Abbott

PUSHING BOUNDARIES STAYING AHEAD

Abbott India Limited | Annual Report 2017-18



Scan the QR code or download "Abbott India Ltd Annual Report" (AR app)* from Playstore to view the augmented 3D experience on this page

*The AR app shall go live on July 18, 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Munir Shaikh - Chairman
Ambati Venu - Managing Director
R A Shah - Independent Director
Krishna Mohan Sahni - Independent Director
Anisha Motwani - Independent Director
Jawed Zia - Non-Executive Director
Kaiyomarz Marfatia - Non-Executive Director
Rajiv Sonalker - CFO and Whole-time Director

KEY MANAGEMENT TEAM

Ambati Venu - Managing Director
Rajiv Sonalker - CFO and Whole-time Director
Sandeep Khandelwal - Commercial Director
Milind Tendulkar - Commercial Director
Ramanathan V - Commercial Director
Burjor Dadachanji - Commercial Director
Nitu Bhushan - Director - Human Resources
Mahadeo Karnik - Director - Finance
Dr Srirupa Das - Director - Medical Affairs
Dr Vijay Patil - Associate Director - NPI and TAS

COMPANY SECRETARY

Krupa Anandpara

STATUTORY AUDITORS

S R B C & CO LLP, Chartered Accountants

INTERNAL AUDITORS

M/s KPMG, Chartered Accountants

COST AUDITORS

M/s Kishore Bhatia & Associates, Cost Accountants

SECRETARIAL AUDITOR

Ms Neena Bhatia, Practicing Company Secretary

REGISTERED OFFICE

3, Corporate Park
Sion - Trombay Road
Mumbai - 400 071
Tel No: +91-22-6797 8888
Fax: +91-22-6797 8727
Email: investorrelations.india@abbott.com

CORPORATE OFFICE

16th Floor, Godrej BKC
Plot C- 68, "G" Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Tel No: +91-22-3816 2000
Fax: +91-22-3816 2400

FACTORY

L-18/19, Verna Industrial Estate, Goa

REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited
Karvy Selenium Tower B
Plot 31-32, Gachibowli
Financial District
Nanakramguda
Hyderabad - 500 032
Tel No: +91-40-6716 2222
Fax No: +91-40-2344 0674

ANNUAL GENERAL MEETING

Date: July 18, 2018, Wednesday
Time: 3:30 p.m.
Venue: RAMA WATUMULL AUDITORIUM
K C College, 124, Dinshaw Wachha Road
Vidyasagar Prin. K. M. Kundnani Chowk
Churchgate, Mumbai - 400 020

FORWARD - LOOKING STATEMENT

In this Annual Report, we might have disclosed forward-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 realised, 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.

References to "Abbott India" in this Annual Report shall mean "Abbott India Limited".

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ON THE COVER - FEEL THE EXPERIENCE

Digital is at the heart of most innovations at Abbott India. The cover provides an augmented 3D experience, which would allow you to step inside our journey, feel the exuberance and get a glimpse of how we push boundaries and stay ahead. Every Single Day.

Download the App "Abbott India Ltd Annual Report" (AR app) from Google Playstore. Google play
The AR app shall go live on the date of Annual General Meeting - July 18, 2018.

ABBOTT INDIA

HELPING PEOPLE LEAD THE BEST LIFE THROUGH GOOD HEALTH

Abbott India, part of Abbott's Global Pharmaceutical business, is one of India's most admired and fastest-growing pharmaceutical companies.

We, at Abbott India, provide consumers with market-leading, trusted, global and local products across various therapeutic categories such as Women's Health, Gastroenterology, CNS, Metabolics, General Care, Vitamins, Vaccines, etc.



WHAT MAKES US UNIQUE?

IN INDIA, FOR INDIA

Our products are manufactured in India and also sourced from local third-party manufacturers in India. We have a manufacturing facility at Goa and are engaged with over 40 third-party manufacturers in India.

LOCAL R&D FOR LOCALIZED SOLUTIONS

Our in-house development and medical teams work passionately to advance health by addressing the country's unique challenges. We launched over 65 new products during the last five years for meeting the increasing healthcare needs of society.

EXPANSIVE HEALTH NETWORK

Our mission to enhance the health and well-being of Indians extends beyond our products to innovative methodologies and platforms across distribution channels. Through the distribution network of over 25 carrying and forwarding service providers and hubs, we reach out to millions of Indians.

A LEGACY OF EXCELLENCE

From creating an excellent workplace to making a positive impact on the health of people, we are proud of the work we do in India with the help of over 3,300 talented people.

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THIS IS ABBOTT INDIA

WE PROVIDE TOMORROW'S HEALTHCARE SOLUTIONS TODAY AND CONTINUE TO OUTPERFORM

CHAIRMAN'S MESSAGE

A HOLISTIC APPROACH TOWARDS GROWTH, DEVELOPMENT, HEALTH AND WELLNESS



We, at Abbott India, are redoubling our efforts to make quality branded pharmaceutical products accessible to more people in the country. We launched 21 new products this year and are gearing up to introduce over 100 new products in the next five years. Our efforts to spread education and awareness about various diseases are also intensifying. Our knowledge sharing initiatives with Healthcare Professionals - doctors, medical fraternities and pharmacists - are also expanding. Our commitment to helping people unlock life's possibilities through the power of health - reflected in LIFE. TO THE FULLEST. - is a commitment that is intrinsically aligned with a prosperous and healthy India.

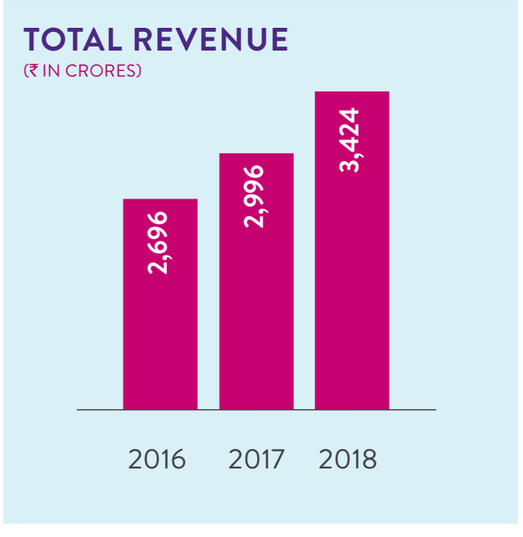
MUNIR SHAIKH
Chairman

Dear Shareholders,

We, at Abbott India, have always worked with a dual focus – The first is our mission to help people lead healthier and better lives and the second is to continuously reward our shareholders by excelling in our financial and business performance. Your Company successfully accomplished both these objectives. Once again, we achieved a remarkable Sales growth of 12.8% over the prior year, which was 1.6 times[#] the market growth.

As I look back, this was a landmark year for economies across the globe and India. As per the IMF, the world economy posted a growth of 3.8% in 2017, with a notable rebound in global trade. At US $2.6 trillion, the Indian economy became the sixth largest in the world. The country is well positioned to accelerate its growth to 7.4% in the current fiscal and to 7.8% next year, as it recovers from the twin impacts of demonetisation and GST roll out.

The Indian Pharmaceutical Market is estimated to be about 3.3% of the global Pharmaceutical Industry in value and 10% in volume. This is expected to grow to US $55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally.



The Government of India has taken significant steps towards the promotion of this industry in India. 'Pharma Vision 2020' aims at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. The single-window facility has been announced to expedite new drug approvals and is expected to give a push to the "Make in India" initiative.

During the year, all our business units performed well and contributed to the overall success of the Company. Eight out of our top ten products remained at No 1* in their respective therapy segments and these ten products contributed to over 70% of the core business.

Your Directors have proposed a final dividend of ₹50 and special dividend of ₹5 per equity share of ₹10 each for the year ended March 31, 2018.

We, at Abbott India, are redoubling our efforts to make quality branded pharmaceutical products accessible to more people in the country. We launched 21 new products this year and are gearing up to introduce over 100 new products in the next five years. Our efforts to spread education and awareness about various diseases are also intensifying. Our knowledge sharing initiatives with Healthcare Professionals - doctors, medical fraternities and pharmacists - are also expanding. Our commitment to helping people unlock life's possibilities through the power of health - reflected in LIFE. TO THE FULLEST. - is a commitment that is intrinsically aligned with a prosperous and healthy India.

In order to deepen our patient commitment, we are foraying into sub-therapies within our established therapeutic domains. Our beyond-the-pill orientation is aimed at giving much more than just medicine to our customers.

Our emphasis is on creating a sustainable growth blueprint, which is futuristic and viable. Our constant focus on innovation, diversifying the product portfolio, maintaining brand excellence, technology driven initiatives and value-added knowledge sharing initiatives will further strengthen your Company's positioning as a committed, capable and compassionate organisation.

[#] core business
* Source: IMS Health

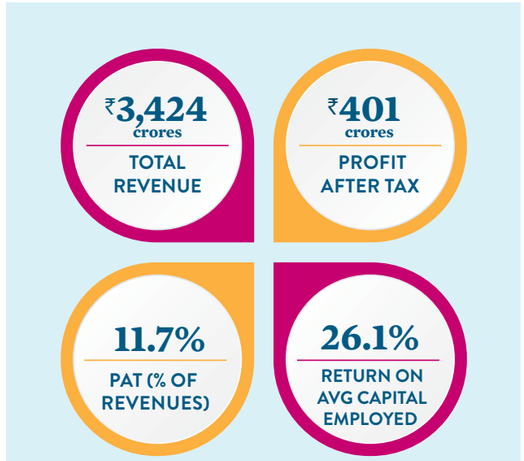
Your Company truly values its employees. We have an employee pool of over 3,300 talented and committed workforce, which is one of our most valuable assets. Their hard work and commitment has helped the Company to push all boundaries and stay ahead of the curve, even in a very volatile and competitive environment. Altogether, we have a holistic approach towards growth, development, health and wellness.

I am proud to announce that your Company also won several prestigious awards this year including the most prestigious "Best Companies To Work For" by Business Today.

We sincerely recognise the contributions of our business partners and continue rewarding them in various ways. For instance, we were the first company to compensate our stockists to cover their losses on account of transition to GST, thereby also ensuring continuous availability of medicines at the market place. Such initiatives help us build long lasting relationships with our business partners.

Next year will mark the completion of 75 years of your Company in India - another landmark in our history. We have once again developed strong strategies to ensure our business continues to outperform. Our focus remains on entering new, high-potential therapy areas while maintaining leadership in the areas we dominate. We will continue to push in under leveraged geographies and rural markets and remain committed to be responsive and agile.

With deep regret, we inform you about the untimely demise of Mr Ranjan Kapur. We sincerely appreciate him for his significant contributions. Mr Bhasker Iyer and Ms Nancy Berce resigned as Directors upon their retirement from Abbott. We thank them for their contributions and wish them good health and success in their future endeavours. We welcome Ms Anisha Motwani and Mr Jawed Zia, who have recently joined the Board.



On behalf of the entire Board, I thank all our valued partners – our bankers, doctors, pharmacists and vendors who have always been very supportive and important contributors to our success.

I am also thankful to all members of the Abbott family - our customers, employees and above all, our shareholders who have continued to place faith in the Management of the Company.

MUNIR SHAIKH
Chairman

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PUSHING BOUNDARIES, **STAYING AHEAD**

MANAGING DIRECTOR'S MESSAGE

PLAYING ON A STRONG WICKET



Our Sales growth of 12.8% was driven by multiple business imperatives. The first and foremost was restructuring our product portfolio into key business areas – Women's Health, Gastroenterology, Consumer Care, CNS, Metabolics, General Care and Vaccines. Among these, Women's Health grew by 19.1%, Vaccines grew by 59.7% and Metabolics grew by 15.3%.

AMBATI VENU
Managing Director

Dear Shareholders,

The promise of enabling fuller, healthier lives is worth pursuing in every possible way, every single day. At Abbott India, we continue to intensify our commitment to fulfil the promise of human potential by helping people achieve their best health at every stage of their life. We have had yet another year of excellent performance and I am happy to share the highlights with you through this Annual Report 2017-18.

Powerful business performance

We know how to deliver high-quality healthcare, and our heritage is proof that we are committed for the long-term. Our Sales growth of 12.8% was driven by multiple business imperatives. The first and foremost was restructuring our product portfolio into key business areas – Women's Health, Gastroenterology, Consumer Care, CNS, Metabolics, General Care and Vaccines. Among these, Women's Health grew by 19.1%, Vaccines grew by 59.7% and Metabolics grew by 15.3%. Clearly, the foundation of our business, is our brands and our people.

Our brands are trusted by millions of patients and doctors across therapies. All our key brands have shown strong growth during the year and continue to lead in the market place.

Relentless drive

We continued to take on the mantle of launching market shaping initiatives in collaboration with cross-industry players and technology partners, even when we encountered challenging circumstances on a few fronts.

In less than 8 months, the Indian economy encountered two powerful disruptors, both of which would go on to become positive enablers of economic growth and formalization, but we emerged stronger with renewed focus on core operational excellence. We introduced multiple first-in-industry moves and counter-moves that ensured that economic changes did not come in the way of expectations.

We have an endless drive to bring meaningful innovation to our markets – in both medicines and the services that go along with them – to help people live healthier, fuller lives. We give people a reason to choose our medicines, and this model has led to consistent, exceptional growth.

At Abbott India, our 360 degree efforts to further and fortify our brand leadership in the chosen therapies helped us deliver another market beating performance in the year gone by. At ₹3,424 Crores, our Total Revenues grew by 14.3%.

BUSINESS DIVISIONS*

	Key Brands
Women's Health & Gastrointestine (WH & GI), Gastroenterology, GI Prospera and GI Advance	Duphaston | Udiliv Cremaffin | Duphalac | Creon | Heptral
Specialty Care (Metabolics and Central Nervous System)	Thyronorm | Vertin Prothiaden
GenNext and Vaccines	Zolfresh | Influvac Enteroshield | Brufen Arachitol Nano
Consumer Care	Digene | Citrosoda | Rashfree

*The Company operates in a single reportable segment i.e. Pharmaceuticals.

A Net Profit of ₹401 Crores, our highest ever profit, reflected a growth of about 45% over the previous year. With our relentless efforts and differentiated approach, we consistently remain ahead of the market.

Enriching the lives of our patients

We continued our engagement with patients. During the last year, we were able to vaccinate over 20 Lakh people against Swine Flu and conducted Thyroid screening for over 21 Lakh people pan-India.

Real Film. Real Heroes

We also continued to strengthen our brand identity, through our much appreciated campaign "Real Film. Real Heroes", depicting how breakthrough innovations from Abbott have helped people live fuller and healthier lives. The campaign, coupled with our value-added knowledge sharing initiatives, has ensured that the Company remains at the forefront with consumers and Healthcare Professionals.

Beyond Pills

We are here to help people lead fuller, healthier lives. And in this mission, it is imperative for us to gain patient insights. We also leverage technology to connect and engage with various stakeholders. Notable initiatives include Thyroweight, the country's largest Thyroid Awareness program where we reached 3.5 Crore people this year and the Mothers against Influenza (MAI) campaign that aimed at increasing awareness about the need for vaccination. Another high impact campaign in the year was breaking taboos with #Constipation Conversations.

Strong and motivated workforce

Our powerful teams, both in the field and head office, have contributed significantly to the Company's success. During the year, we introduced various talent management and leadership initiatives aimed at attracting and retaining top talent and empowering them through several development programs.

* Source: IMS Health

Future-Focused

As we set our eye on the future, rapid inroads into sub-therapies, accelerated new product launches, innovative marketing and deployment of digital tools, steady deepening of relationships with the doctor, pharmacist, patient trio, continued strengthening and expansion of our brand portfolio, and the collective living of a shared vision by an over 3,300 strong employee pool, will continue to be the central levers of our growth momentum.

I thank you for your continued trust and confidence in our abilities. I congratulate our Abbott India family on scripting another stellar performance in FY 2017-18 and thank my fellow board members for their valuable guidance and contributions. The future looks even more exciting and promising to me and I seek your support to co-create a healthier India and a value-creating company.



AMBATI VENU
Managing Director

PUSHING BOUNDARIES, **STAYING AHEAD**



We, at Abbott India, have always challenged the limits of what is possible and offered value through our products and services. Our commitment remains to help Indians lead healthier lives.

1 | ACCELERATED GROWTH DELIVERS BUSINESS PERFORMANCE

Continuing tradition, Abbott India has delivered yet another strong business performance in FY 2017-18.

Total Revenue **₹3,424** Crores

While overall revenue grew by 14.3% to ₹3,424 Crores in FY 2017-18, profit grew by 45.0%. We have been able to grow at 1.6 times[#] the market, 8[*] of our top 10 brands are market leaders in their respective segments.

2 | FUTURE-FOCUSED

We realise that the business environment is changing rapidly and technology is redefining how we interact with people around us. Abbott India took an important step this year of ensuring a technologically connected organisation with a plan to launch

iPADS FOR Over **2,500** **FIELD FORCE**

Also, we facilitated better engagement with doctors and patients through technology-led innovative solutions in the form of augmented reality and virtual reality.

3 | CULTURE OF COLLABORATION

Employees play a vital role in building an inclusive culture across our business operations. Various training and leadership development programs were conducted during the year to help them maximise their potential. The Company reached out to help the broader community through programs such as the iCARE Road Safety Drive, Nirmal Dhara Dairy Project and SEWA, an initiative for creating a Sustainable Healthcare Delivery Model through Livelihoods.

[#] core business
[*] Source: IMS Health

Accelerated Growth Delivers Business Performance

10 Year Financial Highlights

All amounts in ₹ Lakhs, unless otherwise stated

	PREVIOUS GAAP							IND AS @		
OPERATING RESULTS	**2008**	**2009**	**2010(13M)**	**2011***	**2012**	**2014 (15M)**	**2015**	**2016**	**2017**	**2018**
TOTAL REVENUE#	701,21	795,93	1031,97	1528,07	1696,93	2358,39	2364,56	2696,23	2996,33	3424,11
MATERIAL COST	454,62	504,17	647,30	861,21	971,65	1297,41	1311,96	1492,03	1712,06	1904,74
EMPLOYEE BENEFIT EXPENSE	48,92	62,37	111,20	167,35	206,20	299,74	305,40	341,09	345,27	393,69
OTHER EXPENSES#	96,32	102,80	168,03	304,32	294,97	444,68	387,40	448,14	484,04	484,19
DEPRECIATION AND AMORTISATION	6,98	9,01	11,25	15,00	19,49	21,93	14,94	14,44	16,43	16,19
FINANCE COST	2	20	4	3	2	8	50	2,52	2,04	3,82
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	94,35	117,38	94,15	180,16	204,60	294,55	344,36	398,01	436,49	621,48
EXCEPTIONAL ITEMS	-	-	-	-	10,39	-	-	-	-	-
PROVISION FOR TAXATION	31,49	39,87	33,21	59,77	70,29	96,10	115,40	142,76	159,84	220,26
PROFIT AFTER TAX AND EXCEPTIONAL ITEMS	62,86	77,51	60,94	120,39	144,70	198,45	228,96	255,25	276,65	401,22
EARNING PER SHARE - BASIC & DILUTED (₹)	43.62	56.68	44.56	56.66	68.10	93.39	107.75	120.12	130.19	188.81
DIVIDEND PER SHARE (₹)	14.00	17.00	17.00	17.00	17.00	23.00	31.00	35.00	40.00	55.00**
ASSETS EMPLOYED										
FIXED ASSETS (NET)	50,63	49,15	50,57	80,02	109,18	99,52	99,95	111,29	115,88	83,55
OTHER ASSETS (NET)	171,38	222,41	254,82	464,12	537,68	688,33	837,58	1084,31	1271,06	1609,21
TOTAL ASSETS	222,01	271,56	305,39	544,14	646,86	787,85	937,53	1195,60	1386,94	1692,76
FINANCED BY										
SHARE CAPITAL	13,68	13,68	13,68	21,25	21,25	21,25	21,25	21,25	21,25	21,25
OTHER EQUITY	207,57	257,88	291,71	522,89	625,61	766,60	916,28	1174,35	1365,69	1671,51
TOTAL EQUITY	221,25	271,56	305,39	544,14	646,86	787,85	937,53	1195,60	1386,94	1692,76
BORROWINGS	76	-	-	-	-	-	-	-	-	-
NUMBER OF SHAREHOLDERS	13,689	13,422	14,461	19,354	20,826	18,270	19,407	21,250	23,004	22,583
NUMBER OF EMPLOYEES	1,150	1,308	1,767	2,425	2,667	2,766	2,867	2,956	3,083	3,322

**Includes special dividend of ₹5/- per share.
* Post Merger with Solvay Pharma India Limited.
# Inclusive of Excise duty on sales / net of GST.
@The Company transitioned into IND AS from April 1, 2015, hence these numbers are not comparable with previous years.

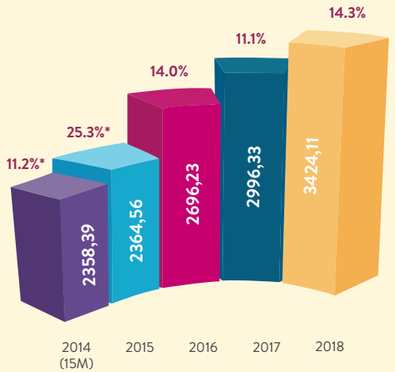
Accelerated Growth Delivers Business Performance

Key Performance Indicators

REVENUE GROWTH

14.3%

REVENUE (₹ IN LAKHS)

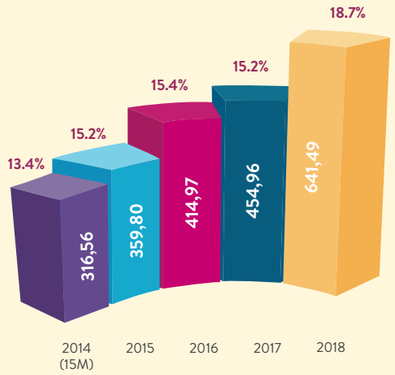


* Annualised percentage

EBITDA MARGINS

18.7%

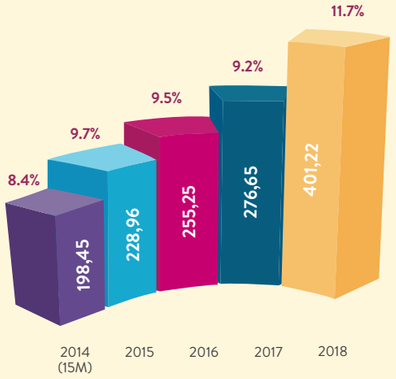
EBITDA (₹ IN LAKHS)



PAT MARGINS

11.7%

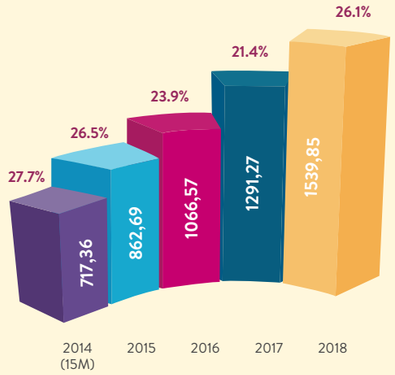
PAT (₹ IN LAKHS)



RETURN ON AVG. CAPITAL EMPLOYED

26.1%

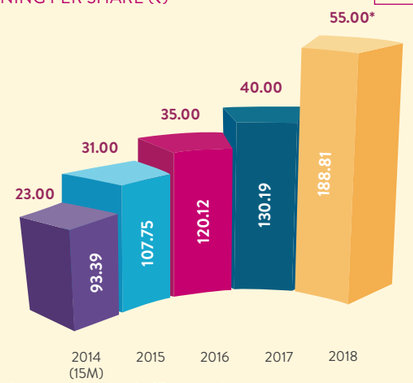
AVG. CAPITAL EMPLOYED (₹ IN LAKHS)



DIVIDEND PER SHARE

₹55*

EARNING PER SHARE (₹)

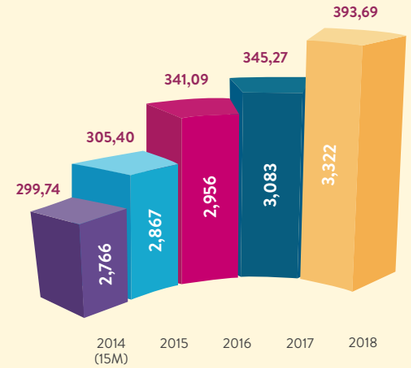


*Includes special dividend of ₹5/- per share

EMPLOYEE COST (₹ IN LAKHS)

₹393,69

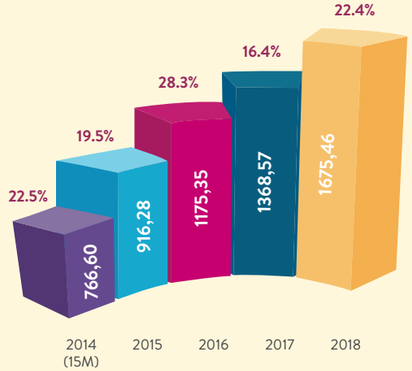
EMPLOYEES (NOS)



RESERVES AND SURPLUS GROWTH#

22.4%

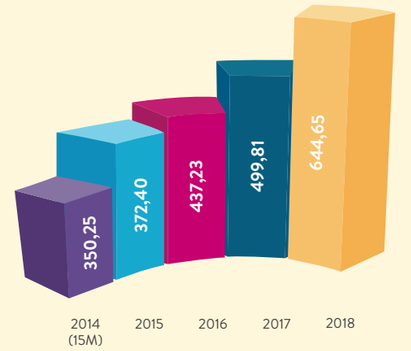
RESERVES AND SURPLUS (₹ IN LAKHS)



#Excluding Other Comprehensive Income (OCI)

CONTRIBUTION TO EXCHEQUER (₹ IN LAKHS)

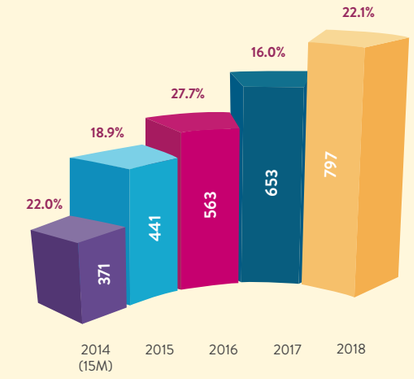
₹644,65



BOOK VALUE GROWTH

22.1%

BOOK VALUE PER SHARE (₹)



SHARE PRICE (AS AT MARCH 31)

₹5,449

MARKET CAPITALISATION (₹ IN LAKHS)

