

Annual Report for the year ended March 31, 2001



**ABBOTT LABORATORIES (INDIA) LIMITED**  
Quality Healthcare Worldwide





## Quality Healthcare Worldwide

### VISION

To be a leading  
Worldclass Diversified  
Health Care Organisation  
committed to  
consistently delight  
the stakeholders.

### MISSION

Dedicated to improve  
quality of life by  
providing innovative,  
cost effective products,  
and services of  
Global Standards.

### VALUES

- ☐ Integrity
- ☐ Innovation
- ☐ Excellence in Business Performance
- ☐ Quality of Products, People & Services
- ☐ Mutual Respect and Trust
- ☐ Appreciation for Good Work
- ☐ Recognition for Excellence

### VALUES

- ☐ Transparency, Openness & Fairness
- ☐ Team Work
- ☐ Adaptability to Change
- ☐ "Can Do" attitude
- ☐ Accountability & Ownership for Results
- ☐ Good Corporate Citizenship



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## FINANCIAL HIGHLIGHTS

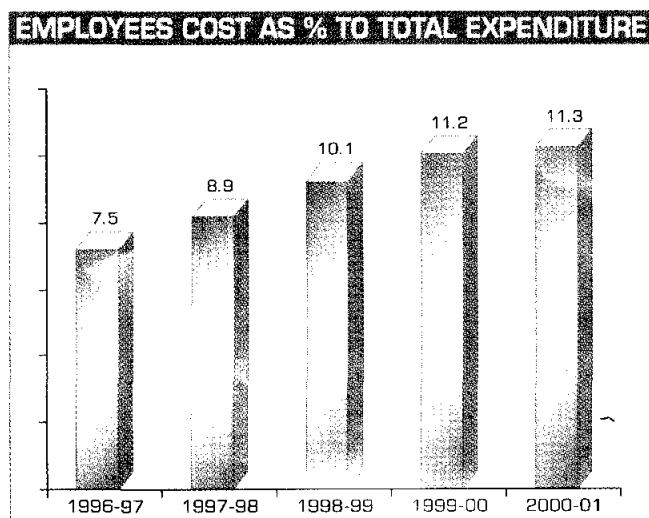
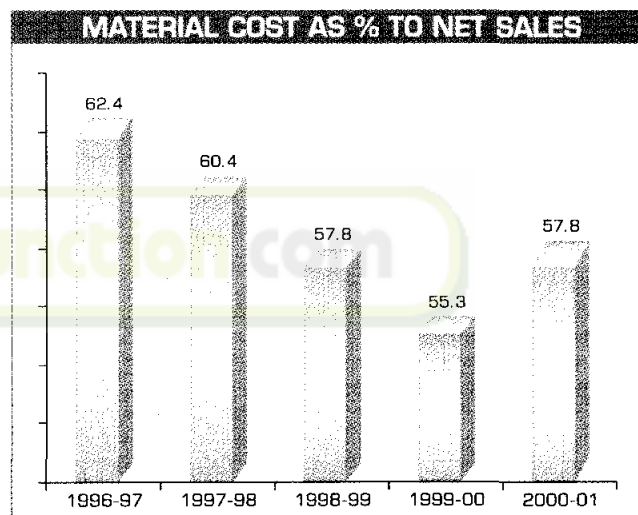
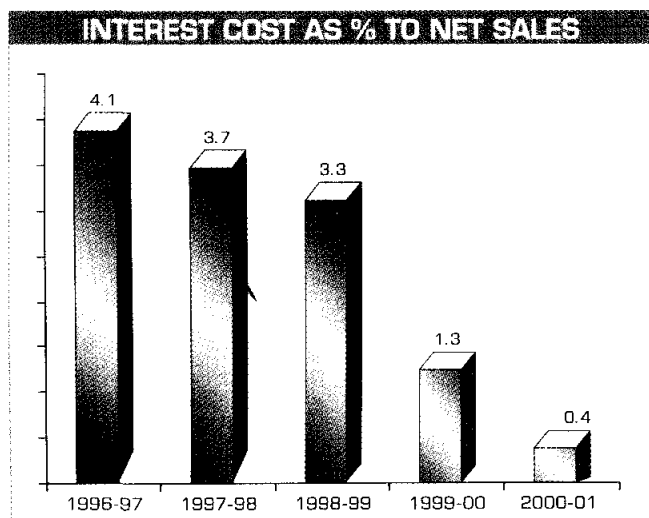
(Rupees '000)

Years ended on March 31,	2001	2000	1999	1998	1997
Net Sales	963857	967055	886202	805026	690473
Other Income	6475	5135	4943	3303	2314
Materials	557519	535406	512376	486273	430975
Employee Costs	102776	102051	86779	70665	50804
Depreciation	9274	7474	5928	5929	6994
Interest	4013	12681	29460	30146	28551
Other Expenses	233124	251637	227894	198950	161022
Profit before extraordinary item and tax	63626	62941	28708	16366	14441
Extraordinary item	22285	43000	25000	17500	25857
Profit / (Loss) after Extraordinary item & before tax	41341	19941	3708	(1134)	(11416)
Taxation / (Tax write back) - Net	9033	2440	350	0	(9500)
Profit / (Loss) after Tax	32308	17501	3358	(1134)	(1916)
Dividend - Equity	10439	7405	2813	0	0
Tax on Distributed profit	2036	815	309	0	0
Retained earning	19833	9281	236	0	0
Fixed Assets - Gross	255592	218311	186259	183333	167768
- Net	185363	156305	128373	129214	119017
Current Assets - Net	207059	218404	137794	107650	88403
Miscellaneous Expenditure to the extent not written off or adjusted	0	22285	65285	90285	107785
Equity Capital	26098	26098	22500	22500	22500
Reserves	350165	330332	99803	99567	100701
Borrowings	16159	40565	209149	205082	192004
Face Value Per Share	Rs. 5/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-
Dividends	2.00	3.00	1.25	0.00	0.00
Earnings	6.20	6.71	1.49	(0.50)	(0.85)
Book Value	72.09	136.57	54.36	54.25	54.76

Equity Capital has been enhanced by rights issue in 2000

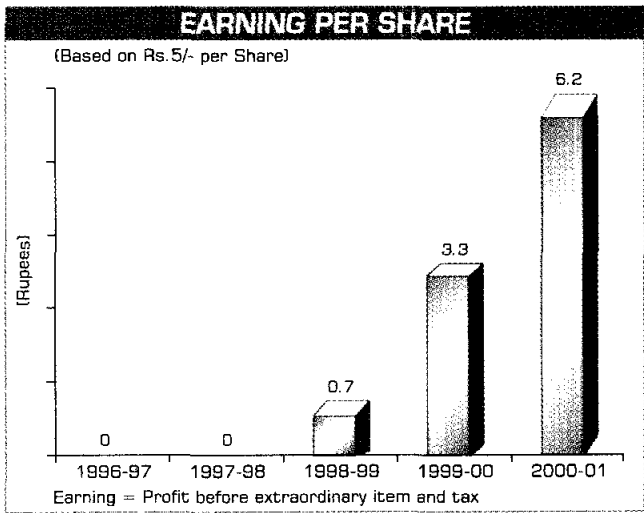
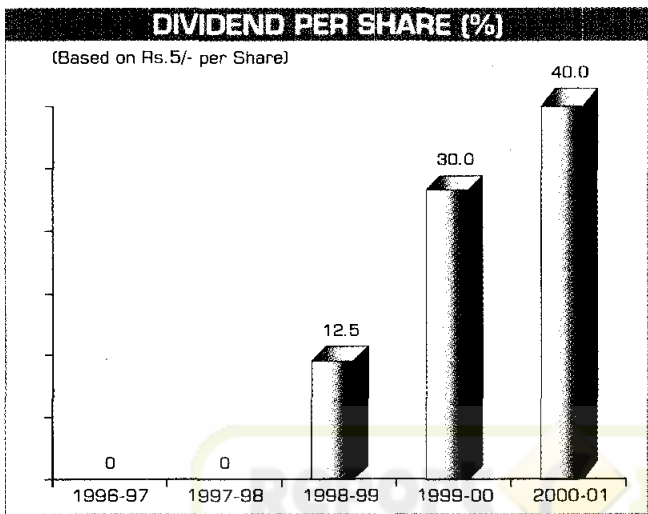
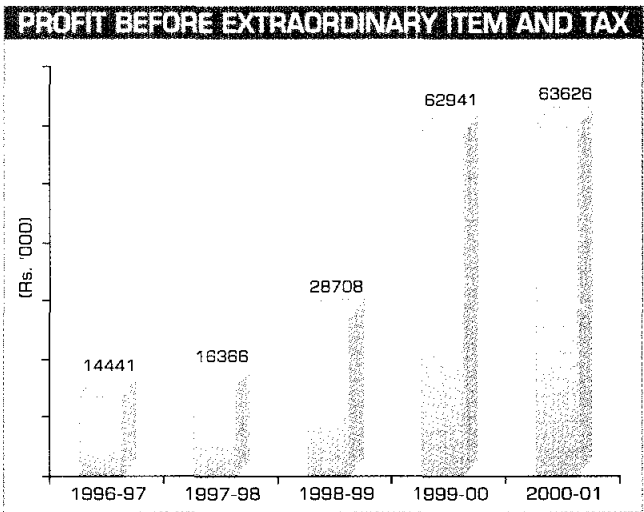


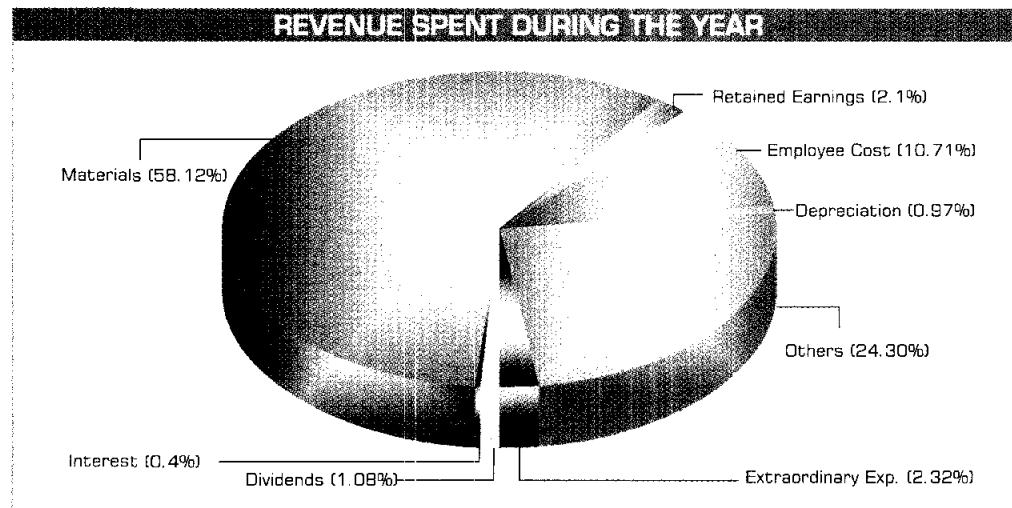
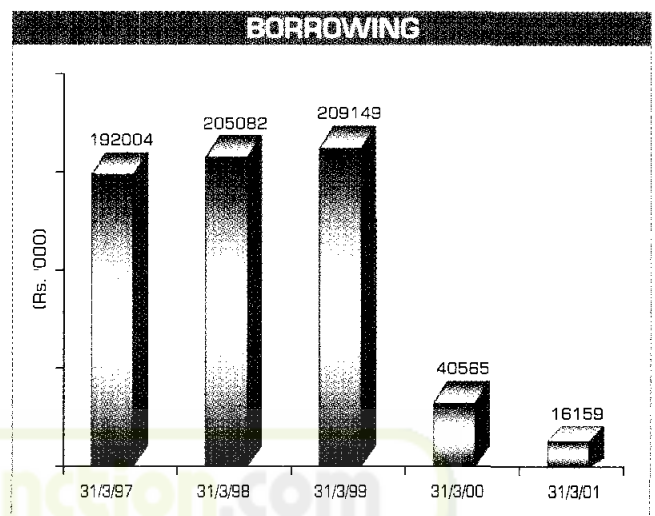
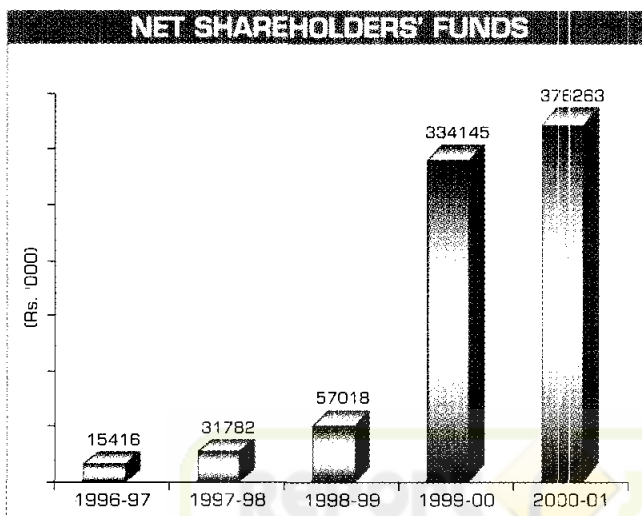
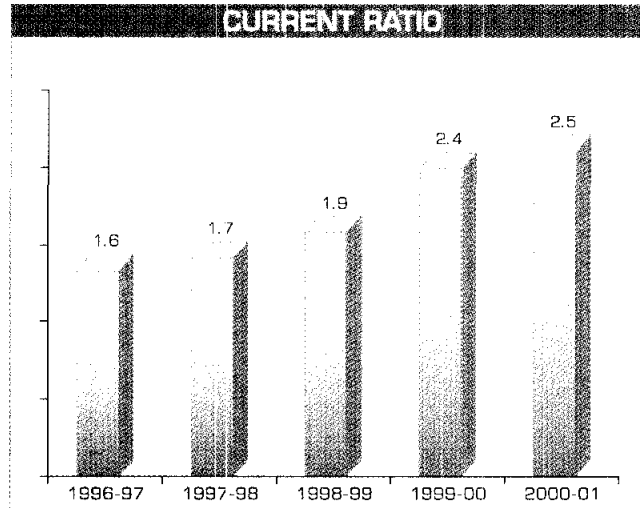
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## ABBOTT LABORATORIES (INDIA) LIMITED

### BOARD OF DIRECTORS

#### Chairman

R. A. Shah

(Alternate to Mr. David Wardell)

#### Managing Director

Tapan Ray

#### Directors

J. M. Bhatt

David Wardell

T. C. Kearney

M. A. Shaikh

Thomas Chen

T. R. Reddy

(LIC Nominee)

#### Company Secretary

S. Shankar

#### Registered Office

Jehangir Building, 133, M. G. Road,  
Mumbai 400 001

Tel. : 267 2159 / 267 1815

Fax : 265 8313

#### Bankers

State Bank of India

Canara Bank

Standard Chartered Grindlays Bank Ltd.

Societe Generale

The Bank of Tokyo -Mitsubishi, Ltd.

#### Auditors

P. C. Hansotia & Co.

#### Solicitors

Crawford Bayley & Co.

### MANAGEMENT TEAM

Tapan Ray

*Managing Director*

J. M. Bhatt

*Finance Director*

Mr. Vinod Kumar Topa

*Director - Sales & Marketing*

Dr. S. K. Banerjee

*Director - Manufacturing & Technical Services*

Dr. (Mrs.) A. Rodrigues

*Regional Medical Director*

#### Factory

Plot No. 3203, G.I.D.C. Industrial Area,  
Ankleshwar - 393 002 (Gujarat)

#### Registrars & Share Transfer Agents

Tata Consultancy Services

6, Lotus House,

Sir Vithaldas Thackersey Marg,

New Marine Lines, Mumbai 400 020.

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## NOTICE

Notice is hereby given that the Fifty-fifth Annual General Meeting of the Members of Abbott Laboratories (India) Limited will be held at M.C. Ghia Hall of Association of Merchants & Manufacturers of Textile Stores & Machinery (India), Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on Saturday, September 29, 2001 at 3.00 p.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2001 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors.
2. To declare final dividend.
3. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :  
"RESOLVED that, pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. P. C. Hansotia & Company, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to examine and audit the Accounts of the Company for the financial year 2001-2002 at a remuneration to be fixed by the Board of Directors of the Company."

By Order of the Board

S. SHANKAR  
Company Secretary

**Registered Office :**

Jehangir Building,  
133, Mahatma Gandhi Road,  
Mumbai 400 001.

Mumbai : July 31, 2001

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, DULY COMPLETED AND STAMPED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item No. 3 is annexed hereto.
3. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
4. Notice of change of address should be sent to the Company at its Registered Office or to its Registrars & Share Transfer Agents, Tata Consultancy Services.
5. The Register of Beneficial Owners, Register of Members and the Share Transfer Books of the Company will remain closed from Friday, September 14, 2001 to Saturday, September 29, 2001 (both days inclusive).
6. Final dividend recommended by the Directors and if approved by the members at the meeting, will be made to those members entitled thereto, whose names appear in the Register of Beneficial Owners and the Register of Members of the Company as on September 14, 2001. In respect of shares held in electronic form, final dividend will be payable to those deemed owners whose names appear in the Statement of Beneficial Ownership furnished by NSDL and/or CDSL as on September 14, 2001.
7. Members holding shares in physical form can avail of the nomination facility by filing Form 2B with the Company or its Share Transfer Agents. Blank forms 2B will be supplied on request.
8. All members who have either not received or have not encashed their dividend warrants for the financial year 1994-95 may claim their dividends by submitting application in Form II to the Registrar of Companies, Maharashtra, C/o. Fancy Corporation Ltd., Hakoba Compound, Dattaram Laad Marg, Kala Chowki, Mumbai 400 033, mentioning the relevant Folio No.(s) for issue of dividend warrant(s).
9. Pursuant to Section 205A(5) of the Companies Act, 1956, as amended, any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid dividend account shall be transferred by the Company to the Investor Education and Protection Fund of the Central Government and the shareholders shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter.

YOU ARE REQUESTED TO BRING YOUR COPY OF THE ANNUAL REPORT TO THE MEETING.



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## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

#### Item No. 3

In terms of Section 224A of the Companies Act, 1956, the appointment of the Auditors of the Company is required to be made by Special Resolution, if not less than 25% of the subscribed share capital of the Company is held, either singly or in any combination, by Public Financial Institutions or Government Companies or the Central or any State Government or any Financial or other Institution established by any Provincial or State Act in which the State Government holds not less than 51% of the subscribed share capital or any Nationalized Bank or Insurance Company carrying on General Insurance Business.

In the case of the Company, the combined shareholding of the Public Financial Institutions exceeds 25% of the subscribed share capital. Hence, a Special Resolution is required to be passed to re-appoint Messrs. P. C. Hansotia & Company, Chartered Accountants, as Auditors of the Company. As required under Section 224(1) of the Companies Act, 1956, a certificate has been received from them to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (1-B) of the Companies Act, 1956.

None of the Directors is concerned or interested in passing of the said Resolution.

**By Order of the Board**

S. SHANKAR  
*Company Secretary*

**Registered Office :**  
Jehangir Building,  
133, Mahatma Gandhi Road,  
Mumbai 400 001.

Mumbai : July 31, 2001

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## DIRECTORS' REPORT

To The Shareholders,

The Directors have pleasure in submitting their Report for the year ended March 31, 2001.

### I. THE BUSINESS ENVIRONMENT IN 2000-01

The new Drug Policy is still not in place. With the current drug policy, the Pharmaceutical Industry in India is under one of the most stringent price control regulations in the world. Moreover, many of the current drug pricing systems have lost their relevance in today's market scenario. Some of the key issues of the current drug pricing system are as follows:

- The prices of pharmaceuticals can be changed at any time which does not enable a company to stick to its even short or medium term plan leave aside the long term.
- There is no price control over many critical input materials like sugar, starch etc. which are used in a large scale for pharmaceutical production. Despite this fact, it is currently not very easy to get neutralization of increased input cost from the regulatory authorities.
- The annual impact of inflation is not considered.

Such stringent price control together with high tariff barrier and lack of product patent protection makes our country not very attractive to research based companies, commercially. Business growth of research-based companies in India will be adversely impacted if such companies cannot introduce the latest and the more innovative medicines in India.

We are now eagerly waiting for an Industry friendly new Drug Policy and a robust patent regime to see the Pharmaceutical industry in India taking a quantum leap.

### II. RESULTS AND DIVIDENDS FOR THE YEAR ENDED MARCH 31, 2001

#### Financial Highlights

(Rs. in Lacs)

	Year ended March 31, 2001	Year ended March 31, 2000
Profit before taxation	636.26	629.41
Less : Taxation	90.33	24.40
Net Profit after Tax (Before Exceptional Item)	545.93	605.01
Less : Deferred Revenue Expenditure towards Voluntary Retirement Scheme and other retirement benefits	222.85	430.00
Net Profit / (Loss)	323.08	175.01
Add : Balance brought forward from the previous year	181.57	106.26
Amount available for disposal	504.65	281.27
<b>Appropriation:</b>		
Proposed Dividend (Final)	26.10	—
Equity Dividend (Interim)	78.29	74.05
Distribution Tax on Dividend (Interim)	17.70	8.15
Distribution Tax on proposed Dividend (Final)	2.66	—
General Reserve	32.31	17.50
Balance Carried Forward	347.59	181.57