

**BOARD OF DIRECTORS****MUNIR SHAIKH***Chairman***VIVEK MOHAN***Managing Director***R A SHAH****ASHOK DAYAL****RANJAN KAPUR****MARIO DURANTE****JOHN BERRY****THOMAS DEE****Company Secretary**

Krupa Anandpara

**Bankers**

Standard Chartered Bank

BNP Paribas

HDFC Bank Ltd

**Auditors**

Deloitte Haskins &amp; Sells

**Solicitors**

Wadia Ghandy &amp; Co.

Crawford Bayley &amp; 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, Samitha Warehousing Complex,

Behind Sakinaka Telephone Exchange,

Andheri Kurla Road, Sakinaka, Andheri (East)

Mumbai 400 072

**CORPORATE MANAGEMENT****VIVEK MOHAN***Managing Director***S VASUDEVAN***Director – Marketing***R SONALKER***Director – Finance***L NETI***Director – Operations***A BHATT***Director – Human Resources***DR Z MADAN***Director – Medical***U D CHINIWALA***Director – Risk & Financial Controlling***K M MARFATIA***Director – Legal & Secretarial***A KHEDKAR***Director – Business Development***V NAGESH***Head – Quality***CONTENTS**

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## Report &amp; Accounts 2008

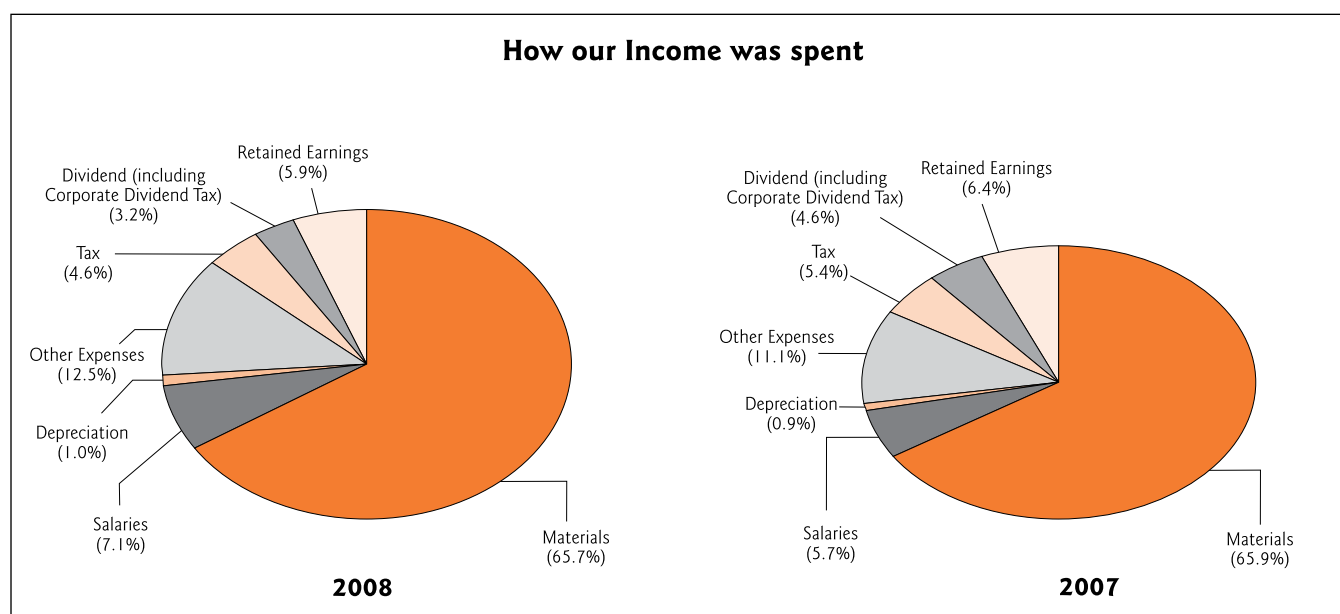
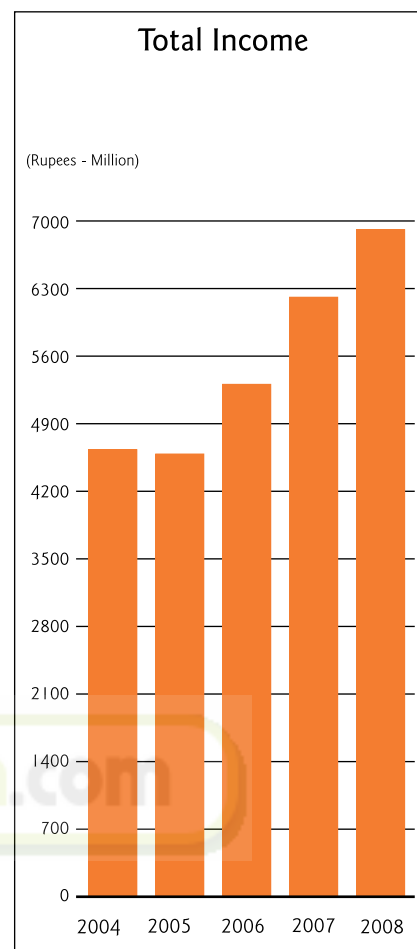
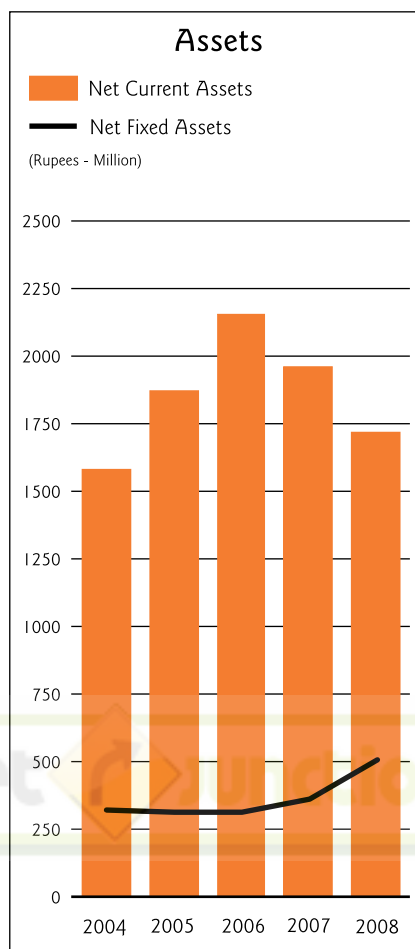
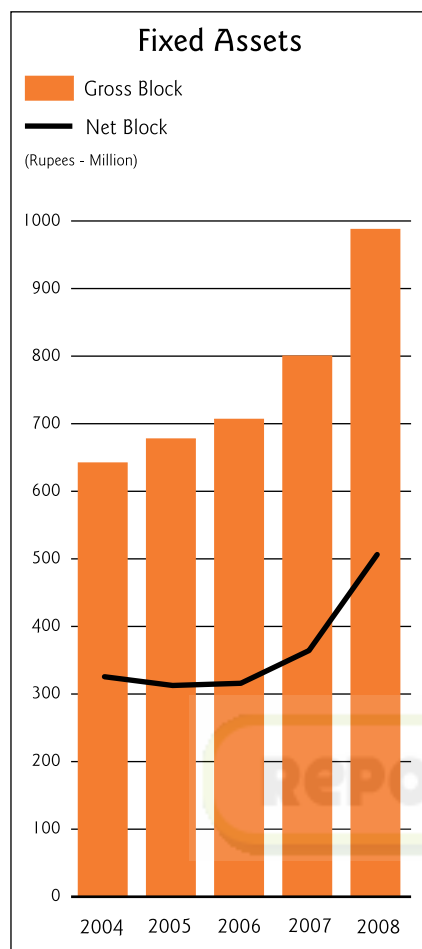
## Highlights

(Rupees in Millions)

	1999	2000	2001 (11 months)	2002	2003	2004	2005	2006	2007	2008
<b>OPERATING RESULTS</b>										
SALES AND OTHER INCOME	3020	3643	3260	3694	3906	4626	4595	5308	6203	6914
MATERIALS	1642	1921	1914	2110	2218	2490	2958	3534	4085	4546
SALARIES, BONUS AND STAFF WELFARE	161	199	186	204	228	244	250	282	353	489
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES	699	740	468	478	464	474	476	573	689	865
DEPRECIATION	51	53	45	53	44	42	40	44	57	70
INTEREST	3	15	1	1	1	1	–	1	–	–
PROFIT BEFORE TAX AND EXTRAORDINARY ITEM	464	715	646	848	951	1375	871	874	1019	944
EXTRAORDINARY ITEM – EXPENDITURE/(INCOME)	(298)	(132)	–	31	–	–	–	–	–	–
PROVISION FOR TAXATION	76	125	159	259	271	352	280	276	335	315
PROFIT AFTER TAX AND EXTRAORDINARY ITEM	686	722	487	558	680	1023	591	598	684	629
RETAINED EARNINGS	(44)	(115)	308	362	53	418	281	294	397*	405*
EARNINGS PER SHARE – BASIC & DILUTED (Rs)	42.29	44.57	30.06	33.88	43.39	66.92	38.72	39.18	46.01	43.62
DIVIDEND PER SHARE (Rs)	40.50	45.00	10.00	12.00	35.00	35.00	17.50	17.50	17.50	14.00
<b>FINANCIAL SUMMARY</b>										
<b>ASSETS EMPLOYED</b>										
FIXED ASSETS (At Cost)	700	710	730	642	649	642	676	706	801	987
FIXED ASSETS (Net)	462	434	417	360	335	325	312	315	363	506
CURRENT ASSETS (Net)	744	560	899	1334	1152	1580	1871	2157	1957	1714
TOTAL ASSETS	1206	994	1316	1694	1487	1905	2183	2472	2320	2220
<b>FINANCED BY</b>										
SHARE CAPITAL	162	162	162	162	153	153	153	153	145	137
RESERVES AND SURPLUS	1021	791	1130	1509	1312	1730	2012	2305	2165	2075
TOTAL SHAREHOLDERS' FUNDS	1183	953	1292	1671	1465	1883	2165	2458	2310	2212
BORROWINGS	23	41	24	23	22	22	18	14	10	8
DEBT : EQUITY	–	–	–	–	–	–	–	–	–	–
NUMBER OF SHAREHOLDERS	13223	16156	14699	14356	13747	14792	14029	14905	14152	13689

\* Excluding adjustment for premium paid on share buy-back.

## Abbott India Limited



## Report & Accounts 2008

### Notice

Notice is hereby given that the Sixty-Fifth Annual General Meeting of Abbott India Limited will be held at Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021 on Tuesday, March 17, 2009 at 10.30 a.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at November 30, 2008 and the Profit and Loss Account for the financial year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Ashok Dayal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Ranjan Kapur, who retires by rotation and, being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

By Order of the Board

Krupa Anandpara  
Company Secretary

Mumbai, January 28, 2009

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

### NOTES :

- i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- ii. The details of Directors in respect of Item nos. 3 and 4 pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

- iii. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Friday, March 13, 2009 to Tuesday, March 17, 2009 (both days inclusive).
  - iv. Dividend, if approved by the Members at the Annual General Meeting will be paid on or before April 16, 2009 to the Members whose names appear on the Register of Members as on March 17, 2009 and to the Beneficial Owners of the shares as on March 13, 2009, as per details furnished by the Depositories for this purpose.
  - v. 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.
  - vi. In order to avail the facility of Electronic Clearing Service (ECS), Members holding shares in physical form are requested to provide bank account details to the Company or the Registrar & Share Transfer Agents. 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.
  - vii. In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unclaimed/unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Accordingly unclaimed dividend for the year ended December 31, 2000 has been transferred to Investor Education and Protection Fund.
- Members who have not encashed their dividend warrants for the year ended November 30, 2001 or thereafter are requested to write to the Company/Registrars & Share Transfer Agents for issue of demand drafts for the same.
- viii. 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.
  - ix. Members are requested to bring their copy of the Annual Report to the Meeting, as the same will not be distributed at the meeting.

By Order of the Board

Krupa Anandpara  
Company Secretary

Mumbai, January 28, 2009

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

**Abbott India Limited**

**Details of the Directors seeking Appointment / Re-appointment at the Annual General Meeting**  
(Pursuant to Clause 49 IV(G) of the Listing Agreement)

Name of Director	Mr Ashok Dayal	Mr Ranjan Kapur
Date of Birth	June 2, 1937	November 25, 1942
Date of Appointment	June 18, 2003	September 18, 2006
Expertise in specific Functional Area	Mr Dayal is a fellow of the Indian Institute of Bankers. He has held various senior Management positions in Grindlays Bank, Deutsche Bank AG, RHO and Roland Berger International Management Consultants Pvt. Ltd.	Mr Kapur is an ex-citi banker. He is a veteran of the advertising business having spent 40 years with Ogilvy and credited with its turnaround and accelerated growth. He is also involved in his personal capacity in the development of technology based on line and mobile services companies. Last year Mr Kapur was awarded by the Advertising Agencies Association of India (AAAI) a Life Time Achievement Award for taking the agency to its leadership position.
Qualifications	B.A. (Hons) AIB (Part I) Fellow of the Indian Institute of Bankers. Fellow of the Royal Geographical Society (London).	Masters Degree in English from St. Stephens College, Delhi.
No. of Shares held in the Company	NIL	NIL
Other Directorships in Indian Cos.	Glaxo Smithkline Consumer Healthcare Ltd., Delhi Safe Deposit, Akzo-Nobel Coatings India Ltd.	Pidilite Industries Ltd., GroupM Media India Private Ltd., Bates India Private Ltd., MIRC Electronics Ltd., Tagit (India) Private Ltd., Annik Technology Services Private Ltd., Eon Premedia Pvt. Ltd., Hitech Plast Ltd., MIC Electronics Ltd., Nimbus Communications Ltd., Sercon India Private Ltd., Quasar Media Private Ltd.
Chairman/Member of the Board Committees of other companies	Glaxo Smithkline Consumer Healthcare Ltd.	Pidilite Industries Ltd., MIRC Electronics Ltd.

## Report & Accounts 2008

### Report of the Directors

#### TO THE MEMBERS

Your directors have pleasure in presenting the Sixty-Fifth Annual Report and Audited Accounts of the Company for the year ended November 30, 2008.

#### Financial Results

(Rupees in Millions)

	<b>Year ended Nov. 30, 2008</b>	<i>Year ended Nov. 30, 2007</i>
Sales	<b>6,657.0</b>	<i>5,943.2</i>
Profit Before Tax	<b>943.5</b>	<i>1,018.6</i>
Profit After Tax	<b>628.7</b>	<i>684.3</i>
Balance brought forward	<b>2,043.2</b>	<i>1,891.9</i>
Profit available for appropriation	<b>2,671.9</b>	<i>2,576.2</i>
Appropriations:		
Dividend (Proposed)	<b>191.5</b>	<i>253.3</i>
Corporate Dividend Tax	<b>32.5</b>	<i>48.5*</i>
Reversal of Dividend for the year ended November 30, 2006, no longer payable consequent to Buy back	<b>—</b>	<i>(14.1)</i>
Adjusted against premium paid on Buy back	<b>453.6</b>	<i>176.8</i>
Transfer to Reserves	<b>62.9</b>	<i>68.5</i>
Balance carried forward	<b>1,931.4</b>	<i>2,043.2</i>

\* includes Rs 5.5 Million for the year ended November 30, 2006.

#### Dividend

Your Directors recommend a dividend of Rs 14.00 per share on 13,675,240 fully paid-up Equity Shares of Rs 10 each of the Company for the year ended November 30, 2008. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of Rs 191.5 Million (Previous year: Rs 253.3 Million) and Corporate Dividend Tax of Rs 32.5 Million (Previous year: Rs 43.3 Million). 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 November 30, 2008 amounted to Rs 2,075.7 Million comprising of Amalgamation Reserve Rs 3.8 Million, Capital Reserve Rs 52.3 Million, Capital Redemption Reserve Rs 25.3 Million, Revenue Reserve Rs 62.9 Million and Surplus as per Profit & Loss Account amounting to Rs 1,931.4 Million.

#### Buyback

During the year under review, the Company bought back 797,500 fully paid-up equity shares of Rs 10 each, at a price of Rs 630 per share via the tender offer route in terms of Sections 77A, 77AA and 77B of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. Consequently, the paid up Equity Share Capital reduced to Rs 136.8 Million.

#### Directors' Responsibility Statement

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended November 30, 2008, and of the Profit of the Company for that period, except the following –  
  
As per the practise consistently followed by the Company, the depreciation on computers, photocopiers, facsimile machines, modems and appliances is provided at the rate of 80%. Fixed Assets costing Rs 5,000 or less are fully depreciated in the year of acquisition. (See Schedule 17 – Significant Accounting Policies 4).
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. They have prepared the accompanying Annual Accounts for the year ended November 30, 2008, on a going concern basis.

## Fixed Deposits

No fixed deposits were accepted during the year.

## Information pursuant to Section 217 of the Companies Act, 1956

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

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

## Directors

Mr Sudarshan Jain resigned as Whole time Director of the Company effective November 30, 2008. The Board placed on record its sincere appreciation for the valuable support rendered by him.

Mr Ashok Dayal and Mr Ranjan Kapur retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors have pleasure in recommending their appointment.

## Auditors

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

## Health, Safety and Environment

Health, Safety and Environment are always prime areas of concern for the Company. Compliance with relevant regulation and effective management of these issues is an integral part of the Company's operating philosophy.

### i. Environment

The Company has in place a modern 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. Water recycling activities have continuously been encouraged and implemented. The emissions from boiler and generator stacks are monitored regularly and are well below the limits set by the State Pollution Control Board. The treated effluent is recycled for horticulture within the site. As a part of various energy saving measures with the resultant decrease in carbon footprint, the plant has established vermi-composting unit to convert canteen waste into organic manure, which is used in the lawns and plantation inside the premises.

The Company continuously endeavors to improve on environmental management to minimize the adverse environmental impact.

### ii. Health and Safety

The Company is committed to promoting health and safety of its employees. The Company has dedicated Safety Officers and a Safety Committee in place, which includes representation from workmen and meets regularly to review issues impacting plant safety and employee health. Various key measures like conducting training programmes on various health and safety issues including dealing with epidemics, work safety, road safety, first-aid, etc have been implemented. Regular health check up (twice a year) of the Plant employees is carried out. Automatic External Defibrillators are installed at the Plant and Headquarter Offices and training has been imparted to the employees for its use. Detailed first-aid training has also been imparted to the employees.

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

A cross-functional team has been formed for Employee Health and Safety (EHS) and Emergency Action Plan (EAP). The team will focus on commercial safety and safety audit gaps with a view to improve the organisation's performance on those parameters.

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

## Report & Accounts 2008

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### Technology Absorption and Development

Development of new formulations & dosage forms and modification of existing ones for lifecycle management, cost containment and improved productivity is an ongoing process. The Company is constantly engaged in activities of development. These are carried out at the R & D Centre of the Company at Goa, which is approved by the Department of Scientific and Industrial Research. It continued to make significant contributions towards its assigned goals of product and process development, cost reduction and new vendor development. The Company has continued to accelerate the pace of new products introduction in 2008 in its core therapeutic areas, namely HIV (Aluvia – Global Abbott Brand), Gastroenterology (Digene Total – a buffered immediate release tablet containing Pantoprazole), Pain Management (Brugel – a topical application gel containing Flurbiprofen), Antacids (Digene Gel – a Strawberry Flavour- an addition to the existing range of flavours specifically for diabetic patients), Metabolics (Thyronorm 150 – additional strength to the existing range), Neonatology (Survanta 4ml – additional strength). The laboratory is currently working on line extensions of existing products.

The Company is setting up a trained and dedicated Clinical Research team within the Medical Sciences Division for conducting Clinical Research in India.

### Employees

Relations with the employees remained cordial throughout the year. Your Board places on record appreciation for the efforts and enthusiasm shown by employees at all levels.

### Reports on Corporate Governance and Management Discussion & 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 & Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

For and on behalf of the Board

Vivek Mohan  
Managing Director

R A Shah  
Director

Mumbai : January 28, 2009



## Abbott India Limited

## 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:

Installation of variable frequency drives for paste dumping ventilator, Digene compression AHU and air compressor is expected to generate electricity savings of approximately 19,774 KWH.

Power factor improvement capacitors have been installed for reducing the reactive power consumption.

Maximum demand controller has been installed for limiting development of peak demand.

Installation of diffused aeration in Waste Water Treatment Plant resulted in power saving of approximately 6,792 KWH.

Online dissolved oxygen trimming system in Waste Water Treatment is estimated to generate electricity saving of about 6,151 KWH.

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

Nil

## (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:

The installation of capacitors and maximum demand controller has resulted in lower maximum demand for power. Installations of Variable Frequency Drives, diffused aeration and dissolved oxygen trimming system have resulted in significant power savings.

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

	2008	2007
<b>A. Power &amp; Fuel Consumption</b>		
(a) Electricity		
(i) Purchased (Unit Millions)	3.2	3.1
Total amount (Rs. Millions)	39.2	26.7
Rate/Unit (Rs.)	12.33	8.61

## (ii) Own Generation (through Diesel Generator)

Cost of 'own generation' is not comparable as the generator sets were operated only for trial runs.

Through Steam turbine/Generator

N.A. N.A.

(b) Coal N.A. N.A.

(c) Furnace Oil Quantity (kilo ltrs) 153.4 131.9

Total amount (Rs. Millions) 5.1 2.8

Average rate (Rs.) 33.54 21.22

(d) Others/Internal Generation N.A. N.A.

## B. Consumption per Unit of Products

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

## 2. Technology Absorption:

Efforts made in Technology Absorption.

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

1. Development of new Pharmaceutical Products.
2. Establishing new technical capabilities.
3. Import substitutions and new vendor development.
4. Optimization, standardization and improvement of products and manufacturing processes.
5. Technical evaluation of off the shelf products, to ensure quality and stability.

The R&D Centre worked on new pharmaceutical products in the areas of liquid orals and tablets. It also undertook the quality improvement of existing products, manufacturing processes and new vendor evaluation & approval, to meet ever-changing regulatory, quality requirements and commercial advantage. Off the shelf products were technically evaluated and assessed to ensure their quality and stability.

## Report & Accounts 2008

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

A well-focused R&D effort has helped the company in launching a number of new products in the Indian market. Manufacturing process optimization helped to bring in improved quality and efficiency. New vendor evaluation and approval has helped to reduce cost and to improve the efficiency of supply chain. R&D work has also resulted in improving the stability of some of the products.

### C. Future plan of action.

R&D activities will continue to focus on new product development, improvement in the existing formulations/process, improving operational efficiencies, new vendor evaluation and approval, technical evaluation and assessment to ensure quality of TPM's products.

### D. Expenditure on R&D.

	Rs. in Millions
(a) Capital	5.4
(b) Recurring	44.8
(c) Total	50.2
(d) Total R&D expenditure as a percentage of total turnover	0.75%

### E. Technology absorption, adaptation and innovation.

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

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

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

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

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

Nil

### 3. Foreign Exchange Earnings and Outgo:

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

The total foreign exchange earned during the year amounted to Rs 73.3 million, which includes Rs 43.7 million towards exports and Rs 29.6 million towards amount recovered from the affiliates.

#### (II) Total foreign exchange used and earned.

##### A. Total foreign exchange used

	Rs. in Millions
(a) On import of raw materials, finished goods, consumable stores and capital goods	248.5
(b) Expenditure in foreign currencies for commission on export sales, business travel, etc.	12.3
(c) Remittance during the year in foreign currency on account of dividend	165.0

##### B. Total foreign exchange earned 73.3

For and on behalf of the Board

Vivek Mohan	R A Shah
Managing Director	Director

Mumbai, January 28, 2009