### ORDINARY BUSINESS :

- To receive, consider and adopt the audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for 15 months' period ended on that date together with the Reports of Directors and Auditors thereon.
- To declare a final dividend.

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### SPECIAL BUSINESS :

#### 3. Appointment of S R B C & CO LLP, Chartered Accountants as the Statutory Auditors

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

“**RESOLVED That** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration No. : 324982E), be and are hereby appointed as the Statutory Auditors for a term of five years i.e. from the conclusion of this Annual General Meeting till the conclusion of Seventy-fifth Annual General Meeting of the Company (subject to ratification of their appointment by the Members at every Annual General Meeting), on such terms and remuneration as agreed upon between the Audit Committee/Board of Directors and the Auditors.”

#### 4. Ratification of remuneration payable to M/s N I Mehta & Co., Cost Auditors

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“**RESOLVED That** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), remuneration of ₹ 6.05 Lakhs plus service tax as applicable and reimbursement of out-of-pocket expenses, as approved by the Board of Directors of the Company, payable to M/s. N I Mehta & Co., Cost Accountants (Registration No : 000023) for conducting the Cost Audit of the Company for the financial year ending on March 31, 2015, be and is hereby approved and ratified.”

#### 5. Appointment of Ms Valentine Yien as Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“**RESOLVED That** Ms Valentine Yien (DIN : 05180794), who was appointed as an Additional Director of the Company by the Board of Directors effective December 23, 2013, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

#### 6. Appointment of Mr R. A. Shah as Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“**RESOLVED That** pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr R. A. Shah (DIN : 00009851), Director of the Company, who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company for a term upto March 31, 2019, not liable to retire by rotation.”

#### 7. Appointment of Mr Ranjan Kapur as Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“**RESOLVED That** pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Ranjan Kapur (DIN : 00035113), Director of the Company, who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company for a term upto March 31, 2019, not liable to retire by rotation.”

#### 8. Retirement of Mr Ashok Dayal, Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“**RESOLVED** not to fill, for the time being, the vacancy caused by the retirement of Mr Ashok Dayal (DIN : 00065907), Director of the Company, who retires by rotation at this Annual General Meeting and does not seek re-appointment.”

**NOTES :**

i. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, signed, completed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

ii. Corporate Members intending to send their representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

iii. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the Special Businesses to be transacted at the Meeting is annexed hereto.

iv. The details of Directors in respect of Item Nos. 5, 6 and 7 pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited are annexed hereto.

v. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 25, 2014 to Friday, August 1, 2014 (both days inclusive).

vi. Final Dividend, if approved by the Members at the Annual General Meeting, will be paid on and from August 11, 2014 to the Members whose names appear on the Register of Members as on August 1, 2014 and to the Beneficial Owners of the shares as on July 24, 2014, as per the details furnished by the Depositories for this purpose.

vii. 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.

viii. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialised form are therefore requested to submit the PAN to their respective depository participants. Members holding shares in physical form can submit their PAN details to the Company or the Registrar & Transfer Agents.

ix. In terms of directive of the Securities and Exchange Board of India, (SEBI) all companies have to mandatorily use the bank account

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

x. Pursuant to 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, 2006 has been transferred to the Investor Education and Protection Fund.

Members who have not encashed their dividend warrants from the year 2007 onwards, are requested to write to the Company / Registrars & Share Transfer Agents for issue of demand drafts for the same.

In terms of the Investor Education and Protection Fund (IEPF) (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 notified by the Ministry of Corporate Affairs (MCA) on May 10, 2012, the Company has uploaded the information in respect of the unclaimed/unpaid Dividends (as on the date of the last Annual General Meeting held on April 25, 2013) on the Company Website ([www.abbott.co.in](http://www.abbott.co.in)) under the Investor Section.

xi. The Company, in compliance of Clause 5A of the Listing Agreement with the Bombay Stock Exchange Limited sent the second reminder letters 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 third and final reminder to the Members.

xii. 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.

xiii. In case of joint holders attending the Meeting, the Member whose name appears as first holder in the order of names as per Register of Members of the Company will be entitled to vote.

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

xv. The Company will be sending the Annual Report and Notice of the Seventieth Annual General Meeting of the Company along with proxy form and attendance slip through electronic mode to the Members whose email addresses are available with the Company.

Members who have not availed the e-communication facility can do so by submitting their email address with the Company to support the “Green Initiative in Corporate Governance”. Members holding shares in electronic mode are requested to register their email address with their Depository Participant only.

Members may also note that the aforesaid documents can also be downloaded from the Company’s Website - [www.abbott.co.in](http://www.abbott.co.in).

The Relevant documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection by the Members at the Registered Office of the Company on all working days (except Saturdays) during business hours up to the date of the Meeting.

xvi. Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facilities to the Members to cast their votes electronically on all resolutions set forth in the Notice.

Members who do not have e-voting facility can take the benefit of Ballot Form enclosed herewith.

Complete instructions on e-voting and Ballot are annexed herewith and forms part of this Notice.

Ms Neena Bhatia, Practising Company Secretary (Membership No. ACS 11950) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Results shall be declared on or after the Annual General Meeting (AGM). The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website [www.abbott.co.in](http://www.abbott.co.in) and on the website of NSDL within two(2) working days of passing the resolutions at the AGM of the Company and communicated to the Bombay Stock Exchange Limited, on which shares of the Company are listed.

By Order of the Board

Mumbai  
May 28, 2014

**Krupa Anandpara**  
Company Secretary

**Registered Office :**

Abbott India Limited  
CIN : L24239MH1944PLC007330  
3-4, Corporate Park,  
Sion Trombay Road,  
Mumbai 400 071  
Tel : +91-22-6797 8888/+91-22-2871 7500  
Fax : +91-22-6797 8727/+91-22-2871 7499  
Email : [investor.relations@abbott.co.in](mailto:investor.relations@abbott.co.in) / [webmaster@abbott.co.in](mailto:webmaster@abbott.co.in)  
Website : [www.abbott.co.in](http://www.abbott.co.in)

## STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

### Item No. 3

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. : 117366W), were appointed as the Statutory Auditors of the Company at the Annual General Meeting of the Company held on April 25, 2013 to hold office upto the conclusion of this Annual General Meeting.

Deloitte Haskins & Sells LLP have been the Statutory Auditors of the Company since the year 1994-95 and has completed their tenure prescribed under the Companies Act, 2013.

In view of the same and in compliance with the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and based on recommendation of the Audit Committee, the Board of Directors at its meeting held on May 28, 2014, recommended the appointment of S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration No. : 324982E), as the Statutory Auditors for a term of five years i.e. from financial year 2014-15 to the financial year 2018-19 and to hold office till the conclusion of the Seventy-fifth Annual General Meeting of the Company (subject to ratification by the Members at every Annual General Meeting).

S R B C & CO LLP have provided their consent, certificates and declarations as required under Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014.

The Company has received a declaration from S R B C & CO LLP confirming that there are no pending proceedings or orders relating to professional matters of conduct against them before the ICAI or any competent authority or any Court.

The Audit Committee/Board of Directors shall be authorised to fix the remuneration of S R B C & CO LLP.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

The Board recommends the resolution set forth in Item No. 3 for the approval of Members as a Special Resolution.

### Item No. 4

The Board, based on recommendation of the Audit Committee, approved the appointment of M/s. N I Mehta, Cost Accountants (having Registration no. 000023) as the Cost Auditors for conducting the Cost Audit of the Company for the financial year ending March 31, 2015 at a remuneration of ₹ 6.05 Lakhs plus service tax as applicable and reimbursement of reasonable expenses.

Pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, remuneration payable to M/s N I Mehta & Co, Cost Auditors, as stated above, requires ratification by the Members.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

The Board recommends the resolution set forth in Item No. 4 for the approval of Members as an Ordinary Resolution.

#### **Item No. 5**

Ms Valentine Yien was appointed as an Additional Director by the Board with effect from December 23, 2013 in terms of Section 260 of the Companies Act, 1956 read with Article 113 of the Articles of Association of the Company.

In terms of the provisions of Section 161 (1) of the Companies Act, 2013, Ms Yien holds office up to the date of this Annual General Meeting.

The Company has received a notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Ms Yien for the office of Director of the Company, liable to retire by rotation.

Ms Yien is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as Director.

Ms Yien is the Vice President, Treasurer, Abbott Laboratories since February, 2010. Prior thereto, she was Corporate Vice President-Operations Finance at Hospira.

Ms Yien joined Abbott in 1982 and has held a series of leadership positions of increasing responsibility, including Divisional Vice President-Hospital Products Division, Assistant Controller-Corporate Finance and Administration; Division Controller-Abbott Health Systems Division and various other positions in Abbott Diagnostics Division and Internal Audit.

Ms Yien holds a Master's degree in Management from Northwestern University and a Bachelor of Science degree from Nebraska Wesleyan University.

The details of Ms Yien as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, are set out in the Annexure forming part of this Notice.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives, except Ms Valentine Yien, is concerned or interested, financially or otherwise, in resolution set out at Item No. 5.

The Board recommends the resolution set forth in Item No. 5 for the approval of Members as an Ordinary Resolution.

#### **Item No. 6**

Mr R. A. Shah is a Non-Executive Independent Director on the Board of the Company since 1983. Mr Shah is liable to retire by rotation at this Annual General Meeting under the provisions of the Companies Act, 1956 and being eligible, offers himself for re-appointment.

In terms of the provisions of Section 149 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, Mr Shah is proposed to be appointed as Independent Director for a term upto March 31, 2019, not liable to retire by rotation.

The Company has received a notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr Shah for the office of Director of the Company.

Mr Shah is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director. The Company has also received declaration from Mr Shah that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr Shah fulfills the conditions for appointment as Independent Director as specified in the Companies Act, 2013 and the Rules framed thereunder and that he is Independent of the management.

Mr Shah is a Solicitor and Senior Partner of M/s Crawford Bayley & Co. He specializes in a broad spectrum of Corporate Laws in general, with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreements, Intellectual Property Rights, Mergers and Acquisitions, Corporate Laws, Competition Law and Insider Trading Regulations.

The details of Mr Shah, as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, are set out in the Annexure forming part of this Notice.

Copy of the draft letter for appointment of Mr Shah setting out the terms and conditions is available for inspection by Members at the Registered Office of the Company on all working days (except Saturdays) during business hours up to the date of the Meeting.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives, except Mr R. A. Shah, is concerned or interested, financially or otherwise, in resolution set out at Item No. 6.

The Board recommends the resolution set forth in Item No. 6 for the approval of Members as an Ordinary Resolution.

#### **Item No. 7**

Mr Ranjan Kapur is a Non-Executive Independent Director on the Board of the Company since 2006. Mr Kapur is liable to retire by rotation at this Annual General Meeting under the provisions of the Companies Act, 1956 and being eligible, offers himself for re-appointment.

In terms of the provisions of Section 149 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, Mr Kapur is proposed to be appointed as Independent



Director for a term upto March 31, 2019, not liable to retire by rotation.

The Company has received a notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr Kapur for the office of Director of the Company.

Mr Kapur is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director. The Company has also received declaration from Mr Kapur that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr Kapur fulfils the conditions for appointment as Independent Director as specified in the Companies Act, 2013 and Rules framed thereunder and that he is Independent of the management.

Mr Kapur is an ex-Citibanker. He is a veteran of the advertising business having spent 40 years with Ogilvy and credited with its turnaround and accelerated growth. He was also involved in his personal capacity in the development of technology based online and mobile service company.

The details of Mr Kapur, as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, are set out in the Annexure forming part of this Notice.

Copy of the draft letter for appointment of Mr Kapur as Independent Director setting out the terms and conditions is available for inspection by Members at the Registered Office of the Company on all working days (except Saturdays) during business hours up to the date of the Meeting.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives, except Mr Ranjan Kapur, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

The Board recommends the resolution set forth in Item No. 7 for the approval of Members as an Ordinary Resolution as an Ordinary Resolution.

### **Item No. 8**

Mr Ashok Dayal is a Non-Executive Independent Director of the Company since 2003. Mr Dayal retires by rotation at this Annual General Meeting under the applicable provisions of the Companies Act, 1956 and does not seek re-appointment for personal health reasons.

The Board proposes not to fill, for the time being, the vacancy caused due to his retirement.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

The Board recommends the resolution set forth in Item No. 8 for the approval of Members.

By Order of the Board

Mumbai  
May 28, 2014

**Krupa Anandpara**  
Company Secretary

### **Registered Office :**

Abbott India Limited

CIN : L24239MH1944PLC007330

3-4, Corporate Park,

Sion Trombay Road,

Mumbai 400 071

Tel : +91-22-6797 8888/+91-22-2871 7500

Fax : +91-22-6797 8727/+91-22-2871 7499

Email : [investor.relations@abbott.co.in](mailto:investor.relations@abbott.co.in) / [webmaster@abbott.co.in](mailto:webmaster@abbott.co.in)

Website : [www.abbott.co.in](http://www.abbott.co.in)

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

<b>Name of Director</b>	<b>Mr R. A. Shah</b>	<b>Mr Ranjan Kapur</b>	<b>Ms Valentine Yien</b>
<b>Date of Birth</b>	July 7, 1931	November 25, 1942	February 10, 1953
<b>Date of Appointment</b>	February 21, 1983	September 18, 2006	December 23, 2013
<b>Expertise in Specific Functional Area</b>	Mr Shah is a Solicitor and Senior Partner of Messrs Crawford Bayley & Co. He specializes in a broad spectrum of Corporate Laws in general, with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreements, Intellectual Property Rights, Mergers and Acquisitions, Corporate Laws, Competition Law and Insider Trading Regulations.	Mr Kapur is an ex-Citibanker. He is a veteran of the advertising business having spent 40 years with Ogilvy and credited with its turnaround and accelerated growth. He was also involved in his personal capacity in the development of technology based online and mobile service company.	Ms Yien is the Vice President, Treasurer, Abbott Laboratories since February 2010. Prior thereto, she was Corporate Vice President-Operations Finance at Hospira. She joined Abbott in 1982 and has held a series of leadership positions of increasing responsibility, including Divisional Vice President-Hospital Products Division, Assistant Controller-Corporate Finance and Administration; Division Controller-Abbott Health Systems Division and various other positions in Abbott Diagnostics Division and Internal Audit.
<b>Qualifications</b>	Solicitor	Masters Degree in English from St. Stephens College, Delhi	Masters Degree in Management from Northwestern University and a Bachelors of Science degree from Nebraska Wesleyan University
<b>No. of Shares held in the Company</b>	4,554	NIL	NIL
<b>Other Directorships in Indian Companies (including Private Companies)</b>	Proctor & Gamble Hygiene and Healthcare Limited* Pfizer Limited* Godfrey Philips India Limited* Clariant Chemicals (India) Limited* BASF India Limited The Bombay Dyeing & Mfg. Co. Limited Deepak Fertilizers & Petrochemicals Corpn. Limited Colgate Palmolive India Limited Asian Paints Limited Modicare Limited Uhde India Private Limited Lupin Limited Atul Limited Century Enka Limited Wockhardt Limited Schrader Duncan Limited RPG Life Sciences Limited	Pidilite Industries Limited Group M Media India Private Limited Bates India Private Limited MIRC Electronics Limited Annik Technology Services Private Limited Sercon India Private Limited Quasar Media Private Limited Ray & Keshavan Design Associates Private Limited WPP Marketing Communication India Private Limited	Abbott Medical Optics Private Limited
<b>*Chairman of the Board</b>			
<b>Membership of Committees (Audit Committee and Shareholders' &amp; Investors' Grievance Committee)</b>	Colgate Palmolive India Limited # Pfizer Limited # Proctor & Gamble Hygiene and Healthcare Limited # Clariant Chemicals (India) Limited # The Bombay Dyeing & Mfg. Co. Limited BASF India Limited Century Enka Limited Wockhardt Limited Lupin Limited	Pidilite Industries Limited MIRC Electronics Limited # Annik Technology Services Private Limited	None
<b>#Chairman of the Committees</b>			

# REPORT OF THE DIRECTORS

## TO THE MEMBERS

Your Directors have pleasure in presenting the Seventieth Annual Report and the Audited Accounts of the Company for 15 months' period ended March 31, 2014.

### Financial Results

(₹ in Lakhs)

	For the period January 1, 2013 to March 31, 2014#	For year ended December 31, 2012
Sales	2231,28.59	1613,09.30
Profit Before Tax	294,55.35	214,99.29
Profit After Tax	198,45.07	144,70.05
Balance brought forward	418,20.25	329,95.61
Profit available for appropriation	616,65.32	474,65.66
Appropriations :		
Dividend (Proposed)	48,87.34	36,12.38
Corporate Dividend Tax	8,58.51*	5,86.02
Transfer to Reserves	19,84.51	14,47.01
Balance carried forward	539,34.96	418,20.25

\* Includes Corporate Dividend Tax of ₹ 27.91 Lakhs for the year ended December 31, 2012.

#The Company changed its accounting year from year ended December 31 to year ended March 31 effective this year. Accordingly, these financial statements are prepared for 15 months' period from January 1, 2013 to March 31, 2014.

### Dividend

Your Directors recommend a dividend of ₹ 23/- per share on 2,12,49,302 fully paid-up Equity Shares of ₹ 10/- each of the Company for the period ended March 31, 2014. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of ₹ 48,87.34 Lakhs. (Previous year : ₹ 36,12.38 Lakhs) and Corporate Dividend Tax of ₹ 8,30.60 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

The total Reserves as on March 31, 2014 amounted to ₹ 766,60.20 Lakhs comprising of Amalgamation Reserve ₹ 37.82 Lakhs, Capital Reserve ₹ 5,22.62 Lakhs, Capital Redemption Reserve ₹ 2,52.48 Lakhs, General Reserve ₹ 219,12.32 Lakhs and Surplus as per the Statement of Profit & Loss amounting to ₹ 539,34.96 Lakhs.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the 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 period ended March 31, 2014, and of the profit of the Company for that period.
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. They have prepared the accompanying Accounts for the period ended March 31, 2014, on a going concern basis.

## FIXED DEPOSITS

No fixed deposits were accepted during the period.

## 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 are 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 Thomas Dee resigned as Director of the Company effective September 30, 2013.

Mr Ashok Dayal, who retires by rotation at the ensuing Annual General Meeting, does not seek re-appointment. The Board proposes not to fill up the vacancy, for the time being.

The Board places on record its sincere appreciation for the valuable support and guidance received from Mr Thomas Dee and Mr Ashok Dayal during their tenure.

Ms Valentine Yien was appointed as an Additional Director of the Company with effect from December 23, 2013, and holds office upto the date of the ensuing Annual General Meeting. The Board recommends appointment of Ms Yien as Director of the Company, liable to retire by rotation.

Mr R. A. Shah and Mr Ranjan Kapur retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board proposes to appoint them as Independent Directors, in terms of the provisions of Section 149 of the Companies Act, 2013, for a term upto March 31, 2019, not liable to retire by rotation.

The Company has received declarations from Mr R. A. Shah and Mr Ranjan Kapur, confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

Your Directors have pleasure in recommending their appointment.

## STATUTORY AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. : 117366W), the Statutory Auditors, hold office upto the conclusion of the ensuing Annual General Meeting.

In view of completion of the term prescribed under the provisions of Section 139(2) of the Companies Act, 2013 for Deloitte Haskins & Sells LLP, the Statutory Auditors, your Board proposes rotation of the Auditors of the Company and recommend appointment of S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration No. : 324982E) as the Statutory Auditors for a term of five years i.e. from financial year 2014-15 to financial year 2018-19 and to hold office till the conclusion of the Seventy-fifth Annual General Meeting of the Company (subject to ratification by Members at every Annual General Meeting).

The Board places on record its sincere appreciation for the valuable services rendered by Deloitte Haskins & Sells LLP during its association with the Company over the past 19 years.

## COST AUDITORS

M/s N I Mehta & Co., Cost Accountants (Registration No. 000023), having its office at 115, Jolly Maker Chamber – II, Nariman Point, Mumbai – 400 021, are appointed as the Cost Auditors of the Company for the financial year 2014-15 at a remuneration of ₹ 6.05 Lakhs plus applicable taxes and reimbursement of out of pocket expenses.

The said remuneration will be subject to ratification by the shareholders at the ensuing Annual General Meeting.

## ENVIRONMENT, HEALTH AND SAFETY

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 a considerable focus on improving Environment, Health and Safety during the period under review by the Company.

### i. Environment

The Company continuously endeavors to improve on environmental management to minimize the adverse environmental impact and through all activities demonstrate commitment to protecting the environment.

The Goa plant is a "ZERO" discharge plant. The Company has in place a modern state of the art effluent treatment plant at the Goa unit, treating and discharging wastewater with parameters of treated effluent well below the limits set by the local Pollution Control Board. The treated water from waste water treatment plant is recycled for horticulture within the site.

The rain water harvesting project, which was installed last year, resulted in 600 KL of water saving during monsoons. The emissions from boiler and generator stacks are monitored regularly and are well below the limits set by the State Pollution Control Board. 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 factory premises.

The plant's briquette (compressed groundnut shells, wastes from crops, etc.) fired boiler eliminates furnace oil usage. The annual CO<sub>2</sub> emission reduction is 740 tons and zero sulphur emissions.

The site has been awarded Zero Waste to Landfill certification in purview of waste disposal. 81% of waste generated at the plant goes for recycling, 17% for incineration and 2% for composting.

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

### ii. Health and Safety

The Company is committed to promoting health and safety of its employees. The Company has a dedicated Safety Officer and a Safety Committee in place, which includes representation from workmen and meets regularly to review issues impacting plant safety and employee health. Our EHS program includes the policy on Environment, Health and Safety, well defined EHS organizational structure, EHS Standard Operating Procedures and EHS specific programs.

Various key measures like conducting training programs on various health and safety issues including dealing with epidemics, ergonomics, machine guarding, work safety, road safety, first-aid, manual handling, etc. have been implemented. Regular health checkup (once a year) of the plant employees is carried out. Detailed first-aid training by certified agencies like Indian Red Cross Society has also been imparted to the employees.

The plant celebrated National Safety Week from 4th to 10th of March, 2014. Various activities were planned during the week. Programs like safety quiz, drawing competition, slogan and hazard identification competition were conducted. Training programs by external agencies were also conducted during the week, which included machine safety, guarding and material handling from



Green Triangle Society and first aid training from the Indian Red Cross Society.

The plant also celebrated Road Safety Week in the month of January, 2014 in which road safety awareness programs were conducted. A two-wheeler conditioning camp was conducted for employees at the site.

The plant has a well-equipped first aid room with a full-time nurse and Occupational Health Physician catering to employee needs. The plant also has a full-fledged ambulance van.

A cross-functional team for Employee Health and Safety (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. The R & D Centre also carries out evaluation of product dossiers for introduction of new products through insourcing. Effective life cycle management, cost reduction in existing product 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 during the period under review e.g. Vertin OD Tablet (Vertigo), Dufaxamin tablet (Hepatic encephalopathy), Arachitol chewable tablets (Vitamin D3), Brufit tablet (Acute pain) and Titaferon injection (Hepatitis C). It has also been instrumental in site to site technology transfers for rationalization of production sites to improve efficiencies, costs and take care of business exigencies; notable among them were technology transfer of Vertin and Duphaston to alternative manufacturing sites.

## EMPLOYEES

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

## REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

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

For and on behalf of the Board

Mumbai  
May 28, 2014

**R. A. Shah**  
Director

**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 :

i. Installed briquette (solid biofuel) fired boiler as replacement of standby furnace oil fired boiler, which will result in cost saving of approximately ₹ 13 Lakhs per annum. Boiler commissioned in February, 2014.

ii. Installed transparent glass view panel in place of aluminium louvers on side walls of utility block, thereby overall 40% of existing louvers area is replaced by transparent glass. This has enabled illumination of the area inside the utility block through natural sunlight thereby avoiding use of electrical light fixtures during daytime from 8 am to 5 pm every day.

Estimated energy saving of approximately 5530 KWH (electrical units) per annum.

Installation completed in January 2014.

iii. Variable Frequency Drive installed for Bottle Decartoning Area Air Handling Unit in December, 2013 to eliminate throttling of dampers to regulate the flow to the area. This will result in electrical energy saving of approximately 6135 KWH per annum.

iv. Electricity source connection changed from Reliance Infra power to Government Electricity Department power in May, 2013 to reduce the energy cost to the plant. This will result in cost saving of approximately ₹ 1,80 Lakhs per annum.

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

i. Installation of Screw-type Air Compressor of 500 CFM capacity in place of existing Reciprocating-type Air Compressor. Estimated Electrical Units saving of approximately 40000 KWH per annum. Compressor commissioned in May, 2014.

ii. Variable Frequency Drive for Air handling Units for Facility Expansion Project.

iii. Variable Primary Circuit for chilled water system, which will reduce energy cost of air conditioning system.

**(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 :**

All above Energy and Cost savings benefitted the plant by more than ₹ 1,60 Lakhs during the period under review.

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

	For the period January 1, 2013 to March 31, 2014	For year ended December 31, 2012
<b>A. Power &amp; Fuel Consumption :</b>		
a) Electricity		
(i) Purchased (KWH Unit Millions)	4.88	3.11
Total amount (₹ Lakhs)	3,77.87	4,62.90
Rate/Unit (₹)	7.74	14.91
(ii) Own Generation in KWH		
through Diesel Generator	137,216	88,524
through Steam turbine/Generator	NA	NA
b) Biomass (Solid Biofuel)		
Purchased (Kg's)	948,590	85,485
Total amount (₹ Lakhs)	57.75	5.20
Rate/ Kg (₹)	6.09	6.05
c) Coal	NA	NA
d) Furnace oil		
Purchased (Kilo ltrs)	NIL	216.23
Total Amt (₹ Lakhs)	NIL	1,02.60
Rate/ Ltr ₹	NIL	47.45
e) Other/ Internal Generation	NA	NA

**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**

**A. Efforts made in Technology Absorption**

Various new projects were undertaken at the Goa facility. Duphalac enema was commercialised during the period, providing customers with a ready enema kit for use. Cremaffin and Cremaffin Plus primary packs were changed from glass bottle to PET bottles. This has resulted in reduction in waste, savings in transportation and reduction in noise levels during manufacturing. Studies are under way to have Digene gel and Duphalac also in PET bottles.

**B. Achievements of the Company's R & D Centre at Goa :**

- i. Development of new Pharmaceutical Products
- ii. Establishing new technical capabilities
- iii. Import substitutions and new vendor development
- iv. Optimization, standardization and improvement of products and manufacturing processes
- v. Technical evaluation of off the shelf products, to ensure quality and stability.

New formulations of Digene tablets and Digene gel were developed with improved flavour profile and commercially launched as part of Digene promotion initiative. The R & D centre played a vital role in closely working with third party developers to launch products like Vertin OD (Vertigo), Dufaxamin (Hepatic encephalopathy), Arachitol chewable tablets (Vitamin D3) and Brufit OD (Acute pain).

A number of process improvement projects were undertaken and implemented. New process train for Digene gel manufacturing improved productivity. A number of new vendors of key Active Pharmaceutical Ingredients and excipients were developed resulting in cost savings of approximately ₹ 1,03 Lakhs, during the period under review.

**C. 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. Life cycle management of key products have helped in revitalising brands. Manufacturing process optimization helped to bring in improved quality and efficiency. New vendor development of Active Pharmaceutical Ingredients and excipients has helped to reduce cost, improve the efficiency of supply chain and to prevent product stock outs. Development of new products will strengthen the portfolio and add to life cycle management in areas of Gastroenterology, Neuropsychiatry, Cardiometabolics and Women's Health.

**D. Future plan of action**

New product development and life cycle management continues to be a key deliverable of the team. Identifying opportunities for process improvements and cost rationalisation will also be areas of focus. Opportunities to insource manufacturing and expand locally developed products to other geographies are being identified. 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.

**E. Expenditure on R & D**

	₹ in Lakhs
(a) Capital	22.63
(b) Recurring	1,61.51
<b>Total</b>	<b>1,84.14</b>
<b>Total R &amp; D expenditure as a percentage of total turnover</b>	<b>0.08%</b>

**F. Technology absorption, adaptation and innovation**

i. 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.

ii. 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 waste generation, energy consumption and improvement in product quality are some of the benefits achieved in the current period.

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

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 period amounted to ₹ 23,96.78 Lakhs, which includes ₹ 14,10.24 Lakhs towards exports, ₹ 9,78.46 Lakhs towards amount recovered from the affiliates and ₹ 8.08 Lakhs towards other earnings.

(II) Details of total foreign exchange used and earned.

	₹ in Lakhs
<b>A. Total foreign exchange used</b>	
(a) On import of raw materials, finished goods, consumable stores and capital goods	365,87.96
(b) On professional charges, sales promotion expenses, commission on export sales, registration fees, business travel, software, etc.	11,14.45
(c) On remittance during the period on account of dividend	27,08.79
<b>B. Total foreign exchange earned</b>	<b>23,96.78</b>

For and on behalf of the Board

Mumbai  
May 28, 2014

**R. A. Shah**  
Director

**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 that 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 actions.

## 2. BOARD OF DIRECTORS

- (a) The Board comprises 9 Directors including 2 Executive and 7 Non-Executive Directors, of which 3 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 period 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 March 31, 2014, are given in the table below :

Name of Director	Category of Directorship	Attendance at		Number of Directorships in other companies*	Number of Committee positions held in other companies**
		Board Meetings	Annual General Meeting (April 25, 2013)		
Mr Munir Shaikh Chairman of the Board	Non-Executive Director	6	Yes	-	-
Mr Rehan A. Khan Managing Director	Executive Director	5	Yes	-	-
Mr R.A. Shah	Non-Executive, Independent Director	5	Yes	13 (includes Chairmanship of 4 companies)	8 (includes Chairmanship of 4 committees)
Mr Ashok Dayal	Non-Executive, Independent Director	6	Yes	3	-
Mr Ranjan Kapur	Non-Executive, Independent Director	6	Yes	2	3 (includes Chairmanship of 1 committee)
Mr Kaiyomarz Marfatia Whole-time Director	Executive Director	5	Yes	-	-
Mr Bhasker Iyer (appointed effective February 20, 2013)	Non-Executive Director	5	Yes	-	-
Mr Sachin Dharap (appointed effective February 20, 2013)	Non-Executive Director	5	Yes	-	-
Ms Valentine Yien (appointed as Additional Director effective December 23, 2013)	Non-Executive Director	-	No	-	-
Mr Thomas Dee (Resigned effective September 30, 2013)	Non-Executive Director	-	No	-	-
Mr Laurent Van Lerberghe (Resigned effective February 20, 2013)	Non-Executive Director	-	No	-	-
Mr Ramon F Neira Hoyos (Resigned effective February 20, 2013)	Non-Executive Director	-	No	-	-

\* The Directorships held by Directors as mentioned above do not include alternate directorships, directorships in foreign companies, companies registered under Section 25 of the Companies Act, 1956 and private limited companies.

\*\* In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit Committees and Shareholders'/ Investors' Grievance Committees in all public limited companies (excluding Abbott India Limited) have been considered.



- (c) During the period under review, 6 Board Meetings were held on the following dates :

February 20, 2013; April 25, 2013; June 3, 2013; August 14, 2013; November 7, 2013 and February 8, 2014.

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

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor’s report thereon before submission to the Board for approval, with particular reference to :
  - a. Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to the financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Review and monitor the auditor’s independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up thereon;

### 3. AUDIT COMMITTEE

The composition, role, terms of reference as well as powers of Audit Committee meets the requirements of Section 177 of the Companies Act, 2013.

**Composition :**

The Committee comprises 3 Independent Directors and 1 Non-Executive Director.

The composition of the Audit Committee, category of Members, their attendance at the Committee Meetings held during the period under review is given in the table below :

Sr. No.	Name of the Member	Category	Number of Meetings	
			Held	Attended
1.	Mr Ranjan Kapur* Chairman	Independent Director	5	5
2.	Mr R. A. Shah	Independent Director	5	4
3.	Mr Ashok Dayal	Independent Director	5	5
4.	Mr Munir Shaikh	Non-executive Director	5	5

\*Appointed as the Chairman effective May 28, 2014

Ms Krupa Anandpara, Company Secretary is the Secretary of the Committee.

**Scope :**

The Board at its meeting held on May 28, 2014, revised the terms of reference of the Committee to meet with the requirements of the Companies Act, 2013.

The revised and enhanced scope of the Committee is as follows :

- Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Review the functioning of the Whistle Blower Mechanism (Vigil Mechanism).

The Committee also reviews various information prescribed under Clause 49(II)(E) of the Listing Agreement with the Bombay Stock Exchange Limited.

**Meetings :**

During the period under review, the Committee met 5 times on the following dates :

February 20, 2013; April 25, 2013; August 14, 2013; November 7, 2013 and February 8, 2014.

The Chief Financial Officer remains present at the meetings. The Statutory, Internal and Cost Auditors are also invited to the Committee meetings, as and when required.

Mr Ashok Dayal, the then Chairman of the Audit Committee attended the Annual General Meeting held on April 25, 2013 in compliance with provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

**4. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The composition, role, terms of reference as well as powers of the Stakeholders Relationship Committee of the Company meets the requirements of Section 178 of the Companies Act, 2013.

**Composition :**

The Board, in compliance with the requirements of Section 178 of the Companies Act, 2013, renamed the Investors'/Shareholders' Grievance Committee as "Stakeholders Relationship Committee" and also changed its constitution effective May 28, 2014.

The Committee comprises of 1 Independent Director, 1 Non-Executive Director and 2 Executive Directors.

The revised composition of the Stakeholders Relationship Committee, category of its Members and their attendance at the Committee Meetings held during the period under review is given in the table below :

Sr. No.	Name of the Member	Category	Number of Meetings	
			Held	Attended
1.	Mr Bhasker Iyer* Chairman	Non- Executive Director	-	-
2.	Mr R. A. Shah*	Independent Director	-	-
3.	Mr Rehan A. Khan	Managing Director	3	3
4.	Mr Kaiyomarz Marfatia	Whole – time Director	3	3

\* Appointed as Chairman/Member effective May 28, 2014

Ms Krupa Anandpara, Company Secretary is the Secretary of the Committee. She also acts as the Compliance Officer of the Company.

**Scope :**

The Board at its meeting held on May 28, 2014, revised the terms of reference of the Committee to meet with the requirements of the Companies Act, 2013.

The revised and enhanced scope of the Committee is as follows :

- To respond to the grievances in general and relating to transfer, transmission and transposition of shares, non-receipt of declared dividends, interest, non-receipt of balance sheet, duplicate share certificate, etc. of all shareholders in a time bound manner;
- To monitor and review the performance and service standards of the Registrar and Share Transfer Agents of the Company and provide continuous guidance to improve the service levels for shareholders;
- To ensure quick redressal of the complaints of all shareholders;
- To maintain cordial relations with the shareholders and other security holders;
- To address such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such Committee;
- To monitor the number of grievances received, resolved or pending at the end of the quarter.

**Meetings :**

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

February 20, 2013; August 14, 2013 and February 8, 2014

**Summary of Grievances :**

A summary of complaints received from shareholders/investors and resolved by the Company during the 15 months' period ended March 31, 2014 is given below :

Particulars	Number
Pending at the beginning of the period under review	-
Received during the period under review	10
Resolved during the period under review	10
Pending at the end of the period under review	-

During the period under review, the Company received 2 letters forwarded by the Bombay Stock Exchange Limited and 6 letters by the Securities and Exchange Board of India, relating to investor grievances and the same were duly replied.

As on March 31, 2014, 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. NOMINATION AND REMUNERATION COMMITTEE

The composition, role, terms of reference as well as powers of the Nomination and Remuneration Committee of the Company meets the requirements of Section 178 of the Companies Act, 2013.

**Composition :**

The Board, in compliance with the requirements of Section 178 of the Companies Act, 2013, renamed the Remuneration Committee as "Nomination and Remuneration Committee" and changed its constitution effective May 28, 2014.

The Committee comprises of 2 Independent Directors and 2 Non-Executive Directors.

The revised composition of the Nomination and Remuneration Committee, category of its Members and their attendance at the Committee Meetings held during the period under review is given in the table below :

Sr. No.	Name of the Member	Category	Number of Meetings	
			Held	Attended
1.	Mr Ranjan Kapur Chairman	Independent Director	2	2
2.	Mr R. A. Shah	Independent Director	2	1
3.	Mr Munir Shaikh	Non-Executive Director	2	2
4.	Mr Bhasker Iyer*	Non-Executive Director	-	-

\* Appointed as the Member effective May 28, 2014.

Ms Krupa Anandpara, Company Secretary is the Secretary of the Committee.

**Scope :**

The Board at its meeting held on May 28, 2014, revised the terms of reference of the Committee to meet with the requirements of the Companies Act, 2013.

The revised and enhanced scope of the Committee is as follows :

**Nomination Duties**

The Role of the Committee in relation to nomination matters include :

- Determining the appropriate size and composition of the Board;
- Formulating criteria for identifying suitable candidates for Directors and Senior Management
- Identifying persons who are qualified to become Directors and appointed as the Senior Management in accordance with criteria laid down;
- Formulating the criteria for determining the qualifications, positive attributes and independence of a director;
- Devising policy on the diversity of the Board;
- Making recommendations to the Board on the appointment and removal of Directors and Senior Management Personnel;
- Developing a plan for identifying, assessing and enhancing Directors' competencies;
- Developing a succession plan for the Board and regularly reviewing the plan;
- Formulating the criteria for evaluation of Independent Directors and the Board and evaluating the performance of the Board;
- Ensuring that there is an appropriate induction programme in place for new directors and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment setting

out clearly what is expected of them in terms of time commitment, committee service and involvement outside the Board meetings;

- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Before appointment is made by the Board, evaluating the balance of the skill, knowledge and experience on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment and :
  - i. To consider candidates from a wide range of backgrounds; and
  - ii. To consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- Delegating any of its powers to one or more of its Members or the Secretary of the Committee;
- Considering any other matters as may be requested by the Board; and
- Making available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

#### Remuneration Duties

The duties of the Committee in relation to remuneration matters include :

- To consider and determine, based on their performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate Members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the Members of the Board and the Executive directors, namely,
  - i. base salary (the Committee shall also consider the pension consequences if basic salary increases);
  - ii. bonuses and performance-related payments (including profit-sharing schemes);
  - iii. discretionary payments;
  - iv. pension contributions;
  - v. benefits in kind; and
  - vi. share options and their equivalents.
- To approve the remuneration of Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;

- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and considering any other connection that they may have with the Company;
- In relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company;
- To determine the Company's recruitment, retention and termination policies and procedures; and
- Professional indemnity and liability insurance for Directors and Senior Management.
- To delegate any of its powers to one or more of its Members or the Secretary of the Committee;
- To make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board;
- To consider any other matters as may be requested by the Board.

#### Meetings :

During the period under review, the Committee met twice on the following dates :

August 14, 2013 and February 8, 2014.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board, in compliance with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 constituted Corporate Social Responsibility Committee ("CSR Committee") effective March 12, 2014.

The composition, role, terms of reference as well as powers of the Corporate Social Responsibility Committee of the Company meets the requirements of Section 135 of the Companies Act, 2013 and Rules framed thereunder.

#### Composition :

CSR Committee comprises of 1 Independent Director, 2 Non-Executive Directors and 1 Executive Director.



The composition of the Corporate Social Responsibility Committee and category of its Members is given in the table below :

Sr. No.	Name of the Member	Category
1.	Mr Munir Shaikh Chairman	Non-Executive Director
2.	Mr Ranjan Kapur	Independent Director
3.	Mr Sachin Dharap	Non-Executive Director
4.	Mr Rehan A. Khan	Managing Director

**Scope :**

The Board at its Meeting held on May 28, 2014, revised the terms of reference of the Committee.

The revised scope of the Committee is as follows :

- Formulate and recommend for the acceptance of the Board, the Corporate Social Responsibility Policy (“CSR Policy”) interalia, to include the CSR activities, specify the modalities of execution, implementation schedules and recommend the same to the Board of Directors;
- Identify the Corporate Social Responsibility projects/ activities/programs to be undertaken by the Company (“CSR activities”), in alignment with Company’s CSR Policy and Schedule VII of the Act;

- Review best practices in key CSR areas by appropriate internal/external analysis;
- Recommend the amount of expenditure to be incurred on the CSR activities, for each financial year of the Company;
- Devise suitable transparent Monitoring Mechanism for monitoring progress/status of implementation of the CSR activities;
- Receive reports and review activities from executive and specialist groups managing CSR activities;
- Monitor CSR Policy from time to time and revise the same as and when needed; and
- Carry out such other functions, as may be prescribed by the Companies Act, 2013 or CSR Rules or as may be delegated by the Board, from time to time.

**7. 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 during the period January 1, 2013 to March 31, 2014 are as follows :

Terms of Agreement	Mr Rehan A. Khan Managing Director	Mr Kaiyomarz Marfatia Whole-time Director
Period of appointment	5 years	5 years
Date of appointment	May 15, 2012	March 1, 2011
Salary & Other Allowances (₹)	3,73,02,636	90,54,699
Perquisites (₹)	1,22,21,049	1,20,582
Contribution to Provident Fund & Group Gratuity Scheme (₹)	30,61,800	8,24,322
Performance Linked Incentive(₹)	45,86,180	16,74,991
Notice Period	Three months	Three months
Severance Fees	There is no separate provision for payment of severance fees.	There is no separate provision for payment of severance fees.
Stock Option*	The Company does not have any Stock Option Plan for its employees. However, Managing Director is entitled to Stock Option of Abbott Laboratories, USA under its “Incentive Stock Option Program” and is also eligible to purchase shares of Abbott Laboratories, USA, under its “Affiliate Employee Stock Purchase Plan”.	The Company does not have any Stock Option Plan for its employees. However, Whole-time Director is entitled to Stock Option of Abbott Laboratories, USA under its “Incentive Stock Option Program” and is also eligible to purchase shares of Abbott Laboratories, USA, under its “Affiliate Employee Stock Purchase Plan”.

\* As a part of the “Long Term Incentive Program”, during the period under review 7,039 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 ₹ 2,40,000/-, ₹ 1,90,000/-, ₹ 2,50,000/- and ₹ 2,40,000/- respectively, for attending Board meetings and various Committee meetings held during the period under review.

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 4,554 shares as on March 31, 2014.

**8. GENERAL BODY MEETINGS**

Financial Year	Date	Time	Location	No. of Special Resolutions
2012	April 25, 2013	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	-
2010	April 27, 2011	10.30 a.m.	Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021	-

None of the business proposed to be transacted at the ensuing Annual General Meeting require passing of special resolution through postal ballot.

**9. DISCLOSURES**

- (a) There were no materially significant related party transactions i.e. transactions of a material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. during the period under review, that may have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 41 forming part of the Accounts in this Annual Report.
- (b) 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.
- (c) There were no instances of non-compliance by the Company, no penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matters related to the capital markets during the last 3 financial years.
- (d) In terms of requirement of Clause 49 (V) of the Listing Agreement, the Managing Director (CEO) and Chief Financial Officer (CFO) have made a certification to the Board of Directors in the prescribed format, which has been reviewed by the Audit Committee and taken on record by the Board.
- (e) The Board of Directors of the Company has a Code of Business Conduct, which lays down various principles of ethics and compliance. The Code has been posted on the Company's website.
- (f) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.
  - Compliance with Non Mandatory requirements;
    - i. The Code of Business Conduct adopted by the Company provides a mechanism for employees to report to the Management about unethical behaviour, actual or suspected fraud or violation of the Code. Copies of the Code are provided to each employee and also available on the Company's intranet site.
    - ii. There is no audit qualification in the Company's financial statements for 15 months' period ended on March 31, 2014. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

**10. MEANS OF COMMUNICATION**

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

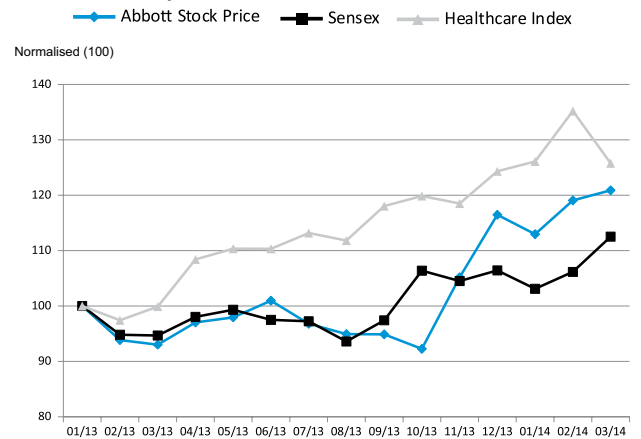
**11. GENERAL SHAREHOLDERS' INFORMATION**

- i. Annual General Meeting**  
Friday, August 1, 2014 at 03.00 p.m.  
RAMA WATUMULL AUDITORIUM, K C College,  
123, Dinshaw Vacha Road,  
Vidyasagar Prin. K. M. Kundnani Chowk, Churchgate,  
Mumbai, Maharashtra 400 020
- ii. For Period Ended**  
January 1, 2013 to March 31, 2014
- iii. Book Closure**  
July 25, 2014 (Friday) to August 1, 2014 (Friday)  
(both days inclusive)
- iv. E-Voting Period**  
From 10.00 a.m. (IST) on July 26, 2014 (Saturday)  
Upto 6.00 p.m. (IST) on July 28, 2014 (Monday)
- v. Dividend Payment Date**  
On and from August 11, 2014
- vi. Listing on Stock Exchange**  
Bombay Stock Exchange Limited (BSE)
- vii. Corporate Identification Number (CIN)**  
L24239MH1944PLC007330
- viii. International Securities Identification Number (ISIN)**  
INE358A01014
- ix. Stock Code (BSE)**  
500488

**x. Market Price Data (High/Low during each month) on BSE (₹)**

Month	High	Low
January, 2013	1,503.95	1,425.00
February, 2013	1,513.90	1,352.70
March, 2013	1,409.95	1,306.00
April, 2013	1,423.95	1,331.10
May, 2013	1,469.00	1,400.00
June, 2013	1,544.00	1,395.00
July, 2013	1,475.00	1,375.05
August, 2013	1,415.00	1,300.05
September, 2013	1,421.00	1,350.00
October, 2013	1,408.00	1,305.00
November, 2013	1,548.00	1,336.05
December, 2013	1,725.00	1,475.00
January, 2014	1,720.05	1,618.00
February, 2014	1,746.95	1,590.00
March, 2014	1,792.50	1,644.00

**xi. Performance in comparison to broad based indices January 1, 2013 to March 31, 2014**



**xii. Registrars and Share Transfer Agents**

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. : +91-22-6772 0400/0300  
Fax : +91-22-2859 1568  
Email : [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

**Investors Relation Centre**

Sharepro Services (India) Private Limited  
912, Raheja Centre,  
Free Press Journal Road,  
Nariman Point,  
Mumbai - 400 021.  
Telephone No. : +91-22-6613 4700  
Fax : +91-22-2282 5484

**xiii. 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.

Share 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 the date of receipt.

**xiv. Distribution of shareholding as on March 31, 2014**

Distribution	No. of Share holders	% to Total	No. of Shares held	% to Total
(1)	(2)	(3)	(4)	(5)
Upto to 500	16,864	92.30	14,50,387	6.83
501 to 1000	787	4.31	5,65,817	2.66
1001 to 2000	365	2.00	5,15,956	2.43
2001 to 3000	121	0.66	2,99,213	1.41
3001 to 4000	47	0.26	1,64,428	0.77
4001 to 5000	29	0.16	1,29,941	0.61
5001 to 10000	30	0.16	2,02,941	0.96
ABOVE 10000	27	0.15	1,79,20,619	84.33
<b>TOTAL</b>	<b>18,270</b>	<b>100.00</b>	<b>2,12,49,302</b>	<b>100.00</b>

**xv. Shareholding Pattern as on March 31, 2014**

Category of Shareholders	No. of Shares	% to Total
Promoters/Foreign Collaborators	1,59,34,048	74.99
Banks	5,731	0.03
FII	10,263	0.05
Insurance Companies	84,838	0.40
Mutual Funds	15,86,198	7.46
Domestic Companies	2,17,271	1.02
Non-Domestic Companies	471	0.00
Non Resident Indians	57,922	0.27
Directors & Relatives	4,554	0.02
Others	33,48,006	15.76
<b>Total</b>	<b>2,12,49,302</b>	<b>100.00</b>

**xvi. Dematerialisation of Shares as on March 31, 2014**

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 March 31, 2014, 2,04,79,247 shares representing 96.38% of the Company's total paid-up share capital were held in dematerialised mode.

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

**xviii. Plant Location**

L-18/19, Verna Industrial Estate, Goa

**xix. Address for correspondence**

Abbott India Limited  
CIN : L24239MH1944PLC007330

**Registered office :**

3-4, Corporate Park,  
Sion-Trombay Road,  
Mumbai – 400 071  
Maharashtra,  
India  
Telephone : +91-22-6797 8888  
Fax : +91-22-6797 8727  
Email : [webmaster@abbott.co.in](mailto:webmaster@abbott.co.in)  
[investor.relations@abbott.co.in](mailto:investor.relations@abbott.co.in)  
Website : [www.abbott.co.in](http://www.abbott.co.in)

**Corporate Office :**

271, Business Park, 6th Floor,  
Model Industrial Colony,  
Off Aarey Road,  
Goregaon (E),  
Mumbai – 400 063  
Maharashtra,  
India  
Telephone : +91-22-2871 7400  
Fax : +91-22-2871 7499

**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. : +91-22-6772 0400/0300  
Fax : +91-22-2859 1568  
Email : [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

**Investors Relation Centre**

912, Raheja Centre,  
Free Press Journal Road,  
Nariman Point,  
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**For and on behalf of the Board**

Mumbai  
May 28, 2014

**R. A. Shah**  
Director

**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 15 months' period ended March 31, 2014.

For and on behalf of the Board

Mumbai  
May 28, 2014

**Rehan A. Khan**  
Managing Director

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## AUDITORS CERTIFICATE ON 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 15 months' period from January 1, 2013 to March 31, 2014 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 LLP**

Chartered Accountants  
(Firm Registration No.117366W/ W-100018)

**Khurshed Pastakia**

Partner  
(Membership No. 031544)

Mumbai  
May 28, 2014

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## ECONOMIC OVERVIEW

The global economy has continued to remain sluggish with subdued growth impacting developed economies, developing economies and economies in transition. According to World Economic Outlook published by International Monetary Fund in April 2014, while the total world output grew by 3.0 % in 2013, which was marginally lower than 2012, there has been a marked acceleration in growth in the second half of 2013 driven by a pickup in growth from 2.6 % in the first half to 3.6 % in the second half of the year.

At the same time, the Indian economy was also sluggish with GDP growing by 4.7% in financial year 2013-14, the second successive year of less than 5% growth. Lack of policy and regulatory impetus coupled with subdued consumer sentiment due to high inflation contributed to this performance. Interestingly, however, in April 2014, India replaced Japan as the third largest economy in the world in terms of Purchasing Power Parity, according to a report by the World Bank.

Long-term prospects of the economy, however, continue to remain robust and there is an expectation that the growth momentum would increase if the right enabling policy and governance framework is put in place. For the pharmaceutical industry in particular, there is good potential for growth through improved access to health care, improved diagnosis and increase in the penetration of Health Insurance.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Pharmaceuticals Market (IPM) was estimated to be about ₹ 70,000 Crores in 2013. It ranks 3rd in the world in terms of volumes, but 13th in terms of value. The market is highly fragmented with more than 24,000 players in the industry, of which only about 330 players are in the organised sector. Top 20 players make up 60 per cent of Total Sales of the IPM.

The IPM has been growing at a healthy CAGR of approximately 12.5 % for the last five years. While the growth dipped to approximately 10% in 2013-14 as a result of overall economic slowdown and negative consumer sentiments due to high inflation, there is significant headroom for growth in the market. Going forward, as per IMS, the market will continue to grow in double digits.

Structurally, the IPM is predominantly a branded generics market with high fragmentation :

- With over 74% value coming from branded generics. This is much higher in comparison to the share of branded generics in other comparable economies (Brazil, China, Russia and South Africa).
- Within branded generics, fixed dose combinations have been driving growth over the last few years, with a growth rate of approximately 1.5 times compared to plain generics.
- An average of 26 brands compete for each molecule and many companies have multiple brands for the same molecule. Therefore, ability to differentiate and position products based on customer

backed insights becomes a key success factor and competitive differentiation.

- Top 10 companies account for approximately 40% of the sales of the market and the next 20 another 35%, after which there is a long tail of over 400 companies that account for the balance 25% of sales.
- In the top 10 companies there are 3 MNCs and the rest are Indian. Indian companies account for approximately 73% of the market, while MNCs account for the remaining 27%.
- There is a move towards generic-generic, particularly by state governments, to be able to provide affordable healthcare to masses; however, this still is a small value fraction of the overall market.

Improving income and infrastructure will continue to remain the key growth drivers for the market as, at an overall level, the penetration of healthcare and modern medicine is relatively low :

- The healthcare infrastructure in India is significantly stretched with 0.7 doctors per 1000 patients.
- Healthcare spending at approximately 3.9% of GDP is much lower than other emerging markets and this also reflects in a low per capita number of hospital beds of 0.9 per 1000 patients.
- Penetration of modern medicine is less than 40% and there is low diagnosis rates in most diseases.
- Insurance penetration at 25% is very low which means that people mostly pay out of pocket (out of pocket spend is approximately 61%).

## OPPORTUNITIES AND THREATS

The key trends that will shape opportunities going forward are :

- **Shift from acute to chronic** : Gradual shift in demand from acute to chronic diseases treatment. While acute therapies will continue to account for majority of sales, their share has been declining and will continue to do so due to demographic and lifestyle shifts e.g. sedentary lifestyle and rapid urbanization are giving rise to an increased incidence of lifestyle oriented diseases including heart disease, stroke and diabetes.
- **Empowered Patients** : Share of over the counter (OTC) segment is increasing as patients are increasingly confident of self-medication with improved education and information availability.
- **New Product Launches** : New launches using differentiated technologies (dosage forms, delivery platforms, etc.) will play an important part in the branded generics market.
- **Rural Markets** : Rural markets are emerging as drivers of growth. As per IMS the share of rural sales has increased by approximately 2% over a 3 year period between 2010 and 2013.

- **Retail branding** : Share of sales to pharmacy chains and hospital chains is increasing and going forward this would become an important channel.
- **Government spending** : Government spending on healthcare will continue to increase, which will improve infrastructure and reach. There will also be a move by government buyers away from branded generics and towards generic-generics.

## SEGMENT WISE PERFORMANCE

The Company operates in multiple therapeutic segments : General Care, Women's Health, Gastroenterology, Metabolics, CNS (Neurosciences and Neuropsychiatry) and Consumer Care. Over the last 15 months' period, each of these segments has turned in a market beating performance.

**General Care** : The General Care team has a multi-specialty coverage with focus on general physicians. Period 2013-14 has been a turnaround time for the division, moving from a negative growth of 4.6% to positive double digit growth of 13.5%\*. This has been possible through stellar performance in their key brands : Betonin, Kinetone, Digecaine and Digene growing faster than their participated market.

**Women's Health** : Women's Health continued its strong presence through flagship brand Duphaston. For the period 2013-14, Duphaston, which has a market share of approximately 20.3% continued to drive its participated market growth, by growing at 13.8%\*.

**Gastroenterology** : For the period 2013-14, this division grew at 14.5%\* led by strong resurgence of Cremaffin, growing by 18.7%\*.

**Metabolics** : Thyronorm continues its strong growth momentum with a market share of 47.5% in its participated market and a growth of 25.7%\* for the period 2013-14 despite coming under the DPCO. The brand has built a strong franchise though extensive work in therapy shaping efforts. Affordability and reach of thyroid diagnosis has improved through the setting up of more than 2000 thyroid clinics in coordination with leading national laboratories.

**Central Nervous System (CNS)** : For the CNS therapeutic area the persistent emphasis on a continuum of care approach made Zolfresh No 2 brand through the period 2013-14 and recently it became the No 1 brand in the extended sleep market. Zolfresh is also amongst the top 250 brands in the Indian Pharmaceuticals Market. Vertin, the No 1 brand in the vertigo market, continues to outperform the market through focused awareness creation. Prothiaden maintains its leadership position in anti-depression.

**Consumer Care** : Consumer Care is the newly formed division to tap into the fast growing OTC segment. In a short time the division has been able to build a trade servicing team, a branding and promotions team and provided significant growth momentum to Digene.

\*annualised

## CLINICAL RESEARCH

Clinical Research is a branch of healthcare science that determines the safety and effectiveness of medications, devices, diagnostic products and treatment regimens. The term clinical research refers to the entire bibliography of a drug/device/biologic, any test article from its inception in the laboratory to its introduction to the consumer market and beyond. Clinical trials involving new drugs are commonly classified into four phases and each phase of the drug approval is treated as a separate clinical trial. Late phase studies or phase IV studies are post approval studies which include Post Marketing Observational Studies (PMOS), registry studies, and retrospective data collection studies, epidemiology studies, etc.

A patient registry is an organised system that uses observational study methods to collect uniform data (clinical and other) to evaluate specified outcomes for a population defined by a particular disease, condition, or exposure, and that serves one or more predetermined scientific, clinical, or policy purposes.

Over the last year, the Company has worked on various epidemiological, PMOS and registry studies :

- The Company has taken an initiative to start a nation-wide registry to create a database to understand the patient and disease profiling, associated complications, treatment paradigms and socio-economic aspects of diabetes across India. Currently the study has 137 centers across India and has enrolled 1440 diabetic patients in the study. The study plans to enroll 3000 diabetic patients.
- Another unique study the Company did was aimed at determining the prevalence of insomnia in corporate employees across India. The survey enrolled 605 participants across seven corporates in India and reported that 14% of the surveyed population did have insomnia. Significantly, the study also highlighted that 96% of these were undiagnosed.
- A study was conducted to determine the prevalence of recurrent miscarriage which enrolled 753 female participants visiting their clinic for their regular checkup. The study covered 30 centers across India. The prevalence of (at least one) spontaneous miscarriage of  $\leq 20$  weeks of gestation was 32% amongst the screened patients while that of recurrent spontaneous miscarriages (defined as  $\geq 3$  pregnancy losses of  $\leq 20$  weeks of gestation each) was 7.46% in enrolled patients.

## OUTLOOK

IMS Health, which is a reputed market research organisation, has estimated that the Indian Pharmaceutical market will grow at approximately 12.0% over next 3 years. The key drivers of this growth would be :

- Rising demand driven by income growth which will reflect in a growing middle class. Rural to Urban migration will also be a contributing factor.
- The new government is expected to make renewed efforts to rein in inflation and revive economic growth. This would also have a follow-on impact on the pharma market.
- Healthcare spending (at 3.9%) is rising at double digits and government spending in healthcare now accounts for a little less than one-third of total spending and would continue to grow.
- Increase in insurance penetration will also help drive demand as proportion of out of pocket spenders reduces.

The Company has a four-pronged strategy to leverage the benefits of a growing domestic market :

- Building superior brands through superior customer and retailer insights, activation, high quality scientific branding and differentiated brand building.
- Focusing on market leading talent recruitment, retention and capability building.
- Pursuing continuous process improvement to keep improving execution rigor.
- Fully leverage our refreshed go-to market strategy with deeper coverage of key specialties.

This four-pronged focus will enable us to unlock significant growth potential through

- Leadership position in multiple therapy areas/indications supported by :
  - Our trusted brands, a position that we will continue to hold and strengthen through insights based innovations.
  - Scientific detailing and promotion with Physicians : Physician detailing remains at the heart of most promotional strategy and it is a core strength that we will continue to build and leverage through our field force.
  - Patient awareness and education on disease areas.
- Portfolio in chronic therapies : Our portfolio of medicines targeting chronic therapies e.g., hypothyroidism, diabetes, liver disorders, etc. provides us with an opportunity to grow the market through improving diagnosis and awareness
- Growth in Over-The-Counter (OTC) segment : The Consumer Care division is now fully operational and is expected to provide the Company with the unique ability to provide a strong thrust to some of our most trusted brands and also open up multiple new areas to participate in. This division aspires to keep growing at 2-3 times the market over the next few years.

\*annualised

- Continued launch of innovative products : The Company has continued its focus on development of innovative products to come up with improved solutions for patients and health care professionals. Launch of 9 new and innovative products will be a significant growth driver for the Company

## RISKS AND CONCERNS

### Regulatory Challenges

One of the key issues facing the Indian pharmaceuticals industry is the Drug Price Control Order (DPCO). The DPCO 2013 has 348 molecules which have been brought under price control. This is a significant change from DPCO 1995 where 74 molecules were under price control. Going forward the number of molecules under price control may rise further.

Drug Controller General of India (DCGI) has taken a conservative approach in terms of new product approvals and in particular towards fixed dose combinations. While this is a welcome step to improve checks, in the short term this has also resulted in increased time for approvals, which may impact new product launches.

### Competition

One of the key driving factors is the introduction of new products in the branded generics market. The competition in this segment is intense with many multinational and Indian companies vying for the same space. New products are launched regularly to usurp the existing leaders.

## PERFORMANCE / OPERATIONAL REVIEW

### Sales :

For the 15 months' period ended March 31, 2014, net sales have increased by over 10.7%\* to ₹ 2231,28.59 Lakhs in spite of a challenging business environment. The Company achieved double digit growth across all its 3 base businesses, with Specialty Care growing at 20.0%\*, General Care at 13.5%\*, WH&GI and Gastro together at 14.0%\*.

The Drug Price Control Order, 2013 has brought several of the Company's products under price control. The Company has reduced the prices of the products covered under the new DPCO, which resulted in an adverse impact of ₹ 11,00.00 Lakhs on Sales and Profits during the period 2013–14.

### Material Cost and Manufacturing :

The Company has been able to reduce its material cost at 59.6% of Net sales as against 60.2% of Net Sales in 2012 despite inflationary pressures and the adverse exchange rate.

### Employee Benefits Expenses :

During the year, the Company augmented its people strength by 3.7%. The increase in employee expenses is due to merit increases and new hires.



**Other Expenses :**

The increase of 16.6%\* in Other Expenses is in line with growth in business and keeping in pace with long term growth plans of the Company.

As a result of several cost control measures undertaken during the period, discretionary spending such as Advertising and Publicity Expenses is significantly lower than in 2012.

**Other Income :**

During the period 2013-14, the Company sold residential properties which yielded a profit of approximately ₹ 12,20.00 Lakhs.

Further, 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 at March 31, 2014 of approximately ₹ 409,00.00 Lakhs generated out of operating surplus.

Through the above two initiatives, the Company was able to increase Other Income by 72.9%\*.

Profit Before Tax at ₹ 294,55.35 Lakhs is higher compared to previous year largely due to higher Sales, Cost control measures and Initiatives mentioned above.

The Board of Directors has recommended a dividend of ₹ 23 per equity Share.

**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 the Company's assets are safeguarded and protected from loss and 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.

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.

\*annualised

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

In the year 2013, the Company took its business transformation journey to the next level where our Performance Excellence and Leadership Engagement culture was institutionalised through setting expectations, holding people accountable and celebrating and recognising success. Human Resources (HR) partnered with the business to move the needle on talent, culture and organisation design.

In January 2013, the Company formalized the three commercial vertical structures in order to further sharpen its focus on the therapy areas. As part of this structure, Commercial Directors were appointed to head Women's Health & Gastrointestinal, Gastroenterology and Hepatic Care; Specialty Care; and General Care respectively.

The Commercial Excellence structure was further strengthened with strong focus on sales force excellence and sales capability and training. In order to drive the Company's intellectual capability to drive key business projects in-house a Commercial Operations team constituting project management, institution business and NPI (new product introductions) was conceptualised and implemented. The core leadership team saw infusion of fresh talent, some of whom come with diverse experience of having worked in industries like FMCG, banking and management consulting. We also set up the OTC division where 170 employees were hired to ensure that the business is ready for launch in January 2014.

We have instilled a transparent performance excellence culture in the Company. Key initiatives rolled out in order to enhance the performance focus include an inspirational incentive scheme clubbed with a Rewards and Recognition Program. We also rolled out a robust Performance Improvement Plan (PIP) which has now seen six rolling cycles. More than 75% employees who went through the PIP in the year 2013 have shown significant improvement in performance.

The Company made significant progress towards improving the quality of front-line sales team. We took a differentiated hiring approach at a frontline level, where today 30% of our Therapy Business Managers come with differentiated backgrounds such as commerce degrees, MBAs, FMCG and from top Indian and MNC pharma companies. HR and Talent Acquisition partnered to increase 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 programs at Abbott India, namely, Summer Internship, Professional Development Program and Management Trainee Program.

Talent development continues to be a priority and this was met through structured programs 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 Company, 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.

As at March 31, 2014, the total employee strength of the Company stood at 2,766 employees spread across India.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
ABBOTT INDIA LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of **ABBOTT INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the 15 months period from 1<sup>st</sup> January, 2013 to 31<sup>st</sup> March, 2014 and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the 15 months period from 1<sup>st</sup> January, 2013 to 31<sup>st</sup> March, 2014; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the 15 months period from 1<sup>st</sup> January, 2013 to 31<sup>st</sup> March, 2014.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274 (1)(g) of the Act.

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

**Khurshed Pastakia**  
Partner  
(Membership No.31544)

MUMBAI, May 28, 2014

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ABBOTT INDIA LIMITED**

**(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)**

- i. Having regard to the nature of the Company's business/activities/result during the period, clauses xi, xii, xiii, xiv, xvi, xix and xx of para 4 of the Order are not applicable to the Company.
- ii. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Some of the fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification 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 period, 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 period 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 explanation 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 are no contracts or arrangements that needed 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 period 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 period end.
- viii. In our opinion, the internal audit functions carried out during the period by an external agency 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 and the Cost Accounting Records (Pharmaceutical Industry) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been made and 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 statutory 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 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 in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.

Details of dues of Income-tax, Sales Tax, Custom Duty and Excise Duty which have not been deposited as on 31<sup>st</sup> March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	₹ in Lakhs
Income Tax Act, 1961	Income Tax	ITAT	A.Y. 2006-2007, A.Y. 2008-2009 and A.Y. 2009-2010	2,47.08
		CIT Appeals	A.Y. 2009-2010 and A.Y. 2010-2011	1,13.73
		DCIT	A.Y. 2010-2011	1,34.46
Central Excise Act, 1944	Excise Duty	Commissioner (Appeals)	1991-1992	3.20
		Commissioner	1994 to 1995	3.56
		Assistant Commissioner	1994 and 1997 to 2002	2.51
		CESTAT	2005 to 2006	26.60
The Bombay Sales Tax Act, 1959	Sales Tax	Deputy Commissioner of Sales Tax	1999-2000	39.87
Central Sales Tax Act, 1956 (Maharashtra)	Sales Tax	The Joint Commissioner of Sales tax (Appeals)	2007 to 2009	46.42
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Additional Commissioner of Commercial Tax (Appeals)	1988-1989	0.59
		Trade Tax Tribunal	1996-1997	0.26
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	Additional Commissioner of Commercial Tax (Appeals)	2007-2008, 2009 to 2011	4.71
West Bengal Sales Tax Act, 1994	Sales Tax	Appellate & Revisional Board, Commercial Tax	2003 to 2005	17.38
Central Sales Tax Act, 1956 (West Bengal)	Sales Tax	Sr. Joint Commissioner of Commercial Taxes	2006-2007	2.28
		Additional Commissioner of Commercial Taxes	2008 to 2011	1.00
		Appellate & Revisional Board, Commercial Tax	2005-2006	4.69
		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
		Joint Commissioner of Commercial Taxes	2006-2007	11.11
		Sr. Joint Commissioner of Commercial Taxes	2006-2007	2.44
		Additional Commissioner of Commercial Taxes	2008 to 2011	95.16
Kerala General Sales Tax Act, 1963	Sales Tax	Sales Tax Appellate Tribunal, Additional Bench	2002-2003	13.05
Central Sales Tax, 1956 (Goa)	Sales Tax	Additional Commissioner of Commercial Taxes	2006 to 2009	9,00.80



Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	₹ in Lakhs
Central Sales Tax, 1956 (Goa)	Sales Tax	Assistant Commissioner of Commercial Taxes, Panaji, Goa	2009-2010	16.67
Goa Value Added Tax Act, 2005	Value Added Tax	Additional Commissioner of Commercial Taxes	2006-2007	2.07
Central Sales Tax Act – Ahmedabad	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
		The Assistant Commissioner Customs & Central Excise	November 2009 to June 2011	3.14

There were no dues of Wealth Tax, Service Tax and Cess which have not been deposited as on 31<sup>st</sup> March, 2014 on account of disputes.

- xi. The Company does not have accumulated losses as at 31<sup>st</sup> March, 2014 and the Company has not incurred cash losses in the fifteen months period ended on that date and in the immediately preceding financial year.
- xii. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- xiii. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the period for long-term investment.
- xiv. During the period the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xv. 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 period.

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

**Khurshed Pastakia**  
Partner  
(Membership No. 031544)

MUMBAI, May 28, 2014

Abbott India Limited

## BALANCE SHEET AS AT MARCH 31, 2014

	NOTE	As at March 31, 2014 ₹ in Lakhs	As at December 31, 2012 ₹ in Lakhs
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) SHARE CAPITAL	4	21,24.93	21,24.93
(b) RESERVES AND SURPLUS	5	766,60.20	625,60.98
TOTAL SHAREHOLDERS' FUNDS		787,85.13	646,85.91
<b>(2) NON CURRENT LIABILITIES</b>			
(a) DEFERRED TAX LIABILITIES (NET)	14	-	1,25.27
(b) LONG TERM PROVISIONS	6	57,34.42	29,42.99
TOTAL NON CURRENT LIABILITIES		57,34.42	30,68.26
<b>(3) CURRENT LIABILITIES</b>			
(a) TRADE PAYABLES	7	136,22.04	101,34.74
(b) SHORT TERM PROVISIONS	8	103,86.59	84,11.17
(c) OTHER CURRENT LIABILITIES	9	53,90.92	44,08.99
TOTAL CURRENT LIABILITIES		293,99.55	229,54.90
<b>TOTAL</b>		<b>1139,19.10</b>	<b>907,09.07</b>
<b>II ASSETS</b>			
<b>(1) NON CURRENT ASSETS</b>			
(a) FIXED ASSETS			
(i) Tangible Assets	11	95,43.13	103,86.83
(ii) Intangible Assets	12	2,82.06	4,79.82
(iii) Capital Work-in-Progress		1,27.20	50.93
TOTAL FIXED ASSETS		99,52.39	109,17.58
(b) DEFERRED TAX ASSETS (NET)	14	1,27.58	-
(c) LONG TERM LOANS AND ADVANCES	15	33,46.85	22,88.19
(d) OTHER NON CURRENT ASSETS	16	2,01.93	1,17.11
TOTAL NON CURRENT ASSETS		136,28.75	133,22.88
<b>(2) CURRENT ASSETS</b>			
(a) INVENTORIES	17	365,50.94	263,63.41
(b) TRADE RECEIVABLES	18	109,17.53	141,03.33
(c) CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES	19	462,84.21	323,34.34
(d) SHORT TERM LOANS AND ADVANCES	20	59,08.36	42,77.28
(e) OTHER CURRENT ASSETS	21	6,29.31	3,07.83
TOTAL CURRENT ASSETS		1002,90.35	773,86.19
<b>TOTAL</b>		<b>1139,19.10</b>	<b>907,09.07</b>
See accompanying Notes to the Financial Statements	1 to 43		

In terms of our report attached

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**REHAN A. KHAN**  
Managing Director

**R. A. SHAH**  
Director

**KHURSHED PASTAKIA**  
Partner

**RAJIV SONALKER**  
Chief Financial Officer

**KRUPA ANANDPARA**  
Company Secretary

Mumbai, May 28, 2014

Mumbai, May 28, 2014

Abbott India Limited

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD JANUARY 1, 2013 TO MARCH 31, 2014**

	NOTE	For the Period January 1, 2013 to March 31, 2014 ₹ in Lakhs	Year ended December 31, 2012 ₹ in Lakhs
<b>I REVENUE FROM OPERATIONS</b>	22	<b>2296,89.15</b>	<b>1652,68.89</b>
<b>II OTHER INCOME</b>	23	<b>48,21.60</b>	<b>22,31.44</b>
<b>III TOTAL REVENUE (I + II)</b>		<b>2345,10.75</b>	<b>1675,00.33</b>
<b>IV EXPENSES</b>			
a) Cost of Material Consumed	24	<b>318,88.67</b>	167,12.48
b) Purchases of Stock-In-Trade	25	<b>1091,19.58</b>	795,78.84
c) Changes in Inventory of Finished Goods, Work-in-Progress and Stock-in-Trade	26	<b>(79,18.47)</b>	8,73.55
d) Employee Benefits Expense	27	<b>299,73.88</b>	206,20.42
e) Depreciation and Amortisation Expense	13	<b>21,93.44</b>	19,48.70
f) Finance Cost	30	<b>8.34</b>	2.39
g) Other Expenses	31	<b>397,89.96</b>	273,04.08
<b>TOTAL EXPENSES</b>		<b>2050,55.40</b>	1470,40.46
<b>V PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III – IV)</b>		<b>294,55.35</b>	204,59.87
<b>VI EXCEPTIONAL ITEMS</b>			
a) Provision for Anticipated Date Expired Goods	10	-	18,68.98
b) Write-back of Depreciation consequent to change in method	13	-	(29,08.40)
<b>TOTAL EXCEPTIONAL ITEMS</b>		-	(10,39.42)
<b>VII PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS (V – VI)</b>		<b>294,55.35</b>	214,99.29
<b>VIII TAX EXPENSE</b>			
Current Tax Expense for the period		<b>98,16.80</b>	62,55.50
Current Tax Expense for prior years		<b>46.33</b>	28.20
Net Current Tax Expense		<b>98,63.13</b>	62,83.70
Deferred Tax Expense/ (Credit) (Net)		<b>(2,52.85)</b>	7,45.54
<b>TOTAL TAX EXPENSE</b>		<b>96,10.28</b>	70,29.24
<b>IX PROFIT AFTER TAX (VII – VIII)</b>		<b>198,45.07</b>	144,70.05
<b>X EARNINGS PER SHARE</b>			
Earnings per share – Basic/ Diluted ₹	33	<b>93.39</b>	68.10
See accompanying Notes to the Financial Statements	1 to 43		

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants**KHURSHED PASTAKIA**  
Partner

Mumbai, May 28, 2014

For and on behalf of the Board of Directors

**REHAN A. KHAN**  
Managing Director**RAJIV SONALKER**  
Chief Financial Officer

Mumbai, May 28, 2014

**R. A. SHAH**  
Director**KRUPA ANANDPARA**  
Company Secretary

## Abbott India Limited

**CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2013 TO MARCH 31, 2014**

	For the Period January 1, 2013 to March 31, 2014 ₹ in Lakhs	Year ended December 31, 2012 ₹ in Lakhs
<b>A Cash Flow from Operating Activities :</b>		
<b>Profit before Tax and after Exceptional Items</b>	<b>294,55.35</b>	214,99.29
Adjustments for :		
i) Exceptional Items :		
Provision for Likely Sales Returns, Date Expiry and Damaged Products	-	18,68.98
Writeback on account of change in method of Depreciation	-	(29,08.40)
ii) Depreciation/ Amortisation	<b>21,93.44</b>	19,48.70
iii) Net (Gain)/ Loss on sale of Fixed Assets	<b>(11,70.99)</b>	(1.93)
iv) Unrealised (Gain)/ Loss on Foreign exchange	<b>(9.81)</b>	(2,14.36)
v) Provision for Doubtful Debts/ Bad debts written off	<b>4,95.69</b>	2,51.83
vi) Provision for Likely Sales Returns, Date Expiry and Damaged Products (Net)	<b>21,33.45</b>	3,15.16
vii) Interest income (Net of expense)	<b>(35,22.43)</b>	(21,82.99)
	<b>1,19.35</b>	(9,23.01)
<b>Operating Profit before Working Capital Changes</b>	<b>295,74.70</b>	205,76.28
Changes in Working Capital		
Adjustments for (Increase)/ Decrease in Operating Assets :		
i) Inventories	<b>(101,87.53)</b>	(8,73.65)
ii) Trade Receivables	<b>26,72.98</b>	(10,95.16)
iii) Loans and Advances and Other Assets	<b>(6,84.77)</b>	(7,98.55)
Adjustments for Increase/ (Decrease) in Operating Liabilities :		
i) Trade Payables	<b>35,25.22</b>	(17,40.23)
ii) Other Liabilities and Provisions	<b>15,17.11</b>	5,29.69
	<b>(31,56.99)</b>	(39,77.90)
Cash generated from operations	<b>264,17.71</b>	165,98.38
Direct taxes paid (Net of refund)	<b>(109,71.14)</b>	(64,63.46)
Net Cash generated from Operating Activities	<b>154,46.57</b>	101,34.92



Abbott India Limited

**CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2013 TO MARCH 31, 2014**

	For the Period January 1, 2013 to March 31, 2014 ₹ in Lakhs	Year ended December 31, 2012 ₹ in Lakhs
<b>B Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets/ Capital Work-in-Progress (Including Capital Advances)	(18,05.22)	(17,26.37)
Proceeds from Sale of Fixed Assets	13,95.01	23.85
Investment in Fixed Deposits maturing beyond 3 months	(171,34.58)	(64,89.63)
Interest received	32,39.29	23,40.83
Net cash used in Investing Activities	(143,05.50)	(58,51.32)
<b>C Cash Flow from Financing Activities :</b>		
Dividends paid (Including Corporate Dividend Tax)	(42,26.31)	(41,98.40)
Interest paid	(8.34)	(2.39)
Net Cash used in Financing Activities	(42,34.65)	(42,00.79)
<b>D Net Increase/ (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(30,93.58)</b>	82.81
<b>E Cash and Cash equivalents at the Beginning of the Period</b>	<b>109,45.51</b>	108,62.70
<b>F Cash and Cash equivalents at the Close of the Period (D+E) (Refer Note 19)</b>	<b>78,51.93</b>	109,45.51

See accompanying Notes to the Financial Statements 1 to 43

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
Chartered AccountantsKHURSHED PASTAKIA  
Partner

Mumbai, May 28, 2014

For and on behalf of the Board of Directors

REHAN A. KHAN  
Managing DirectorRAJIV SONALKER  
Chief Financial Officer

Mumbai, May 28, 2014

R. A. SHAH  
DirectorKRUPA ANANDPARA  
Company Secretary

**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 and Preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**b) Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the 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, VAT (Value Added 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 a time proportion basis.

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

**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.

Depreciation and Amortization is provided, pro-rata for the period of use, on the straight line method, at rates determined based on the management's estimate of useful life or the rates prescribed under Schedule XIV to the Companies Act, 1956 whichever is higher; and are as follows :

<b>Method of Depreciation :</b>	<b>Straight Line</b>
<b>Type of Assets</b>	<b>Useful Life in Years</b>
Leasehold Land	Over Lease Period
Leasehold Improvements	Over Lease Period
Buildings	
Factory Building	29 years and 11 months
Residential Buildings	50 years
Plant and Equipment	
Anaesthetic Equipment (included under Plant and Equipment)	5 years
Others	9 to 10 years

## Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

Method of Depreciation :	Straight Line
Type of Assets	Useful Life in Years
Office Equipments	
Computers, Printers, Facsimile Machines, Modems and Appliances (included under Office Equipment)	3 to 5 years
Others	10 years
Furniture and Fixtures	10 years
Vehicles	5 years
Software	3 to 5 years
Trade Marks	5 years

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

Till December 31, 2011, depreciation was being provided, pro-rata for the period of use, on the reducing balance 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 Note 13)

**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 recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. 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 the transaction. Monetary items and forward contracts denominated in foreign currencies at the period end are translated at period end exchange rates. In respect of monetary items which are covered by forward exchange contracts, the difference between the period 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.

**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**

Revenue expenditure pertaining to reasearch is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

**Abbott India Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 based on the contribution required to be made and when services are rendered by the employees 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 Plans 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 an independent actuary using the Projected Unit Credit method.

(ii) The Actuarial gains and losses arising during the period are recognised in the Statement of Profit and Loss for the period.

**k) Leases**

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

**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.

3. With effect from the current financial year, the Company has changed its accounting year from year ended December 31 to year ended March 31. Accordingly, these financial statements are prepared for a period of 15 months from January 1, 2013 to March 31, 2014. Hence, the figures and Earnings per share for the current accounting period are not comparable with those of the previous accounting year.



Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	As at March 31, 2014		As at December 31, 2012	
<b>4. SHARE CAPITAL</b>				
<b>Authorised :</b>				
<b>2,75,00,000</b> (2012 : 2,75,00,000) Equity Shares of ₹ 10 each with voting rights		<b>27,50.00</b>		27,50.00
<b>Issued, Subscribed and Paid Up :</b>				
<b>2,12,49,302</b> (2012 : 2,12,49,302) Equity Shares of ₹ 10 each fully paid with voting rights		<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		<b>75,74,062</b>		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> (2012 : 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> (2012 : 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> (2012 : 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 the number of shares and the amount outstanding at the beginning and at the end of the reporting period :				
		<b>As at March 31, 2014</b>		<b>As at December 31, 2012</b>
		<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>
				<b>Amount</b>
Shares outstanding at the beginning of the period		<b>2,12,49,302</b>	<b>21,24.93</b>	2,12,49,302
Shares outstanding at the end of the period		<b>2,12,49,302</b>	<b>21,24.93</b>	2,12,49,302
e) Details of equity shares held by each shareholder holding more than 5% shares :				
		<b>As at March 31, 2014</b>		<b>As at December 31, 2012</b>
i) Abbott Capital India Ltd., U.K. :	No. of Shares	<b>1,07,19,097</b>		1,07,19,097
	% of holding	<b>50.45</b>		50.45
ii) Abbott Healthcare Products Ltd., U.K. :	No. of Shares	<b>37,44,951</b>		37,44,951
	% of holding	<b>17.62</b>		17.62
iii) British Colloids Ltd., U.K. :	No. of Shares	<b>14,70,000</b>		14,70,000
	% of holding	<b>6.92</b>		6.92
Total :	No. of Shares	<b>1,59,34,048</b>		1,59,34,048
	% of holding	<b>74.99</b>		74.99
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

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

	As at March 31, 2014	As at December 31, 2012
<b>5. 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	199,27.81	184,80.80
Add : Transferred from Surplus in Statement of Profit and Loss	19,84.51	14,47.01
	<b>219,12.32</b>	199,27.81
v) Surplus in Statement of Profit and Loss :		
Balance as per last Balance Sheet	418,20.25	329,95.61
Add : Net Profit for the period	198,45.07	144,70.05
Less : Transferred to General Reserve	19,84.51	14,47.01
Less : Proposed Dividend for the period	48,87.34	36,12.38
Less : Corporate Dividend Tax for the period	8,30.60	5,86.02
Less : Corporate Dividend Tax for the year ended December 31, 2012	27.91	-
	<b>539,34.96</b>	418,20.25
<b>Per Balance Sheet</b>	<b>766,60.20</b>	625,60.98
<b>6. LONG TERM PROVISIONS</b>		
a) For Employee Benefits :		
Compensated Absences	12,13.39	9,15.93
Post Retirement Medical Benefits	1,11.65	1,64.48
Long Service Benefits	73.27	1,12.51
	<b>13,98.31</b>	11,92.92
b) For Likely Sales Returns, Date Expiry and Damaged Products (Refer Note 10)	43,36.11	17,50.07
<b>Per Balance Sheet</b>	<b>57,34.42</b>	29,42.99
<b>7. TRADE PAYABLES</b>		
<b>Per Balance Sheet</b>	<b>136,22.04</b>	101,34.74
There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2014. 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 March 31, 2014	As at December 31, 2012
<b>8. SHORT TERM PROVISIONS</b>		
a) For Employee Benefits		
Compensated Absences	2,91.77	1,39.77
Post Retirement Medical Benefits	10.32	11.23
Long Service Benefits	4.73	11.70
Gratuity	3,10.99	3,08.70
Superannuation	84.07	1,15.10
	<b>7,01.88</b>	<b>5,86.50</b>
b) For Taxation		
Current Income Tax [Net of Advance Tax of ₹ 338,45.82 Lakhs (2012 : ₹ 264,40.31 Lakhs)]	8,86.60	22,49.63
Fringe Benefit Tax [Net of Advance Tax of ₹ 7,72.66 Lakhs (2012 : ₹ 7,72.66 Lakhs)]	19.39	19.39
	<b>9,05.99</b>	<b>22,69.02</b>
c) For Proposed Dividend	48,87.34	36,12.38
d) For Corporate Dividend Tax	8,30.60	5,86.02
e) For Likely Sales Returns, Date Expiry and Damaged Products (Refer Note 10)	30,60.78	13,57.25
<b>Per Balance Sheet</b>	<b>103,86.59</b>	<b>84,11.17</b>
<b>9. OTHER CURRENT LIABILITIES</b>		
a) Unclaimed Dividends @	2,00.08	2,06.39
b) Statutory dues including provident fund and tax deducted at source	7,84.25	90.77
c) Salaries, wages, incentives and bonus payable to employees	27,41.28	21,56.61
d) Value Added Tax Payable	6,60.32	8,56.35
e) Advance from Customers	1,17.65	88.06
f) Deposits from Customer	60.35	60.35
g) Payables on Purchase of Fixed Assets	3.97	2,12.07
h) Other Liabilities	8,23.02	7,38.39
<b>Per Balance Sheet</b>	<b>53,90.92</b>	<b>44,08.99</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 at March 31, 2014.		
<b>10. 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 period	31,07.32	9,23.18
Add : Net amount provided during the period	21,33.45	3,15.16
Add : Provision for likely sales returns - Reimbursable (Refer Note 15 and Note 20)	21,56.12	-
Add : Net amount provided during the period in respect of Sales till December 2011 @	-	18,68.98
Carrying Amount at the end of the period	<b>73,96.89</b>	<b>31,07.32</b>
@ In line with an opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on "Accounting for Sales Returns" 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.		

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

**11. TANGIBLE ASSETS**

	GROSS BLOCK AT COST			DEPRECIATION/AMORTISATION			NET BLOCK		
	As at January 1, 2013	Additions	Deductions/ Adjustments	As at January 1, 2013	Additions	Deductions/ Adjustments	Writeback (Net) on Account of Change in Method	As at March 31, 2014	As at December 31, 2012
i) Leasehold Land	47.62	-	-	8.94	0.63	-	-	9.57	38.68
	47.62	-	-	8.44	0.50	-	-	8.94	39.18
ii) Leasehold Improvements	1,37.87	5.94	31.28	1,36.14	1.56	30.88	-	1,06.82	1.73
	1,37.87	-	-	1,28.59	14.93	-	(7.38)	1,36.14	9.28
iii) Buildings	71,93.55	1,50.20	2,56.85	14,20.64	2,17.23	84.38	-	15,53.49	57,72.91
	69,99.50	1,94.05	-	29,16.97	1,58.72	-	(16,55.05)	14,20.64	40,82.53
iv) Plant and Equipment	63,76.94	8,68.01	2,48.60	33,09.81	11,66.14	2,42.66	-	42,33.29	30,67.13
	63,18.75	6,52.33	5,94.14	34,69.49	12,10.27	5,88.58	(7,81.37)	33,09.81	28,49.26
v) Office Equipment	28,11.64	3,52.25	32.42	18,72.14	5,04.59	25.73	-	23,51.00	9,39.50
	24,37.11	4,23.97	49.44	18,69.63	3,07.55	45.58	(2,59.46)	18,72.14	5,67.48
vi) Furniture and Fixtures	9,44.59	87.99	1,97.99	5,23.63	1,27.59	1,48.21	-	5,03.01	4,20.96
	9,01.31	65.51	22.23	6,24.43	1,01.75	16.14	(1,86.41)	5,23.63	2,76.88
vii) Vehicles	2,32.95	25.45	80.42	87.03	61.78	61.68	-	87.13	1,45.92
	2,43.92	1,02.25	1,13.22	1,48.11	78.56	1,06.81	(32.83)	87.03	95.81
<b>Total</b>	<b>177,45.16</b>	<b>14,89.84</b>	<b>8,47.56</b>	<b>73,58.33</b>	<b>20,79.52</b>	<b>5,93.54</b>	<b>-</b>	<b>88,44.31</b>	<b>103,86.83</b>
<i>Previous Year</i>	<i>170,86.08</i>	<i>14,38.11</i>	<i>7,79.03</i>	<i>91,65.66</i>	<i>18,72.28</i>	<i>7,57.11</i>	<i>(29,22.50)</i>	<i>73,58.33</i>	<i>79,20.42</i>

**Notes :**

1) Included in plant and equipment are anaesthetic equipments installed at various Hospitals free of cost with the intention of procuring business for the Company's products :

Class of Asset	Period	Gross Block	Depreciation for the period	Writeback (Net)	Accumulated Depreciation
Plant and Equipment	2014	24,83.53	6,05.07	-	19,32.31
	2012	23,01.72	9,24.82	(4,92.85)	13,27.25

2) Included in buildings is an amount of ₹ 850.00 (2012 : ₹ 2,450.00) representing value of shares in co-operative housing societies, of which share certificates of ₹ 500.00 (2012 : ₹ 500.00) are yet to be received.

3) Figures in *Italics* above are previous year figures.



Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

**12. INTANGIBLE ASSETS**

	GROSS BLOCK AT COST				DEPRECIATION/AMORTISATION				NET BLOCK		
	As at January 1, 2013	Additions	Deductions/ Adjustments	As at March 31, 2014	As at January 1, 2013	Additions	Deductions/ Adjustments	Writeback (Net) on Account of Change in Method	As at March 31, 2014	As at March 31, 2014	As at December 31, 2012
i) Software	7,39.56	1,24.26	2,08.10	<b>6,55.72</b>	2,59.74	1,13.92	-	-	<b>3,73.66</b>	<b>2,82.06</b>	4,79.82
	<i>2,14.85</i>	<i>5,24.71</i>	-	<b>7,39.56</b>	<i>1,69.22</i>	<i>76.42</i>	-	<i>14.10</i>	<b>2,59.74</b>	<b>4,79.82</b>	<i>45.63</i>
ii) Trade Marks	18,79.83	-	-	<b>18,79.83</b>	18,79.83	-	-	-	<b>18,79.83</b>	-	-
	<i>18,79.83</i>	-	-	<b>18,79.83</b>	<i>18,79.83</i>	-	-	-	<b>18,79.83</b>	-	-
<b>Total</b>	<b>26,19.39</b>	<b>1,24.26</b>	<b>2,08.10</b>	<b>25,35.55</b>	<b>21,39.57</b>	<b>1,13.92</b>	-	-	<b>22,53.49</b>	<b>2,82.06</b>	<b>4,79.82</b>
<i>Previous Year</i>	<i>20,94.68</i>	<i>5,24.71</i>	-	<b>26,19.39</b>	<i>20,49.05</i>	<i>76.42</i>	-	<i>14.10</i>	<b>21,39.57</b>	<b>4,79.82</b>	<i>45.63</i>

Note :

Figures in *Italics* above are previous year figures.

**13. DEPRECIATION AND AMORTISATION EXPENSE WRITE BACK (NET) OF DEPRECIATION/ AMORTISATION ON ACCOUNT OF CHANGE IN METHOD**

DEPRECIATION AND AMORTISATION EXPENSE	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
Depreciation on Tangible Assets	<b>20,79.52</b>	18,72.28
Amortisation of Intangible Assets	<b>1,13.92</b>	76.42
<b>Per Statement of Profit and Loss</b>	<b>21,93.44</b>	19,48.70
WRITE BACK (NET) OF DEPRECIATION/ AMORTISATION ON ACCOUNT OF CHANGE IN METHOD	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
Depreciation on Tangible Assets	-	(29,22.50)
Amortisation of Intangible Assets	-	14.10
<b>Per Statement of Profit and Loss</b>	-	(29,08.40)

With effect from January 1, 2012, the Company has retrospectively changed its method of providing depreciation on fixed assets from reducing balance 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".

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

	As at March 31, 2014	As at December 31, 2012
<b>14. NET DEFERRED TAX ASSETS/ (LIABILITIES) CONSISTS OF</b>		
<b>(a) Deferred Tax Liabilities :</b>		
Book/Tax depreciation difference	(11,46.02)	(12,73.31)
	(11,46.02)	(12,73.31)
<b>(b) Deferred Tax Assets :</b>		
Provision for Compensated Absences	4,54.43	2,36.86
Gratuity	1,28.17	1,29.57
Provision for Doubtful Debts	4,01.39	2,50.98
Disallowance under section 35DD of the Income Tax Act, 1961	-	1,46.72
Disallowance under section 43B and 40(a)(ia) of the Income Tax Act, 1961	2,89.61	1,54.58
Others	-	2,29.33
	12,73.60	11,48.04
<b>Per Balance Sheet</b>	<b>1,27.58</b>	<b>(1,25.27)</b>
<b>15. LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		
Deposits against Tenders	85.48	1,50.58
Capital Advances	1,59.90	45.05
For Taxation		
Current Income Tax [Net of Provisions of ₹ 397,47.96 Lakhs (2012 : ₹ 359,27.32 Lakhs)]	18,35.27	20,90.29
Fringe Benefits Tax [Net of Provisions of ₹ 1,57.86 Lakhs (2012 : ₹ 1,57.86 Lakhs)]	2.27	2.27
Expected Reimbursement towards likely sales returns (Refer Note 10)	12,63.93	-
<b>Per Balance Sheet</b>	<b>33,46.85</b>	<b>22,88.19</b>
<b>16. OTHER NON CURRENT ASSETS</b>		
Deposits with Banks with maturity of more than 12 months	2,01.93	1,17.11
<b>Per Balance Sheet</b>	<b>2,01.93</b>	<b>1,17.11</b>
<b>17. INVENTORIES</b>		
Raw Materials and Packing Materials #	80,64.88	57,95.82
Work-in-Progress (Refer (a) below)	10,21.59	2,95.61
Finished Goods (Refer (b) below)	59,42.00	47,51.69
Stock-in-Trade @ (Refer (c) below)	215,22.47	155,20.29
<b>Per Balance Sheet</b>	<b>365,50.94</b>	<b>263,63.41</b>
# Includes Goods in Transit ₹ 20,92.38 Lakhs (2012 : ₹ 7,96.03 Lakhs)		
@ Includes Goods in Transit ₹ 3,17.36 Lakhs (2012 : ₹ 2,59.10 Lakhs)		
Inventory includes Medical samples, valued at actual cost :		
In Finished Goods	95.06	95.56
In Stock-in-Trade	5,23.05	6,93.75
	6,18.11	7,89.31

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	As at March 31, 2014	As at December 31, 2012
<b>(a) Inventories of Work-in-Progress :</b>		
Tablets	7,22.34	97.62
Injectables	16.46	27.77
Liquids	80.18	88.73
Capsules	2,02.61	81.49
	<b>10,21.59</b>	<b>2,95.61</b>
<b>(b) Inventories of Finished Goods :</b>		
Tablets	36,02.96	30,01.41
Injectables	99.17	62.43
Liquids	13,06.99	5,64.11
Capsules	3,77.32	5,53.00
Excise Duty	5,55.56	5,70.74
	<b>59,42.00</b>	<b>47,51.69</b>
<b>(c) Inventories of Stock-in-Trade :</b>		
Tablets	26,17.15	30,78.11
Injectables	110,92.08	95,33.57
Liquids	70,50.33	18,03.74
Capsules	3,79.98	2,60.63
Ointments	61.40	90.47
Granules	80.98	73.27
Powder	22.30	2.06
Others	2,18.25	6,78.44
	<b>215,22.47</b>	<b>155,20.29</b>
<b>18. TRADE RECEIVABLES</b>		
<b>Unsecured, Considered Good :</b>		
Outstanding for a period exceeding six months from the date they are due for payment	3,17.08	96.05
Others	106,00.45	140,07.28
	<b>109,17.53</b>	<b>141,03.33</b>
<b>Unsecured, Considered Doubtful :</b>		
Outstanding for a period exceeding six months from the date they are due for payment	11,39.88	6,88.94
Others	41.01	84.63
	<b>11,80.89</b>	<b>7,73.57</b>
Less : Provision for Doubtful Trade Receivables	11,80.89	7,73.57
	-	-
<b>Per Balance Sheet</b>	<b>109,17.53</b>	<b>141,03.33</b>

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

	As at March 31, 2014	As at December 31, 2012
<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 on Hand	0.48	0.81
Cheques on Hand	7,27.42	-
Balances with Banks :		
In Current Accounts	44,24.03	21,44.70
In Term Deposits with original maturity of less than three months	27,00.00	88,00.00
	<b>78,51.93</b>	109,45.51
<b>Other Bank Balances :</b>		
Earmarked balances with Banks :		
Unpaid Dividend Accounts	2,00.08	2,06.39
Margin Deposit and Deposit against Guarantees and Tenders	64.84	2,19.87
In Term Deposits with original maturity of more than three months	381,67.36	209,62.57
	<b>384,32.28</b>	213,88.83
<b>Per Balance Sheet</b>	<b>462,84.21</b>	323,34.34
<b>20. SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		
Receivable from Related Parties	4,26.39	1,45.21
Advances to Employees and Suppliers	20,16.03	16,62.33
Deposits for Utility Services and against Operating Leases	6,48.79	6,59.82
Prepaid Expenses	1,63.39	1,61.80
Balance with Customs and Excise on Current Account	15,42.48	15,29.26
Expected Reimbursement towards likely sales returns (Refer Note 10)	8,92.19	-
Others	2,19.09	1,18.86
<b>Per Balance Sheet</b>	<b>59,08.36</b>	42,77.28
<b>21. OTHER CURRENT ASSETS</b>		
Interest accrued but not due on Bank Deposits	5,99.31	3,07.83
Assets held for Disposal	30.00	-
<b>Per Balance Sheet</b>	<b>6,29.31</b>	3,07.83

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>22. REVENUE FROM OPERATIONS</b>		
Sale of Products		
Gross Sales	2264,48.85	1635,01.89
Less : Excise Duty	33,20.26	21,92.59
Net Sales (Refer (a) below)	2231,28.59	1613,09.30
Other Operating Revenues		
Service Income (Refer (b) below)	26,43.33	18,87.64
Sale of Materials	19,29.48	8,02.69
Input Tax Credit	4,66.16	3,99.06
Insurance, Customs and Carriers Claims	82.88	6.57
Miscellaneous Income	14,38.71	8,63.63
Total Other Operating Revenues	65,60.56	39,59.59
<b>Per Statement of Profit and Loss</b>	<b>2296,89.15</b>	<b>1652,68.89</b>
<b>(a) Net Sales :</b>		
Tablets	879,44.47	606,08.44
Injectables	848,61.08	652,46.80
Liquids	387,11.93	270,01.94
Capsules	84,14.50	62,66.06
Ointments	5,31.86	5,16.09
Granules	4,44.68	2,93.45
Powder	44.21	(16.16)
Others	21,75.86	13,92.68
	2231,28.59	1613,09.30
<b>(b) Service Income includes :</b>		
(i) Shared Services rendered to Abbott Healthcare Private Limited, India	17,30.45	13,79.87
(ii) Support Services to Abbott Truecare Pharma Private Limited, India	2.48	1.49
(iii) Support Services to Abbott International LLC, USA	5,72.16	4,07.74
(iv) Support Services to Abbott Products Operations AG., Switzerland	3,27.64	9.69
(v) Support Services to Abbott Products GmbH., Germany	-	87.58
(vi) Support Services to Abbott Laboratories (Singapore) Pte Ltd., Singapore	-	1.27
(vii) Support Services to Abbott Laboratories S.A., USA	1.23	-
(viii) Support Services to Abbott Laboratories S.A., Ukraine	1.29	-
(ix) Support Services to Abbvie INC, USA	8.08	-
	26,43.33	18,87.64



Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>23. OTHER INCOME</b>		
Interest received on Bank Deposits and Others	35,30.77	21,85.38
Sale of Scrap	57.65	30.00
Profit on Sale of Fixed Assets	12,33.18	16.06
<b>Per Statement of Profit and Loss</b>	<b>48,21.60</b>	<b>22,31.44</b>
<b>24. COST OF MATERIALS CONSUMED</b>		
Active Bulk Ingredients	266,04.97	136,78.05
Foils	7,33.62	4,82.51
Miscellaneous	45,50.08	25,51.92
<b>Per Statement of Profit and Loss</b>	<b>318,88.67</b>	<b>167,12.48</b>
<b>VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED :</b>		
Indigenous – 32.8% (2012 : 33.7%)	104,47.84	56,27.29
Imported – 67.2% (2012 : 66.3%)	214,40.83	110,85.19
	<b>318,88.67</b>	<b>167,12.48</b>
<b>25. PURCHASES OF STOCK-IN-TRADE</b>		
Tablets	95,79.35	91,99.27
Injectables	793,60.93	575,87.68
Liquids	143,27.21	90,63.47
Capsules	13,19.14	8,58.01
Ointments	3,76.70	3,52.82
Granules	2,62.44	1,39.15
Powder	96.10	23.84
Others	37,97.71	23,54.60
<b>Per Statement of Profit and Loss</b>	<b>1091,19.58</b>	<b>795,78.84</b>

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>26. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stock of Finished Goods	47,51.69	23,07.28
Less : Closing Stock of Finished Goods	(59,42.00)	(47,51.69)
Increase in Finished Goods	(11,90.31)	(24,44.41)
Opening Stock of Work-in-Progress	2,95.61	90.74
Less : Closing Stock of Work-in-Progress	(10,21.59)	(2,95.61)
Increase in Work-in-Progress	(7,25.98)	(2,04.87)
Opening Stock of Stock-in-Trade	155,20.29	190,43.12
Less : Closing Stock of Stock-in-Trade	(215,22.47)	(155,20.29)
(Increase) / Decrease in Stock-in-Trade	(60,02.18)	35,22.83
<b>Per Statement of Profit and Loss</b>	<b>(79,18.47)</b>	<b>8,73.55</b>
<b>27. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	276,46.03	185,87.76
Contribution to Provident and other Funds	19,49.90	15,42.78
Staff Welfare Expense	5,22.26	5,38.90
Less : Reimbursement from Related Parties	(1,44.31)	(49.02)
<b>Per Statement of Profit and Loss</b>	<b>299,73.88</b>	<b>206,20.42</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 period, the Company has recognised the following amounts in the Statement of Profit and Loss :

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>Included in Contribution to Provident and Other Funds</b>		
Employer's Contribution to Provident Fund/ Employees' Pension Fund	11,94.27	8,62.37
Employer's Contribution to Superannuation Fund	2,26.68	2,77.26
<b>Included in Staff Welfare Expenses</b>		
Employer's Contribution to Employees' Deposit Linked Insurance Scheme	14.50	8.42
Premium paid in respect of Group Life Insurance Cover	24.39	17.87

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** : (Included as part of Contribution to Provident and other Funds in Note 27 - Employee Benefits Expense)  
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)** : (Included as part of Staff welfare Expenses in Note 27 - Employee Benefits Expense)  
Under this scheme, select group of senior employees and their spouse are covered for hospitalization benefits 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 hospitalization 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)** : (Included as part of Salaries and Wages in Note 27 - Employee Benefits Expense)  
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)** : (Included as part of Salaries and Wages in Note 27 - Employee Benefits Expense)  
Under this scheme, long service benefits accrue 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 :

	Gratuity (Funded Scheme)		PRMB (Non Funded Scheme)	
	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>(A) Changes in Defined Benefit Obligation</b>				
Defined Benefit Obligation at the beginning of the period	23,90.60	19,54.35	1,75.71	1,63.76
Current Service Cost	2,61.80	1,76.35	2.82	1.65
Interest Cost	2,53.80	1,70.54	17.77	13.49
Settled on Divestiture	(32.11)	-	-	-
Benefits Paid	(4,20.29)	(1,53.35)	(10.09)	(9.35)
Actuarial (Gains)/Losses on Obligations	2,21.77	2,42.71	(64.24)	6.16
Defined Benefit Obligation at the end of the period	26,75.57	23,90.60	1,21.97	1,75.71

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

(B) Changes in Fair Value of Plan Assets for Gratuity (Funded Scheme)	For the Period	Year Ended December 31, 2012
	January 1, 2013 to March 31, 2014	
Fair Value of Plan Assets at the beginning of the period	20,81.90	18,09.84
Expected Return on Plan Assets	2,09.10	1,47.89
Actuarial Gains/ (Losses)	33.77	56.09
Settled on Divestiture	(32.11)	-
Contributions	4,92.21	2,21.43
Benefits Paid	(4,20.29)	(1,53.35)
Fair Value of Plan Assets at the end of the period	23,64.58	20,81.90

(C) Amounts recognised in Balance Sheet	As at March	As at December
	31, 2014	31, 2012
Defined Benefits Obligation of Gratuity at the end of the period	26,75.57	23,90.60
Less : Fair Value of Plan Assets at the end of the period	23,64.58	20,81.90
Liability recognised in the Balance Sheet – Included in Short Term Provisions (Refer Note 8)	3,10.99	3,08.70
<b>Defined Benefits Obligation at end of the period for Non Funded Schemes</b>		
Included in Short Term Provisions (Refer Note 8) and Long Term Provisions (Refer Note 6)		
Compensated Absences	15,05.16	10,55.70
Post Retirement Medical Benefits	1,21.97	1,75.71
Long Service Benefits	78.00	1,24.21

(D) Expenses recognised in Statement of Profit and Loss	Gratuity (Funded Scheme)		PRMB (Non Funded Scheme)	
	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
Current Service Cost	2,61.80	1,76.35	2.82	1.65
Interest Cost	2,53.80	1,70.54	17.77	13.49
Expected Return on Plan Assets	(2,09.10)	(1,47.89)	-	-
Net actuarial (Gains)/Losses recognised in the period	1,88.00	1,86.62	(64.24)	6.16
One Year Renewable Term Assurance (OYRTA) Premium	34.45	17.53	-	-
Total Expenses/ (Credit) recognised in the Statement of Profit and Loss included in Employee Benefits Expense (Refer Note 27)	5,28.95	4,03.15	(43.65)	21.30

## (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**

**(F) Actuarial Assumptions**

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

	For the Period January 1,2013 to March 31, 2014	Year Ended December 31, 2012
a. Discount rate (per annum)	<b>9.35%</b>	8.25%
b. Average Salary increase rate	<b>11% for first 2 years and 7% thereafter</b>	6.00% (for Management) 5.00% (for Non- Management)
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)	<b>8.50%</b>	8.50%
d. Expected Retirement age of employees	<b>58/60 years, as applicable</b>	58/60 years, as applicable
e. Annual Increase in Healthcare Costs (per annum)	<b>6.00%</b>	6.00%
f. Increase in Cost of Award (LSB)	<b>6.00%</b>	6.00%
g. Rates of leaving service at specimen ages are shown as under :		
Ages (years)		
- 21-44 years	<b>2.00%</b>	2.00%
- 45 & Above	<b>1.00%</b>	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.	<b>5.00%</b>	5.00%
i. Mortality rates considered are as per the published rates under Indian Assured Lives Mortality (2006-08) Ult table.		

₹ in Lakhs unless otherwise stated

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

	1% Increase		1% Decrease	
	For the Period January 1,2013 to March 31, 2014	Year Ended December 31, 2012	For the Period January 1,2013 to March 31, 2014	Year Ended December 31, 2012
On Aggregate of Service Cost & Interest Cost	<b>1.35</b>	2.01	<b>(1.14)</b>	(1.67)
On Defined Benefits Obligation	<b>12.35</b>	19.93	<b>(10.50)</b>	(16.72)



## 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, 2009	Period Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012	Period Ended March 31, 2014
Defined Benefits Obligation	6,78.87	10,55.81	19,54.35	23,90.60	26,75.57
Plan Assets	6,92.97	8,25.12	18,09.84	20,81.90	23,64.58
Surplus /(Deficit)	14.10	(2,30.69)	(1,44.51)	(3,08.70)	(3,10.99)
Experience Adjustments on Plan Liabilities	55.55	1,25.81	2,31.04	1,99.16	1,26.18
Experience Adjustments on Plan Assets	48.42	23.14	29.10	56.09	33.77

Expected Gratuity Contribution by the Company for the next year ₹ **3,00.00 Lakhs** (2012 : ₹ 50.00 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 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 period January 1, 2013 to March 31, 2014, **10,782 shares** (2012 : 4,922 shares) were purchased by employees at weighted average fair value of **US \$ 30.07** (2012 : US \$ 50.01) 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 period. 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

	March 31, 2014		December 31, 2012	
	Number of Options	Weighted Average Exercise Price US \$	Number of Options	Weighted Average Exercise Price US \$
Outstanding at the beginning of the period	35,228	24.49	98,264	50.01
Add : Received due to Abbvie Demerger #	34,272	25.81	-	-
Add : Transfers in during the period	-	-	778	54.37
Less : Forfeited / Expired during the period	1,884	21.20	2,868	53.63
Less : Exercised during the period	19,666	24.52	34,646	50.83
Less : Transfer out during the period	-	-	26,300	49.04
Outstanding at the end of the period	47,950	25.31	35,228	49.73
Exercisable at the end of the period	47,950	25.31	35,228	49.73

The weighted average share price at the date of exercise for stock options exercised during the period was **US \$ 40.77** (2012 : US \$ 59.37) and weighted average remaining contractual life is **2.72 years** (2012 : 3.63 years).

# Abbott Laboratories, USA demerged their Proprietary Products Division to Abbvie Inc, USA on January 1, 2013.

**(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 period.

	March 31, 2014		December 31, 2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the period	26,737	Not Applicable	25,939	Not Applicable
Add : Granted during the period	42,457	Not Applicable	18,010	Not Applicable
Add : Received due to Abbvie Demerger #	24,396	Not Applicable	-	Not Applicable
Add : Transfers in during the period	858	Not Applicable	2,493	Not Applicable
Less : Forfeited during the period	8,655	Not Applicable	3,552	Not Applicable
Less : Exercised during the period	41,744	Not Applicable	11,345	Not Applicable
Less : Transfers out during the period	5,360	Not Applicable	4,808	Not Applicable
Outstanding at the end of the period	38,689	Not Applicable	26,737	Not Applicable

The weighted average share price at the date of exercise for stock options exercised during the period was **US \$ 39.43** (2012 : US \$ 54.95).

# Abbott Laboratories, USA demerged their Proprietary Products Division to Abbvie Inc, USA on January 1, 2013.

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>30. FINANCE COST</b>		
Interest Expense on duties and taxes	8.34	2.39
<b>Per Statement of Profit and Loss</b>	<b>8.34</b>	<b>2.39</b>
<b>31. OTHER EXPENSES</b>		
Consumption of Stores (Refer (a) below)	4,50.78	3,52.06
Power and Fuel	9,07.59	9,06.03
Rent (Refer (b) below)	11,46.18	9,52.14
Repairs to Buildings	2,64.98	1,56.10
Repairs to Machinery	5,55.71	1,11.07
Insurance	1,69.78	1,42.80
Rates and Taxes	16,08.56	8,22.27
Advertising and Publicity	59,36.27	62,75.23
Forwarding Charges	36,02.84	23,40.91
Travelling and Business Meetings	100,51.78	57,51.72
Commission to Carrying & Forwarding Agents	20,82.53	11,96.40
Exchange Loss (Net)	8,29.01	2,38.91
Bad Debts written off	88.37	38.07
Less : Adjusted against earlier year's provision	88.37	38.07
	-	-
Provision for Doubtful Debts	4,95.69	2,51.83
Professional Fees and Other Services	60,56.14	35,68.50
Loss on Sale of Fixed Assets	62.19	14.13
Excise Duty (Refer (c) below)	1,75.38	3,31.92
Payment to Auditors (Refer (d) below)	1,72.67	1,00.72
Miscellaneous Expenses	52,21.88	37,91.34
<b>Per Statement of Profit and Loss</b>	<b>397,89.96</b>	<b>273,04.08</b>
<b>(a) Consumption of Stores :</b>		
Indigenous – 99.1% (2012 : 92.2%)	4,46.52	3,24.73
Imported – 0.9% (2012 : 7.8%)	4.26	27.33
	<b>4,50.78</b>	<b>3,52.06</b>

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<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"	1,79.89	2,99.72
2) Future minimum lease rent is as follows :		
Not later than one year	1,40.53	3,98.56
Later than one year and not later than five years	62.00	8,67.10
Later than 5 years	-	3,16.29
<b>(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>		
<b>(d) Auditors' Remuneration (Including Service Tax) :</b>		
To Statutory Auditors :		
For Audit	53.71	47.30
For Taxation Matters*	49.16	33.81
For Other Services	68.60	18.88
Reimbursement of Expenses	1.20	0.73
* 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.		
<b>32. a) Expenditure on Research and Development includes :</b>		
Capital Expenditure (Part of Fixed Assets)	22.63	34.44
Revenue Expenditure (Part of "Total Expense" as per Statement of Profit and Loss - excluding Depreciation expense)	1,61.51	1,32.34
<b>b) "Total Expense" as per Statement of Profit and Loss :</b>		
Medical samples manufactured/purchased, valued at cost, amounting to	10,54.71	12,00.43
<b>33. EARNINGS PER SHARE</b>		
Profit After Tax available to Equity Shareholders	198,45.07	144,70.05
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) ₹	93.39	68.10

## Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

## 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 however, out of abundant caution and based on its understanding of the facts and circumstances of the case provided for a sum of ₹ **96.18 Lakhs** (2012 : ₹ 91.31 Lakhs) including interest liability till date.

₹ in Lakhs unless otherwise stated

	As at March 31, 2014	As at December 31, 2012
b. Sales Tax, Service Tax and Custom Duty demands under appeals	9,68.09	10,82.89
c. Income Tax demands under appeals	-	1,67.81
d. Reimbursements claimed by Third Party	47.84	47.84
e. Bank Guarantees in respect of Sales Tax demand	2,40.96	2,40.96
<b>(ii) Capital Commitments :</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances)	1,67.81	1,24.70

## 35. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
Capital Goods	1,33.96	1,30.75
Stock-in-Trade	150,60.99	58,67.10
Raw Materials and Packing Materials	213,88.48	116,16.83
Consumable Stores	4.53	20.57

## 36. EXPENDITURE IN FOREIGN CURRENCIES FOR

Export Commission	-	50.61
Travel	1,62.79	2,07.44
Reimbursement of expenses incurred for Promotion and Distribution	4,34.88	1,48.06
Software Charges	3,74.60	1,15.90
Others	1,42.18	2,99.23

## 37. REMITTANCES MADE DURING THE PERIOD IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

(a) Number of non-resident Shareholders	3	3
(b) Number of Equity Shares on which dividend remitted	1,59,34,048	1,59,34,048
(c) Dividend remitted during the period	27,08.79	27,08.79
(d) Year to which Dividend relates	2012	2011
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

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>38. EARNINGS IN FOREIGN EXCHANGE</b>		
Goods exported on FOB basis	14,10.24	12,00.78
Reimbursement of Expenses	76.14	85.00
Earnings from Affiliates	9,02.32	5,06.28
Others	8.08	-

**39. INFORMATION REGARDING FORWARD CONTRACTS**

	Foreign Currency		₹ in Lakhs	
	As at March 31, 2014	As at December 31, 2012	As at March 31, 2014	As at December 31, 2012
(a) Forward Contracts outstanding				
USD – Buy	35,52,028.83	26,05,728.56	21,27.67	14,52.80
Euro – Buy	6,37,768.00	-	5,25.78	-
(b) No. of Contracts Outstanding	7	8		

(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	4,92,661.04	1,87,539.12	2,95.10	1,02.71
(b) Export of Finished Goods/ Stock-in-Trade				
USD	14,44,804.61	6,47,384.45	8,65.44	3,54.66
(c) Others				
EURO	-	9,040.00	-	6.39

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

(a) Reimbursement of Expenses				
USD	57,988.29	45,853.89	34.73	25.32
EURO	1,12,066.32	34,333.80	92.39	24.48
SGD	756.73	-	0.36	-
GBP	3,496.00	-	3.48	-
(b) Import of Raw Materials and Stock-in-Trade				
USD	31,31,825.48	22,15,539.15	18,75.96	12,17.16
EURO	4,78,799.39	1,560.00	3,94.72	1.03
(c) Capital Goods and Others				
USD	-	2,55,241.50	-	1,42.65
EURO	-	86,768.06	-	61.87

**Abbott India Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 Ltd., U.K.

**B. Other related parties :**

**(1) Fellow Subsidiaries :**

Abbott Logistics BV, Netherlands	Abbvie Logistics BV, Netherlands (Upto December 31, 2012)
Abbott Laboratories Intl. Co., USA	Abbott Laboratories S.A., USA
Abbott Healthcare Private Limited, India	Abbott Laboratories Trading (Shanghai) Co. Ltd., China
Abbott Truecare Pharma Private Limited, India	Abbott Products Operations AG., Switzerland
Abbott International LLC, USA	Abbott Products GmbH., Germany
Abbvie Italy, Italy (Upto December 31, 2012)	Abbott Laboratories, Philippines
Abbott Laboratories (Singapore) Pte Ltd., Singapore	Abbott Products SAS, France
Abbott Scandinavia AB	British Colloids Ltd., U.K.
Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone), Dubai	Abbvie PTE Ltd., Singapore (Upto December 31, 2012)
Abbott Laboratories S.A., Spain	Abbott Healthcare Products Ltd., U.K.
Abbvie Inc, USA (Upto December 31, 2012)	Abbott Laboratories S.A., Ukraine
Abbott Healthcare Products BV, Netherlands	

**(2) Key Management Personnel :**

(i) Mr Rehan A. Khan – Managing Director (with effect from May 15, 2012)

(ii) Mr K. M. Marfatia – Director

(iii) Mr V. Mohan – Managing Director (till May 14, 2012)

**C. Transactions during the period :**

**(1) Transactions with the Holding Company during the period**

**₹ in Lakhs unless otherwise stated**

Remittance of Dividend :	For the Period	Year Ended
	January 1, 2013 to March 31, 2014	
<b>Abbott Capital India Ltd., U.K.</b>		
Remittance of Dividend	<b>18,22.25</b>	18,22.25

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

(2) Transactions with Fellow Subsidiaries during the period

	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>(i) Remittance of Dividend :</b>		
<b>British Colloids Ltd., U.K.</b>		
Remittance of Dividend	2,49.90	2,49.90
<b>Abbott Healthcare Products Ltd., U.K.</b>		
Remittance of Dividend	6,36.64	6,36.64
<b>(ii) Sales to Fellow Subsidiaries :</b>		
<b>Abbott Logistics BV, Netherlands</b>		
Sales of Stock-in-Trade	-	3,66.52
<b>Abbott Healthcare Private Limited, India</b>		
Sales of Stock-in-Trade	6,72.82	-
<b>(iii) Purchases from Fellow Subsidiaries :</b>		
<b>Abbott Logistics BV, Netherlands</b>		
Purchase of Stock-in-Trade	17,04.29	42,53.19
Purchase of Consumables	-	1.05
<b>Abbott Healthcare Products BV, Netherlands</b>		
Purchase of Capital Goods	5.42	-
<b>Abbott Laboratories S.A., Spain</b>		
Purchase of Consumables	1.00	-
<b>Abbvie Inc, USA</b>		
Purchase of Stock-in-Trade	-	1,29.24
<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
<b>Abbott Healthcare Private Limited, India</b>		
Purchase of Stock-in-Trade	6,20.86	1,81.50
Purchase of Capital Goods	-	1,77.85
Purchase of Promotional Goods	36.08	-
Conversion charges	79.64	-
<b>Abbott Products Operations AG., Switzerland</b>		
Purchase of Raw Materials	145,42.57	98,01.55
Purchase of Stock-in-Trade	10,44.43	4,13.04

Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

(iv) Reimbursements from and to Fellow Subsidiaries :	Reimbursement to		Reimbursement from	
	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>Abbott Healthcare Private Limited, India</b>				
Rent, Electricity, Depreciation and Interest	-	-	40.72	45.63
Shared Services	5,63.26	3,00.75	-	-
Market Research and Other Expenses	1,37.57	88.12	-	-
<b>Abbott International LLC, USA</b>				
Professional Fees, Employee Benefits Expense, Travel and Other Expenses	58.56	74.41	16.00	12.40
<b>Abbott Laboratories (Singapore) Pte Ltd., Singapore</b>				
Professional Fees, Employee Benefits Expense, Travel Expenses and Business Meetings	16.88	1,31.94	32.72	44.96
<b>Abbott Laboratories, Philippines</b>				
Other Expenses	-	-	23.65	8.03
<b>Abbvie PTE Ltd., Singapore</b>				
Employee Benefits Expense	-	-	-	0.32
<b>Abbott Laboratories S.A., USA</b>				
Other Expenses	7.01	7.73	1.00	-
<b>Abbott Laboratories Trading (Shanghai) CO. Ltd., China</b>				
Travel and Other Expenses	-	-	-	2.54
<b>Abbott Products Operations AG., Switzerland</b>				
Other Expenses	63.14	24.48	2.77	-
<b>Abbott Laboratories S.A., DAFZ (Dubai Airport Free Zone), Dubai</b>				
Other Expenses	1.29	-	-	9.51
<b>Abbott Products GmbH., Germany</b>				
Other Expenses	-	-	-	1.60
<b>Abbott Products SAS, France</b>				
Other Expenses	-	-	-	5.64
<b>Abbott Scandinavia AB</b>				
Other Expenses	4.57	-	-	-
<b>Abbott Logistics BV, Netherlands</b>				
Other Expenses	2.50	-	-	-

Abbott India Limited

**NOTES TO THE FINANCIAL STATEMENTS**

₹ in Lakhs unless otherwise stated

(v) Service Income from Fellow Subsidiaries :	For the Period January 1, 2013 to March 31, 2014	Year Ended December 31, 2012
<b>Abbott Healthcare Private Limited, India</b>		
Shared Service Income	17,30.45	13,79.87
<b>Abbott Truecare Pharma Private Limited, India</b>		
Shared Service Income	2.48	1.49
<b>Abbott International LLC, USA</b>		
Support Services	5,72.16	4,07.74
<b>Abbott Laboratories (Singapore) Pte Ltd., Singapore</b>		
Support Service for Recruitment	-	1.27
<b>Abbott Products Operations AG., Switzerland</b>		
Support Services	3,27.64	9.69
<b>Abbott Products GmbH., Germany</b>		
Support Services	-	87.58
<b>Abbott Laboratories S.A., USA</b>		
Support Services	1.23	-
<b>Abbott Laboratories S.A., Ukraine</b>		
Support Services	1.29	-
<b>(vi) Key Management Personnel Remuneration during the period * :</b>		
Mr Rehan A. Khan (with effect from May 15, 2012)	5,71.72	2,60.63
Mr K. M. Marfatia	1,16.75	78.70
Mr V. Mohan (till May 14, 2012)	-	1,20.39

\* As a part of the "Long Term Incentive Program", during the period 7,039 (2012 : 2,680) Restricted Stock Units of Abbott Laboratories, USA have been granted for which no option compensation expenses have been incurred by the Company. (Refer Note 29(c))

**D. Outstanding**

	As at March 31, 2014	As at December 31, 2012
<b>Payable to Fellow Subsidiaries</b>		
Abbott Laboratories Intl. Co., USA	-	58.42
Abbvie Inc, USA	-	1,29.13
Abbott Logistics BV, Netherlands	1,31.19	4,88.90
Abbvie Logistics BV, Netherlands	-	2,55.40
Abbott Products Operations AG., Switzerland	34,54.52	17,14.59



## Abbott India Limited

## NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs unless otherwise stated

	As at March 31, 2014	As at December 31, 2012
Abbott Laboratories (Singapore) Pte Ltd., Singapore	3.00	49.63
Abbvie PTE Ltd., Singapore	-	2.56
Abbott Laboratories, Philippines	-	17.48
Abbvie Italy, Italy	-	54.40
Abbott Laboratories S.A., USA	6.76	9.23
Abbott International LLC, USA	17.92	11.23
Abbott Products SAS, France	-	31.73
Abbott Healthcare Private Limited, India	2,09.98	2,54.35
<b>Receivables from Fellow Subsidiaries</b>		
Abbott International LLC, USA	2,47.50	41.80
Abbott Laboratories Trading (Shanghai) Co. Ltd., China	-	2.60
Abbott Healthcare Private Limited, India	1,38.76	35.75
Abbott Truecare Pharma Private Limited, India	0.34	0.17
Abbott Products GmbH., Germany	-	58.34
Abbott Products Operations AG., Switzerland	39.79	6.55

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

43. Previous year's figures have been regrouped/ reclassified to conform to the current period's classification.

For and on behalf of the Board of Directors

**REHAN A. KHAN**  
Managing Director

**R. A. SHAH**  
Director

**RAJIV SONALKER**  
Chief Financial Officer

**KRUPA ANANDPARA**  
Company Secretary

Mumbai, May 28, 2014



# 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  
 Kaiyomarz Marfatia, Whole-time Director  
 Bhasker Iyer, Non-Executive Director  
 Sachin Dharap, Non-Executive Director  
 Valentine Yien, Non-Executive Director

## Audit Committee

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

## Corporate Management

Rehan A. Khan, Managing Director  
 Rajiv Sonalker, Group Finance Director (CFO)  
 Nagina Singh, HR Director  
 Kaiyomarz Marfatia, Director - Legal & Secretarial  
 Nagesh Voleti, Director - QA/QC  
 Dr. Rashmi Hegde, Director - Medical  
 Vidyadhar Natu, Commercial Director  
 Rajaram Sankaran, Commercial Director  
 Ashok Nair, Commercial Director  
 Sandeep Khandelwal, Director - Commercial Excellence  
 Romy Kanga, Group Marketing Director  
 Aditya Singh, Director - Commercial Operations

## Company Secretary

Krupa Anandpara

## Bankers

Standard Chartered Bank  
 BNP Paribas  
 HSBC Bank  
 HDFC Bank

## Auditors

Deloitte Haskins & Sells LLP

## Solicitors

Wadia Ghandy & Co.  
 Crawford Bayley & Co.

## Registered Office

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

## Factory

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

## Registrars & Share Transfer Agents

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

**ABBOTT INDIA LIMITED**

CIN : L24239MH1944PLCOO7330

3-4, CORPORATE PARK, SION-TROMBAY ROAD,  
MUMBAI – 400071, INDIA

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## Abbott India Limited

Corporate Identification Number (CIN): L24239MH1944PLC007330  
Registered Office: 3-4 Corporate Park, Sion-Trombay Road, Mumbai - 400 071  
Tel.: +91-22-6797 8888/+91-22-2871 7500 Fax : +91-22-6797 8727/+91-22-2871 7499  
Email: [investor.relations@abbott.co.in](mailto:investor.relations@abbott.co.in) /[webmaster@abbott.co.in](mailto:webmaster@abbott.co.in) Website: [www.abbott.co.in](http://www.abbott.co.in)

### ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL  
Joint Shareholders may obtain additional slip at the Venue of the meeting

Registered Folio No./ DP ID/ Client ID :

No. of shares held :

I certify that I am a Member/Proxy for the Member of the Company.

I hereby record my presence at the **Seventieth Annual General Meeting** of the Company held on Friday, August 1, 2014 at 3.00 p.m. at RAMA WATUMULL AUDITORIUM, K C College, 123, Dinshaw Vacha Road, Vidyasagar Prin. K. M. Kundnani Chowk, Churchgate, Mumbai, Maharashtra 400 020.

Name of the Member/Proxy  
(in BLOCK letters)

Signature of the Member/Proxy

\*Applicable for Members holding shares in an electronic form.

## Abbott India Limited

Corporate Identification Number (CIN): L24239MH1944PLC007330  
Registered Office: 3-4 Corporate Park, Sion-Trombay Road, Mumbai - 400 071  
Tel.: +91-22-6797 8888/+91-22-2871 7500 Fax : +91-22-6797 8727/+91-22-2871 7499  
Email: [investor.relations@abbott.co.in](mailto:investor.relations@abbott.co.in) /[webmaster@abbott.co.in](mailto:webmaster@abbott.co.in) Website: [www.abbott.co.in](http://www.abbott.co.in)

### PROXY FORM

[pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s): ..... Folio No/ Client Id\*: .....

Registered address: ..... DP ID\*: .....

E-mail Id: .....

\* Applicable for Members holding shares in electronic form.

I/We, being the Member(s) of ..... shares of Abbott India Limited, hereby appoint:

- Name: .....  
Address: .....  
E-mail ID: ..... Signature : ....., or failing him/her
- Name: .....  
Address: .....  
E-mail ID: ..... Signature : ....., or failing him/her
- Name: .....  
Address: .....  
E-mail ID: ..... Signature : ....., or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Seventieth Annual General Meeting of the Company, to be held on Friday, August 1, 2014 at 3:00 p.m. at RAMA WATUMULL AUDITORIUM, K C College, 123, Dinshaw Vacha Road, Vidyasagar Prin. K. M. Kundnani Chowk, Churchgate, Mumbai, Maharashtra 400 020 and at any adjournment thereof in respect of such resolutions as indicated below:

#### ORDINARY BUSINESS

- Adoption of Statement of Profit & Loss, Balance Sheet, Report of Directors and Auditors for 15 months' period ended March 31, 2014
- Declaration of Final Dividend

#### SPECIAL BUSINESS

- Appointment of S R B C CO LLP, Chartered Accountants as Statutory Auditors for a term of five years
- Ratification of Remuneration payable to M/s N I Mehta & Co., Cost Auditors
- Appointment of Ms Valentine Yien as Director of the Company
- Appointment of Mr R. A. Shah as Independent Director of the Company for a term upto March 31, 2019
- Appointment of Mr Ranjan Kapur as Independent Director of the Company for a term upto March 31, 2019
- Resolve not to fill, for the time being, the vacancy caused by retirement of Mr Ashok Dayal at this Annual General Meeting, who does not seek re-appointment

Signed this ..... day of ..... 2014

Signature of Member

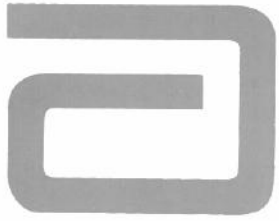
Signature of Proxy Holder(s)

Affix  
Revenue  
Stamp



## Notes:

1. This form of proxy, in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a Member of the Company.
3. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Appointing a proxy does not prevent a Member from attending the meeting in person if he so wishes.
5. In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.



**FORM A**

**Format of covering letter of the annual audit report to be filed with Stock Exchange**

Sr. No.	Particulars	
1.	Name of the Company	Abbott India Limited
2.	Annual Financial Statements for the year ended	Fifteen months period ended 31 <sup>st</sup> March, 2014
3.	Type of Audit Observation	Unqualified
4.	Frequency of Observation	Not Applicable
5.	To be signed by : <ul style="list-style-type: none"> <li>• <b>Rehan A. Khan</b> Managing Director</li> <li>• <b>Rajiv Sonalkar</b> Chief Financial Officer</li> <li>• Auditor of the Company</li> </ul>	<p><i>Rehan A. Khan</i> = 3 JUL 2014</p> <p><i>Rajiv Sonalkar</i> = 4 JUL 2014</p> <p>Refer our Audit Report dated 28<sup>th</sup> May, 2014 on the Financial Statements of Abbott India Limited. For DELOITTE HASKINS &amp; SELLS LLP Chartered Accountants (Firm Registration No. 117366W/ W-100018)</p> <p><i>Khurshed Pastakia</i> <b>Khurshed Pastakia</b> Partner (Membership No. 031544) Mumbai = 4 JUL 2014</p> <p><i>Ranjan Kapur</i> <b>Ranjan Kapur</b> Chairman of the Audit Committee = 4 JUL 2014</p> 