



Abbott

IN GOOD HANDS

Abbott India Limited
Annual Report 2015-16



GROWTH IN
SALES

15.3%



GROWTH
IN PAT

13.4%



DIVIDEND
FOR THE YEAR

₹ 35/Share

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Forward Looking Statements

In this Annual Report, we might have disclosed forwarding-looking statements that set out anticipated results based on the management's plans and assumptions. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

ABBOTT GLOBAL

Our solutions—across the spectrum of care and for all stages of life—help people live their best lives through better health.



Abbott is a global, diversified healthcare company devoted to improving life through the development of products and technologies that span the breadth of healthcare. With a portfolio of leading, science-based offerings in diagnostics, medical devices, nutritionals and branded generic pharmaceuticals, Abbott is well positioned for sustained success, delivering consistent growth, expanding margins, strong cash flow and steadily increasing returns to shareholders.

PORTION OF TOTAL ABBOTT SALES*



- 31% United States
- 12% Western Europe
- 9% China
- 5% India
- 4% Japan

* Based upon country of final sale

THIS IS ABBOTT INDIA

Bettering the lives of people,
improving the health of all.

UNIQUELY BALANCED

At Abbott India, we're all about helping people live their best and fullest lives through better health. Every day and across India, we're discovering new ways to make life better.



110+
BRANDS

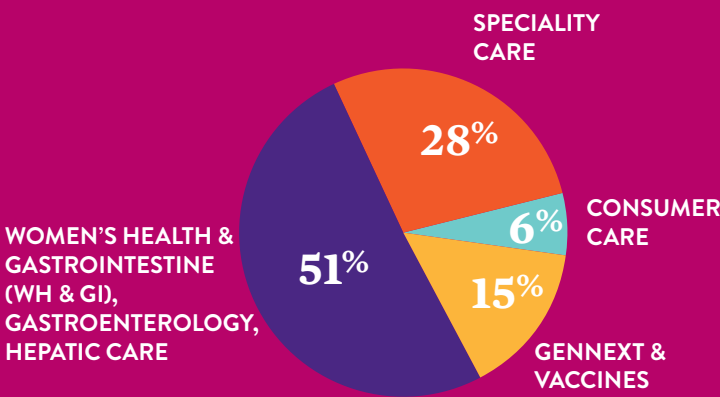


2,580 Cr
NET SALES



2,900+
NUMBER OF EMPLOYEES

OUR PATIENT FOCUS*



* Based on core business.

IN GOOD HANDS

At Abbott India, we always believe in outdoing ourselves. We grew our Sales by 15.3% and Profit After Tax by 13.4%. Our PEOPLE give us the ability to execute our strategies. Our high-science PRODUCTS help generations of Indians lead better, healthier lives. Together, these deliver a PERFORMANCE that outpaces the market, our goals and your expectations.



OUTPERFORMANCE

OUTPACING COMPETITION AND SUSTAINABLE RESULTS

Abbott India is shaping the market, pushing operational and financial performance forward. Our core business Sales growth has been at 15.1% vs Indian Pharmaceutical Market growth at 14.4%. Our divisions GenNext & Vaccines grew at 27.7% and Women's Health & Gastrointestine, Gastroenterology & Hepatic Care grew at 20.6% enabling us to deliver outstanding results. Most of our business divisions have outperformed in their respective participated markets.



PRODUCTS

BROAD RANGE WITH A DNA FOR INNOVATION

From life-enhancing to life-saving, we're there for you at every stage. Growing our product portfolio in ways that help improve the quality of life. We have 6 brands* in the top 100 brands of the IPM. 13 brands* are ranked 1st in their market. 70% of our core business comes from our top 10 brands.



PEOPLE

A RELENTLESS PURSUIT OF EXCELLENCE AND A VIBRANT CULTURE

Turning team-players into leaders, matching skills with targets, keeping the best minds engaged with challenging projects – these are some of the ways in which we attract, develop and retain the best people in the Indian pharmaceutical industry. The outcomes speak for themselves - Abbott India has one of the lowest attrition rates in the industry.

* Source: IMS

OUTPERFORMING THROUGH SOUND STRATEGY AND STRONG EXECUTION

Abbott India is continuing its tradition of financial and business outperformance. Our robust set of established processes and systems ensure resilience and continued acceleration.

Innovative business strategies combined with financial prudence has enabled Abbott India to deliver exceptional performance across multiple parameters in the year 2015-16. Our agility in the marketplace combined with cutting edge marketing has enabled us to stay one step ahead of the competition.

KEY FINANCIAL PARAMETERS



NET SALES GROWTH

15.3%



PAT
(% OF REVENUE)

9.7%



EBITDA
(% OF REVENUE)

15.6%



RETURN ON AVG.
CAPITAL EMPLOYED

25.4%



MUNIR SHAIKH
CHAIRMAN

Dear Shareholders,

I am happy to report that for the year ended March 31, 2016, Sales growth was 15.3% and Profit after Tax was 13.4% over prior year. We have grown faster than the market, sustaining the trend of outperforming the industry.

The Indian economy remains a bright spot in comparison to the Global scenario, with the Government taking multiple steps to stimulate the economy. The pharmaceutical industry is also growing in double digits, while facing regulatory challenges, especially on price regulations and fixed dose combinations.

Notwithstanding this turbulence, your Company has remained steadfast in its commitment, and delivered excellent performance. Your Board has recommended a dividend of ₹ 35 per share compared to ₹ 31 last year.

For the last several years now, your Company has been growing faster than the industry. Most of the business units showed a good growth with Women's Health & Gastrointestine, Gastroenterology and Hepatic Care growing by 20.6%, GenNext & Vaccines by 27.7% and Specialty Care, which was significantly impacted by Government mandated price reduction, by 10.1% over the previous year.

This consistent performance is a result of your Company's focused investment in People, Products and Processes.

Our two-pronged strategy of leveraging innovation in brand building and effective execution is clearly generating the desired effects and continues to drive sustainable growth year after year. During the year, our top 10 brands grew at 14.4% accounting for 70% of the core business Sales of the Company. 13 brands* remain market leaders in their respective market segments. We also launched 17 new products during the year.

Our strong portfolio of over 110 brands continues to lead the Indian Pharmaceutical Market (IPM). This year, 6 of our brands* were featured among the top 100 brands in the IPM, while 6 brands individually crossed Sales of ₹ 100 Crores.

Today, your Company's 2,900+ family is diverse in composition and harmonious in outlook.

We are not only attracting talent from the pharma sector but have a healthy mix of differentiated non-pharma talent from leading companies and top universities across the world to enable cross-pollination of ideas from across industries and sectors.

With a strong performance during 2015-16, your Company has been recognized with many prestigious awards like Porter Prize award for

2015 and Star MNC of the Year by Business Standard.

Your Company's Annual Report for the year ended March 31, 2015 has been awarded the most prestigious Silver Shield Award from The Institute of Chartered Accountants of India for Excellence in Financial Reporting.

Your Company was recognized for Best CSR Program of the Year (2014-15), by the Department of Pharmaceuticals, Government of India and also won Golden Peacock Award for Corporate Social Responsibility (2015), by the Institute of Directors for a robust approach in its CSR programs that were aimed at addressing critical social needs and helping people live healthier, fuller lives.

Several of our brands, campaigns and marketing initiatives were recognised at various forums and received awards from most reputed bodies, nationally and internationally.

Mr Rehan A. Khan, Managing Director, resigned effective April 30, 2016. We appreciate his valuable contributions and services and are in the process of finalising his successor.

As I look ahead, I am confident about our future. The Indian economy will remain an attractive

growth market and we will take advantage of the strong economy to deliver superior performance. The Government is continuously pushing on reforms and efforts to promote business and we remain committed to various Government initiatives in this direction.

As an organization, our commitment remains unshakeable - to bring affordable healthcare to millions of Indians in line with our global mission of helping people live their best lives.

On behalf of the entire Board, I take this opportunity to thank all our partners especially the doctors, pharmacists, vendors and bankers for their sustained faith and continued support. I would like to thank all our employees for their commitment, dedication and determination.

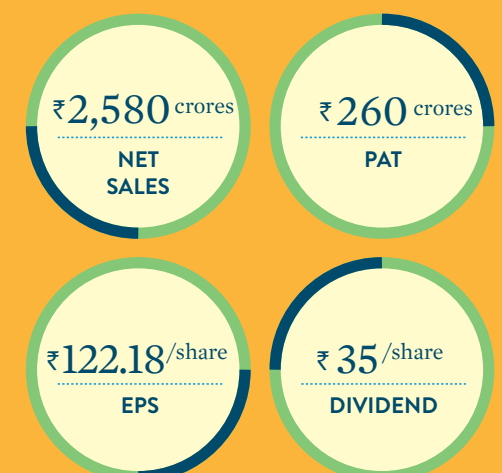
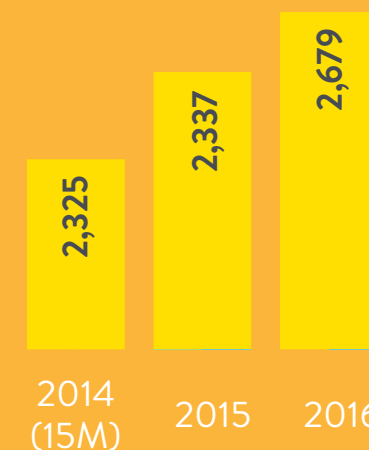
I also express my gratitude to all our shareholders for their continued trust in the Company and the Board of Directors for their invaluable guidance.

Yours sincerely,

Munir Shaikh
Chairman

* Source: IMS

TOTAL REVENUE (₹ in Crores)



BUSINESS PERFORMANCE

MEETING EVERY CHALLENGE, KEEPING EVERY PROMISE

As the world changes at an unprecedented speed, it is imperative for us to rethink, realign and respond with equal agility and openness. To stay ahead is to stay alert, equipped and evolved. We've made "Outperformance" the mantra for our growth strategy.

At Abbott India we've embraced new ideas and innovations, superior processes and methods, improved products and services, developing modern strategies and tools to our advantage.

SOME OF OUR KEY INITIATIVES DRIVING BUSINESS PERFORMANCE:

Innovative customer marketing programs

Initiatives such as 'Constipasana' (a simple lifestyle change that can help patients in constipation), Women's First (through which we share our commitment to improve women's health from menarche to menopause and beyond) have set the benchmark for physician and patient education and won numerous awards such as DMA Asia Echo award and Effie bronze award.

Building the OTC business through better distribution

Abbott India is innovating to sustain its OTC distribution across India. In the year 2015-2016, we expanded retail reach by more than 20%, appointed new distributors and made our products available in the remote parts of India.

Realignment of internal resources for better coverage and focus

We are constantly evaluating our internal resources to increase efficiencies. We combined two of our Neurology field force divisions to create one of the largest CNS field forces in the country to expand doctor coverage.

Operational efficiencies through process simplification

Abbott India has continued to simplify processes to improve efficiencies in business operations. As an example we have split financial responsibilities

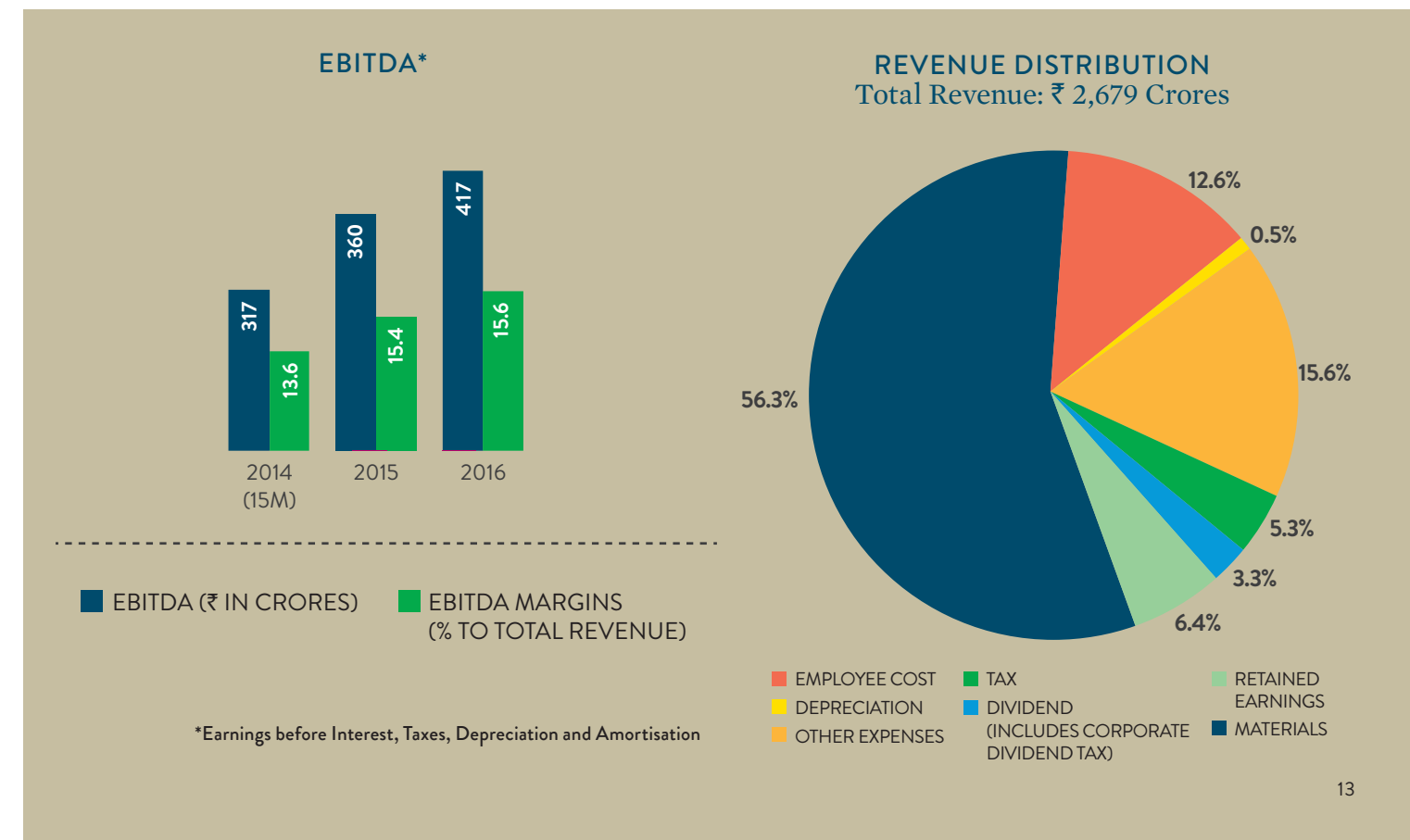
between head office and field personnel for quicker empowered decision making through an initiative called 'mPower'.

Use of digital and new technologies to engage doctors and patients

Mobile technology is being leveraged to engage with both doctors and patients. Our "Liver Is Life" app and Thyroid app feature among the top 50 apps in healthcare in India. Another innovative program called Abbott India Radio - AIR-was launched for quick field communication and training through the use of mobile phones.

Leveraging products across divisions for wider doctor reach

Our ability to cross-market products across divisions has resulted in stronger business performance. We continually shuffle products among divisions to optimise reach and tap field-force expertise.



10 YEAR FINANCIAL HIGHLIGHTS



₹ in Lakhs

	2006	2007	2008	2009	2010 (13m)	2011*	2012	2014 (15m)	2015	2016
OPERATING RESULTS										
TOTAL REVENUE	530,78	620,29	691,43	790,21	1025,87	1509,89	1675,00	2325,19	2336,87	2678,86
MATERIAL COST	353,33	408,46	454,62	504,17	647,30	861,21	971,65	1297,41	1311,96	1508,07
EMPLOYEE BENEFITS EXPENSE	28,19	35,35	48,92	62,37	111,20	167,35	206,20	299,74	305,40	336,99
OTHER EXPENSES	57,27	68,93	86,54	97,08	161,93	286,14	273,04	411,48	359,71	416,83
DEPRECIATION AND AMORTISATION	4,44	5,66	6,98	9,01	11,25	15,00	19,49	21,93	14,94	14,44
FINANCE COST	12	2	2	20	4	3	2	8	50	81
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	87,43	101,87	94,35	117,38	94,15	180,16	204,60	294,55	344,36	401,72
EXCEPTIONAL ITEMS	-	-	-	-	-	-	10,39	-	-	-
PROVISION FOR TAXATION	27,57	33,44	31,49	39,87	33,21	59,77	70,29	96,10	115,40	142,10
PROFIT AFTER TAX AND EXCEPTIONAL ITEM	59,86	68,43	62,86	77,51	60,94	120,39	144,70	198,45	228,96	259,63
RETAINED EARNINGS	29,37	39,66	40,47	50,31	33,83	78,55	102,72	140,99	149,68	170,11
EARNINGS PER SHARE - BASIC & DILUTED (₹)	39.18	46.01	43.62	56.68	44.56	56.66	68.10	93.39	107.75	122.18
DIVIDEND PER SHARE (₹)	17.50	17.50	14.00	17.00	17.00	17.00	17.00	23.00	31.00	35.00
ASSETS EMPLOYED										
FIXED ASSETS (Net)	31,53	36,31	50,63	49,15	50,57	80,02	109,18	99,52	99,95	111,29
OTHER ASSETS (Net)	215,69	195,74	171,38	222,41	254,82	464,12	537,68	688,33	837,58	996,35
TOTAL ASSETS	247,22	232,05	222,01	271,56	305,39	544,14	646,86	787,85	937,53	1107,64
FINANCED BY										
SHARE CAPITAL	15,28	14,47	13,68	13,68	13,68	21,25	21,25	21,25	21,25	21,25
RESERVES AND SURPLUS	230,53	216,55	207,57	257,88	291,71	522,89	625,61	766,60	916,28	1086,39
TOTAL SHAREHOLDERS' FUNDS	245,81	231,02	221,25	271,56	305,39	544,14	646,86	787,85	937,53	1107,64
BORROWINGS	1,41	1,03	76	-	-	-	-	-	-	-
NUMBER OF SHAREHOLDERS										
HEADCOUNT	14,905	14,152	13,689	13,422	14,461	19,354	20,826	18,270	19,407	21,250
	894	1042	1150	1308	1767	2425	2667	2766	2867	2956

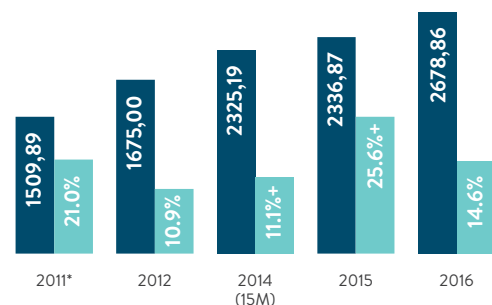
* Post merger with Solvay Pharma India Limited.

FINANCIAL RATIOS

TOTAL REVENUE

% Revenue Growth

14.6%



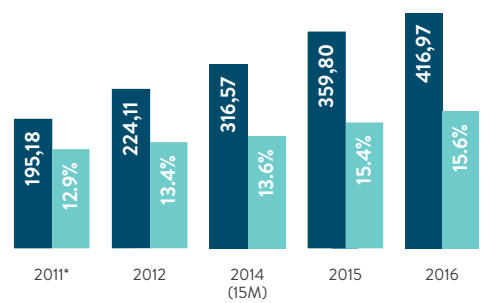
■ TOTAL REVENUE (₹ IN LAKHS) ■ YOY GROWTH (%)

+ Annualised percentage

EBITDA MARGINS

% to Total Revenue

15.6%

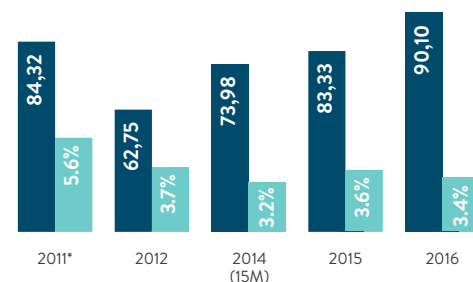


■ EBITDA (₹ IN LAKHS) ■ EBITDA MARGINS (% TO TOTAL REVENUE)

ADVERTISEMENT & PROMOTIONAL EXPENSE

% to Total Revenue

3.4%

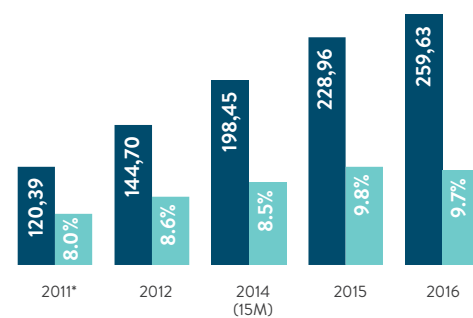


■ ADVERTISEMENT & PROMOTIONAL EXPENSES (₹ IN LAKHS) ■ % TO TOTAL REVENUE

PAT MARGINS

% to Total Revenue

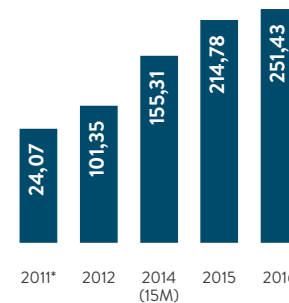
9.7%



■ PROFIT AFTER TAX (₹ IN LAKHS) ■ PROFIT AFTER TAX MARGINS (% TO TOTAL REVENUE)

NET CASH GENERATED FROM OPERATIONS

₹251,43

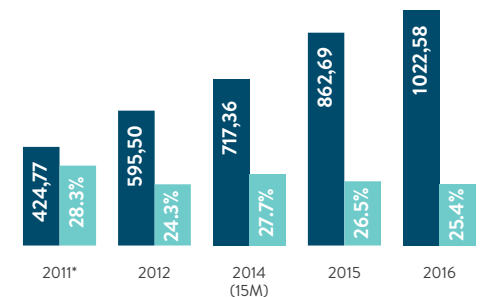


(₹ IN LAKHS)

CAPITAL EMPLOYED

Return on Avg. Capital Employed

25.4%

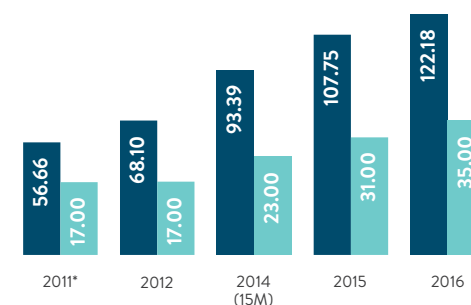


■ AVG. CAPITAL EMPLOYED (₹ IN LAKHS) ■ RETURN ON AVG. CAPITAL EMPLOYED (%)

DIVIDEND

Per Share

₹35

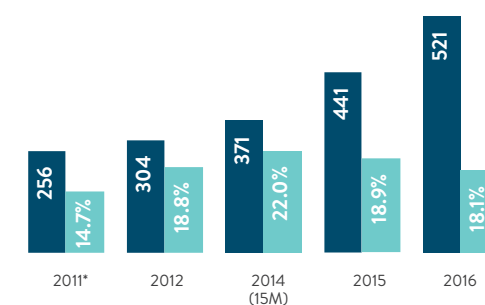


■ EARNINGS PER SHARE (₹) ■ DIVIDEND (₹)

BOOK VALUE

Per Share

₹521

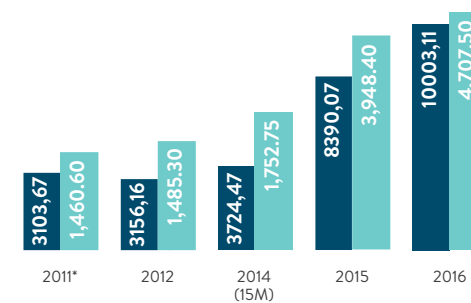


■ BOOK VALUE PER SHARE (₹) ■ YOY GROWTH (%) (NOT ANNUALISED)

MARKET CAPITALISATION

Share Price

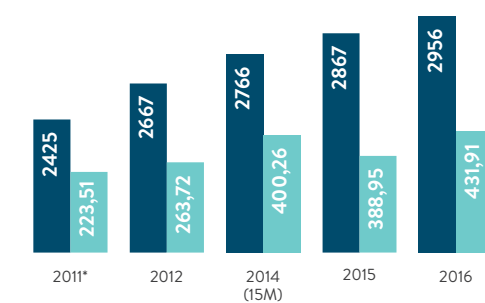
₹4,707.50



■ MARKET CAPITALISATION (₹ IN LAKHS) ■ SHARE PRICE (₹)

HEADCOUNT

Employee and Travel Cost



■ HEADCOUNT (NOS.) ■ EMPLOYEE AND TRAVEL COST (₹ IN LAKHS)

* Post merger with Solvay Pharma India Limited