

BOARD OF DIRECTORS

MUNIR SHAIKH
Chairman

VIVEK MOHAN
Managing Director

R A SHAH

ASHOK DAYAL

RANJAN KAPUR

MARIO DURANTE

JOHN BERRY

THOMAS DEE

SUDARSHAN JAIN
Whole Time Director

Company Secretary

Krupa Anandpara

Bankers

Standard Chartered Bank
BNP Paribas
ICICI Bank Ltd
HDFC Bank Ltd

Auditors

Deloitte Haskins & Sells

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
Satam Industrial Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai 400 099.

CORPORATE MANAGEMENT

VIVEK MOHAN
Managing Director

S JAIN
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

DR S J ACHARYA
Head – Quality

R VOHRA
Head – Strategy & Business Development

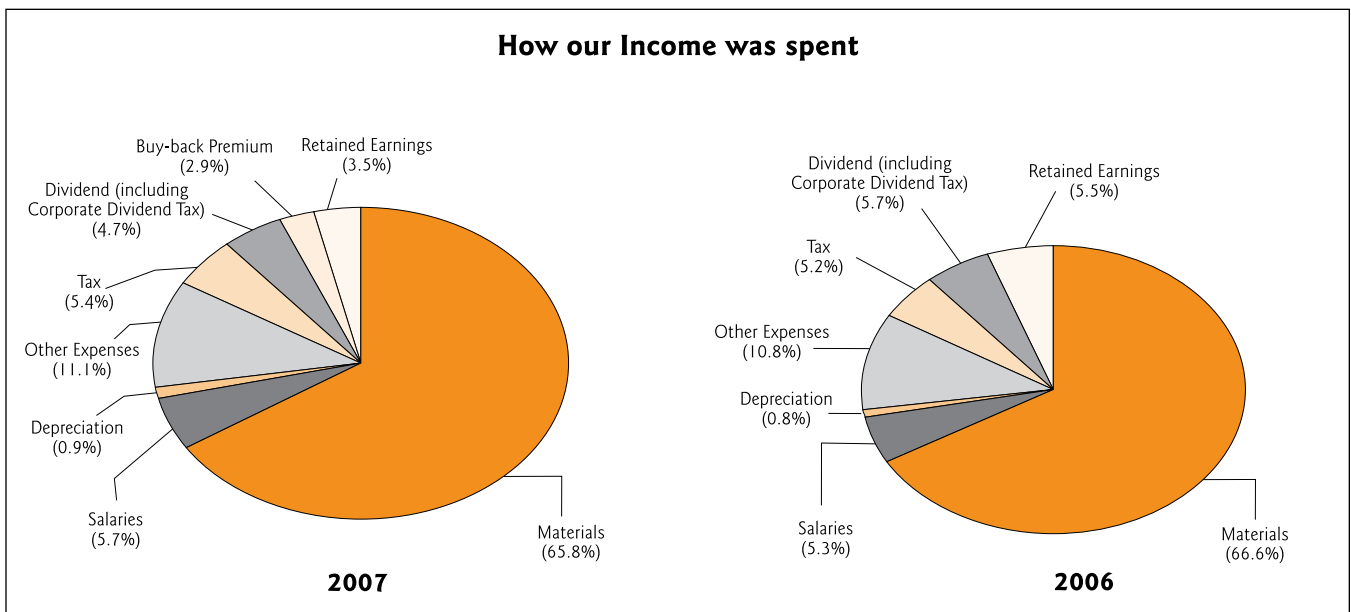
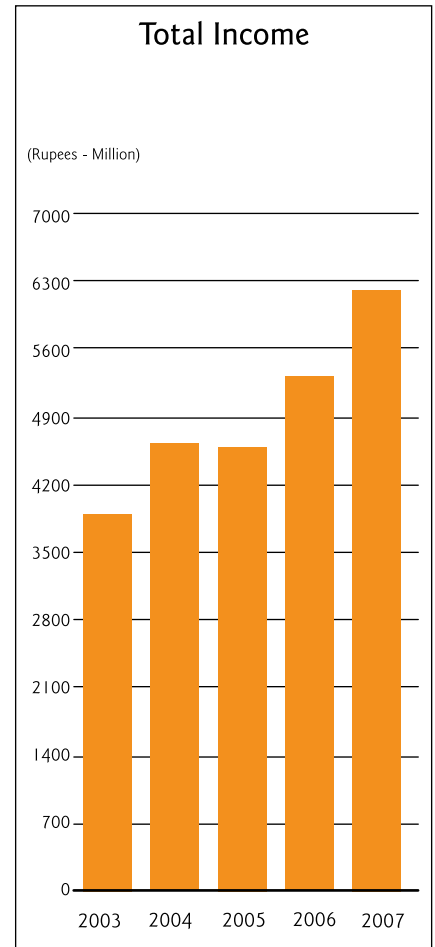
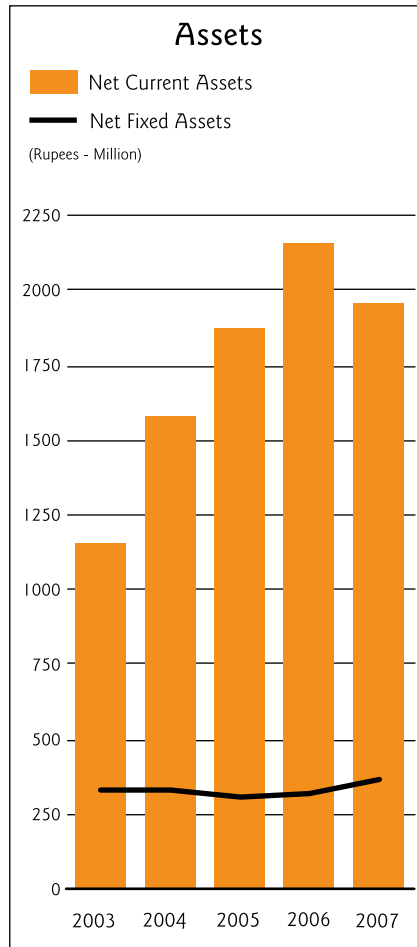
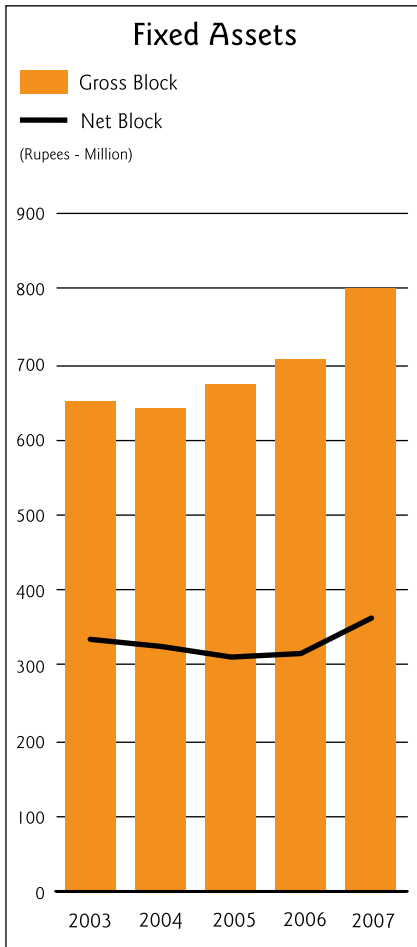
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Highlights

(Rupees in Millions)

	1998	1999	2000	2001 (11 months)	2002	2003	2004	2005	2006	2007
OPERATING RESULTS										
SALES AND OTHER INCOME	2734	3020	3643	3260	3694	3906	4626	4595	5308	6203
MATERIALS	1468	1642	1921	1914	2110	2218	2490	2958	3534	4085
SALARIES, BONUS AND STAFF WELFARE	171	161	199	186	204	228	244	250	282	353
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES	573	699	740	468	478	464	474	476	573	689
DEPRECIATION	53	51	53	45	53	44	42	40	44	57
INTEREST	6	3	15	1	1	1	1	–	1	–
PROFIT BEFORE TAX AND EXTRAORDINARY ITEM	463	464	715	646	848	951	1375	871	874	1019
EXTRAORDINARY ITEM – EXPENDITURE/(INCOME)	134	(298)	(132)	–	31	–	–	–	–	–
PROVISION FOR TAXATION	59	76	125	159	259	271	352	280	276	335
PROFIT AFTER TAX AND EXTRAORDINARY ITEM	270	686	722	487	558	680	1023	591	598	684
RETAINED EARNINGS	155	(44)	(115)	308	362	53	418	281	294	220
EARNINGS PER SHARE – BASIC & DILUTED (Rs)	16.69	42.29	44.57	30.06	33.88	43.39	66.92	38.72	39.18	46.43
DIVIDEND PER SHARE (Rs)	6.5	40.5	45.0	10.0	12.0	35.0	35.0	17.5	17.5	17.5
FINANCIAL SUMMARY										
ASSETS EMPLOYED										
FIXED ASSETS (At Cost)	675	700	710	730	642	649	642	676	706	801
FIXED ASSETS (Net)	485	462	434	417	360	335	325	312	315	363
ASSETS HELD FOR DISPOSAL (Net)	6	–	–	–	–	–	–	–	–	–
CURRENT ASSETS (Net)	759	744	560	899	1334	1152	1580	1871	2157	1957
TOTAL ASSETS	1250	1206	994	1316	1694	1487	1905	2183	2472	2320
FINANCED BY										
SHARE CAPITAL	162	162	162	162	162	153	153	153	153	145
RESERVES AND SURPLUS	1066	1021	791	1130	1509	1312	1730	2012	2305	2165
TOTAL SHAREHOLDERS' FUNDS	1228	1183	953	1292	1671	1465	1883	2165	2458	2310
BORROWINGS	22	23	41	24	23	22	22	18	14	10
DEBT : EQUITY	–	–	–	–	–	–	–	–	–	–
NUMBER OF SHAREHOLDERS	11607	13223	16156	14699	14356	13747	14792	14029	14905	14152



Notice

Notice is hereby given that the Sixty-Fourth Annual General Meeting of Abbott India Limited will be held at Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021 on Tuesday, April 8, 2008 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, 2007 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 Munir Shaikh, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr R A Shah, who retires by rotation and, being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

Special Business:

6. To appoint a Director in place of Mr John Berry who was appointed as an Additional Director with effect from December 17, 2007, pursuant to Article 113 of the Articles of Association of the Company and who holds office upto this Annual General Meeting in terms of Section 260 of the Companies Act, 1956, but being eligible offers himself for re-appointment.
7. To appoint a Director in place of Mr Thomas Dee who was appointed as an Additional Director with effect from February 14, 2008, pursuant to Article 113 of the Articles of Association of the Company and who holds office upto the forthcoming Annual General Meeting in terms of Section 260 of the Companies Act, 1956, but being eligible offers himself for re-appointment.

By Order of the Board

Krupa Anandpara
Company Secretary

Mumbai, February 14, 2008

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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the special business set out at Item Nos. 6 and 7 above and the details of Directors in respect of Item Nos. 6 and 7 pursuant to Clause 49 of the Listing Agreement with Bombay 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 Tuesday, April 1, 2008 to Tuesday, April 8, 2008 (both days inclusive).
- iv. Dividend, if approved by the Members at the Annual General Meeting will be paid on or before May 7, 2008 to the Members whose names appear on the Register of Members as on April 8, 2008 and to the Beneficial Owners of the shares as on March 31, 2008 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 Registrars & 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, 1999 has been transferred to Investor Education and Protection Fund.

Members who have not encashed their dividend warrants for the year ended December 31, 2000 or thereafter are requested to write to the Company/Registrars & Share Transfer Agents for issue of fresh warrants/demand drafts.
- 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.

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

Item No. 6

Mr John Berry was appointed as an Additional Director of the Company with effect from December 17, 2007. In terms of Section 260 of the Companies Act, 1956 ("the Act") Mr Berry holds office upto the date of this Annual General Meeting. A notice pursuant to Section 257 of the Act has been received from a member signifying his intention to propose the appointment of Mr Berry as a Director of the Company liable to retire by rotation.

Mr John Berry is currently Divisional Vice President and Associate General Counsel – Securities and Benefits, Abbott Laboratories, USA. He holds a Bachelors Degree in History and is a LL.M. in Taxation. He is a Juris Doctorate from Loyola University of Chicago.

Mr Berry's rich and varied experience will be of immense help to the Board and bear a good influence on the growth prospects of the Company. Your Board recommends his appointment as a Director of the Company.

None of the Directors, except Mr John Berry is concerned or interested in the resolution at Item No. 6 of the accompanying Notice.

Item No. 7

Mr Thomas Dee was appointed as an Additional Director with effect from February 14, 2008. In terms of Section 260 of the Companies Act, 1956 ("the Act"), Mr Thomas Dee holds office upto the date of this Annual General Meeting. A notice pursuant to Section 257 of the Act has been received from a member signifying his intention to propose the appointment of Mr Dee as a Director of the Company liable to retire by rotation.

Mr Thomas Dee has qualified B. S. Accountancy from Northern Illinois University and is a certified Public Accountant. He is also MBA Kellogg School of Management from Northwestern University, Evanston. Mr Dee is currently Vice President Finance & Controller, Abbott International.

Mr Dee's extensive knowledge and financial expertise will be of immense help to the Company. Your Board recommends his appointment as a Director of the Company.

None of the Directors, except Mr Thomas Dee is concerned or interested in the resolution at Item No. 7 of the accompanying Notice.

By Order of the Board

Krupa Anandpara
Company Secretary

Mumbai, February 14, 2008

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

Report & Accounts 2007

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

Name of Director	Mr Munir Shaikh	Mr R A Shah	Mr John Berry	Mr Thomas Dee
Date of Birth	March 1, 1943	July 7, 1931	September 5, 1952	September 12, 1963
Date of Appointment	March 2, 2001	February 21, 1983	December 17, 2007	February 14, 2008
Expertise in specific Functional Area	Mr Shaikh has 39 years of experience with Abbott International and is a seasoned Abbott veteran. He has vast knowledge of the industry and is a consummate team player with an entrepreneurial flair. He is currently designated as Divisional Vice President of the Russia, India, China (RIC) Area.	Mr Shah is a leading Solicitor and a Senior Partner of M/s Crawford Bayley & Co. a firm of Solicitors and Advocates. He specializes in a broad spectrum of corporate laws.	Mr Berry is currently Divisional Vice President – Securities and Benefits with Abbott Laboratories, USA. He has expertise in handling legal matters.	Mr Dee has held several treasury and finance positions with Abbott Laboratories. He has rich and varied experience as well as financial expertise.
Qualifications	Fellow of the Institute of Chartered Accountants in England and Wales.	Solicitor	Bachelors degree in History from Northwestern University, LL.M. in Taxation from New York University and a Juris Doctorate from Loyola University of Chicago.	B.S. Accountancy from Northern Illinois University, Certified Public Accountant, MBA Kellogg School of Management, Northwestern University.
No. of Shares held in the Company (* in person/by relatives)	NIL	5098*	NIL	NIL
Other Directorships in Indian Cos.	—	Godfrey Philips India Ltd. (Philip Morris affiliate), Clariant Chemicals (I) Ltd., Pfizer Limited, Roche Scientific Co. (I) Pvt. Ltd., Colgate Palmolive India Ltd., Asian Paints (I) Ltd., The Associated Cement Companies Ltd., The Bombay Dyeing & Mfg. Co. Ltd., BASF India Ltd., Deepak Fertilizers & Petrochemicals Corp. Ltd., Lupin Limited, Nicholas Piramal India Ltd., Procter & Gamble Hygiene and Healthcare Ltd., Wockhardt Limited, Atul Limited, BASF Polyurethanes India Ltd., Century Enka Ltd. (Akzo affiliate), Modicare Limited, RPG Life Sciences Ltd., Schrader Duncan Ltd., Uhde India Ltd.	—	—
Chairman/Member of the Board Committees of other companies	—	Pfizer Limited, Colgate Palmolive (I) Ltd., The Bombay Dyeing & Mfg. Co. Ltd., Nicholas Piramal India Ltd., Clariant Chemicals (I) Ltd., BASF India Ltd., Procter & Gamble Hygiene and Healthcare Ltd., Century Enka Ltd. (Akzo affiliate), Wockhardt Limited.	—	—

Report of the Directors

TO THE MEMBERS

Your Directors have pleasure in presenting the Sixty-Fourth Annual Report and Audited Accounts of the Company for the year ended November 30, 2007.

Financial Results

(Rupees in Millions)

	Year ended Nov. 30, 2007	Year ended Nov. 30, 2006
Sales	5,943.2	5,102.4
Profit Before Tax	1,018.6	874.4
Profit After Tax	684.3	598.6
Balance brought forward	1,891.9	1,658.1
Profit available for appropriation	2,576.2	2,256.7
Appropriations:		
Dividend (Proposed)	253.3	267.4
Corporate Dividend Tax	48.5*	37.5
Reversal of Dividend for the year ended November 30, 2006, no longer payable consequent to Buy back	(14.1)	—
Adjusted against premium paid on Buy back	176.8	—
Transfer to Reserves	68.5	59.9
Balance carried forward	2,043.2	1,891.9

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

Dividend

Your Directors recommend a dividend of Rs 17.50 per share on 14,472,740 fully paid-up Equity Shares of Rs 10 each of the Company for the year ended November 30, 2007. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of Rs 253.3 Million (Previous year: Rs 267.4 Million) and Corporate Dividend Tax of Rs 43.0 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, 2007 amounted to Rs 2,165.5 Million comprising of Amalgamation Reserve Rs 3.8 Million, Capital Reserve Rs 52.3 Million, Capital Redemption Reserve Rs 17.3 Million, Revenue Reserve Rs 48.9 Million and Surplus as per Profit & Loss Account amounting to Rs 2,043.2 Million.

Buyback

The Company, during the year under review, bought back 807,360 fully paid-up equity shares of Rs 10 each, at a price of Rs 650 per share via the tender offer route in terms of Sections 77A, 77AA and 77B of the Companies Act, 1956

(the Act) and Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. Consequently, the paid up Equity Share Capital reduced to Rs 144.7 Million.

The Board proposed another buyback of shares at a price not exceeding Rs 650 per share by utilizing an amount of Rs 518.4 Million, which was approved by the shareholders through Postal Ballot on October 15, 2007. The Company has sought an exemption under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1998, as amended, which is awaited. The proposed buyback will commence upon receipt of necessary approvals.

Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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, 2007, and of the profit of the Company for that period, except for 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 16A – Significant Accounting Policies 4).
 - The Accounting Standard – 15 (Revised 2005) "Employee Benefits" issued by The Institute of Chartered Accountants of India has been adopted by the Company effective December 1, 2006.
- 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.
- They have prepared the accompanying Annual Accounts for the year ended November 30, 2007, 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.

Report & Accounts 2007

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 Gregory Orleski and Mr Mark Masterson resigned as Directors of the Company effective September 21, 2007 and December 3, 2007 respectively. The Board placed on record its sincere appreciation for the valuable guidance and support rendered by them.

Mr John A Berry and Mr Thomas Dee are appointed as Additional Directors by the Board of Directors at its meetings held on December 17, 2007 and February 14, 2008, respectively. In terms of Section 260 of the Companies Act, 1956, they hold office upto the date of the forthcoming Annual General Meeting and being eligible, offer themselves for appointment.

Mr Munir Shaikh and Mr R A Shah 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, the Statutory Auditors, retire at this Annual General Meeting and are eligible for re-appointment.

Health, Safety and Environment

The Company continues to accord utmost priority to the areas of health, safety and environment. 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. The plant has initiated various energy saving measures with the resultant decrease in carbon footprint. The Company continuously endeavors to improve on environmental management to minimize the adverse environmental impact.

ii. Health and Safety

The Company gives prime importance 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 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.

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

Technology Absorption and Development

Development of new formulations and 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 and clinical research, which is carried out at the R & D Centre of the Company at Goa, which is duly 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 through import substitution and new vendor development. The Company has continued to accelerate the pace of new products introduction in 2007 in its core therapeutic areas, namely Gastroenterology (Ganaton Total – a co formulated prokinetic and proton – pump inhibitor), Metabolics (Thyrowel – nutritional supplement for thyroid patients & Thyronorm 75) and Anti convulsant (Zonicare – add on anti epileptic). The laboratory is currently working on line extensions and product optimizations of various existing products manufactured.

Employees

Relations with the employees have remained cordial throughout the year. Your Board acknowledges and appreciates the efficiency and dedication shown by them.

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 Ashok Dayal
Managing Director Director

Mumbai : February 14, 2008

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:

Fully automatic packaged type boilers having fuel efficiency in excess of 80% have been installed. Steam condensate is being recovered for re-use in boilers.

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.

(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.

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

	2007	2006
A. Power & Fuel Consumption		
(a) Electricity		
(i) Purchased (Unit Millions)	3.1	2.4
Total amount (Rs. Millions)	26.7	20.5
Rate/Unit (Rs.)	8.61	8.53
(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.

	2007	2006
(b) Coal	N.A.	N.A.
(c) Furnace Oil		
Quantity (kilo ltrs)	131.9	54.1
Total amount (Rs. Millions)	2.8	1.1
Average rate (Rs.)	21.22	20.98
(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&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, tablets and capsules. 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.

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 & approval, technical evaluation and assessment to ensure quality of TPM's products.

D. Expenditure on R&D.

	Rs. in Millions
(a) Capital	4.4
(b) Recurring	31.1
(c) Total	<u>35.5</u>
(d) Total R&D expenditure as a percentage of total turnover	0.6%

E. Technology absorption, adaptation and innovation.

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

The Company on an ongoing basis interacts with Abbott Laboratories Intl Co, USA, 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 substantially as a result of the emphasis on innovation. Such innovation has also resulted in the improvement of product quality.

(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. 39.3 Million, which includes Rs. 4.4 Million towards other recoveries from the affiliates and Rs. 34.9 Million towards exports.

(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	148.8
(b) Expenditure in foreign currencies for professional charges, sales promotion expenses, subscription, commission on export sales and business travel, etc.	11.9
(c) Remittance during the year in foreign currency on account of dividend	165.0

B. Total foreign exchange earned 39.3

For and on behalf of the Board

Vivek Mohan Ashok Dayal
Managing Director Director

Mumbai, February 14, 2008

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 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 action.

2. Board of Directors

- (a) The Board presently comprises 9 Directors including 2 Executive Directors 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 year 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 November 30, 2007, 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 17, 2007)		
Mr Munir Shaikh Chairman of the Board	Non-Executive	5	Yes	—	—
Mr Vivek Mohan Managing Director	Executive	7	Yes	—	—
Mr R A Shah	Non-Executive Independent	7	Yes	21	9 (including Chairmanship of 5 companies)
Mr Ashok Dayal	Non-Executive Independent	5	Yes	3	2
Mr Mark Masterson (resigned effective December 3, 2007)	Non-Executive	1	Yes	—	—
Mr Ranjan Kapur	Non-Executive Independent	5	Yes	10	2
Mr Mario Durante	Non-Executive	2	No	—	—
Mr Gregory Orleski (resigned effective September 21, 2007)	Non-Executive	—	No	—	—
Mr Sudarshan Jain Whole time Director	Executive	6	Yes	—	—

* Excluding directorships in Associations and Foreign companies but including private companies and alternate/additional directorships.

** Memberships/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committees.

Mr John A Berry and Mr Thomas Dee have been appointed as the Additional Directors effective December 17, 2007 and February 14, 2008, respectively .

(c) During the financial year, 7 Board Meetings were held on the following dates:

February 8, 2007; March 29, 2007; April 17, 2007; May 15, 2007; June 21, 2007; September 5, 2007 and September 30, 2007.

(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.

Report & Accounts 2007

3. Audit Committee

The Audit Committee comprises of 4 Non-Executive Directors, namely, Mr Ashok Dayal (Chairman), Mr R A Shah, Mr Ranjan Kapur and Mr Munir Shaikh. Except Mr Munir Shaikh, all the other Members are Independent Directors. Ms Krupa Anandpara, Company Secretary is the Secretary of the Audit Committee.

The composition, role, terms of reference as well as powers of the Audit Committee are in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The terms of reference *inter alia*, include oversight of the company's financial reporting process, reviewing the financial statements with the Management, recommending appointment/reappointment of auditors, fixation of audit fees, reviewing the adequacy of internal audit function, periodic discussions with auditors about their scope and adequacy of internal control systems, discussion on any significant findings made by internal auditors and follow up action. The Committee also reviews various information prescribed under Clause 49(II)(E) of the Listing Agreement with the Bombay Stock Exchange Limited.

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

February 8, 2007; March 29, 2007; May 15, 2007; June 21, 2007 and September 30, 2007.

Mr R A Shah attended all the meetings, Mr Ashok Dayal attended 3 meetings and Mr Munir Shaikh and Mr Ranjan Kapur attended 4 meetings each. The Finance Director generally remains present at the meetings. The Statutory, Internal and Cost Auditors are also invited to the meetings, as required.

4. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises of 2 Directors, namely, Mr Ashok Dayal, Non-Executive and Independent Director as Chairman and Mr Vivek Mohan, Managing Director, which looks into the redressal of shareholder and investors complaints. Ms Krupa Anandpara, Company Secretary is the Compliance Officer.

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

February 8, 2007; March 29, 2007 and June 21, 2007.

A summary of complaints received and resolved by the Company during the year ended November 30, 2007 is given below:

Particulars	Received	Resolved
Non receipt of share certificates duly transferred	1	1
Non receipt of dividend warrants	11	11
Miscellaneous		
– Non receipt of Annual Report	4	4
– Non receipt of Buy-back warrants	28	28

The Company, during the year, received 5 letters relating to investor grievances from Securities and Exchange Board of India, which were duly replied.

As on November 30, 2007, 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. 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 for the financial year ended November 30, 2007 are as follows:

Terms of Agreement	Mr Vivek Mohan (Managing Director)	Mr Sudarshan Jain (Whole-time Director)
Period of appointment	5 years	5 years
Date of appointment	November 1, 2004	September 18, 2006
Salary & Other Allowances	10,847,290	3,199,192
Perquisites	6,582,495	202,374
Contribution to Provident Fund, Superannuation Fund & Group Gratuity Scheme	148,855	756,264
Performance Linked Incentive	2,028,000	526,460
Notice Period	By either party giving six months notice or the Company paying six months salary in lieu thereof	
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 & Whole time Director are entitled to Stock Option of Abbott Laboratories, USA under its "Incentive Stock Option Program" and are also eligible to purchase shares of Abbott Laboratories, USA, under its "Affiliate Employee Stock Purchase Plan". Details as regards the same are disclosed in Note B 25 – Schedule 16 to the Accounts in the Annual Report.	

(b) Non-Executive Directors

The Non-Executive resident Directors are paid sitting fees of Rs 5,000/- per meeting of the Board and Committee attended by them.

Mr R A Shah, Mr Ashok Dayal and Mr Ranjan Kapur were paid sitting fees amounting to Rs 65,000/-, Rs 60,000/- and Rs 45,000/- respectively, for attending the Board and Committee Meetings (including Buyback Committee meetings) held during the financial year 2006-2007.

None of the other Non-Executive Directors had any material pecuniary relationship or transactions with the Company other than the Sitting Fees received by them.

- (c) None of the Non-Executive Directors and their relatives holds any shares of the Company except Mr R A Shah and his relatives hold 5,098 shares.

6. General Body Meetings

Financial Year	Date	Time	Location	No. of Special Resolutions
2004	April 26, 2005	3.30 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021	—
2005	May 3, 2006	10.30 a.m	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021	—
2006	April 17, 2007	10.30 a.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021	—

Postal Ballot

During the financial year 2006-07, a Special Resolution for seeking shareholders approval for buyback of a portion of Company's fully paid equity shares under the provisions of Section 77A, 77AA and 77B of the Companies Act, 1956, was put through Postal Ballot. The Postal Ballot notice was sent to each shareholder as on the cut off date decided.

The Board appointed Ms Neena Bhatia, Practicing Company Secretary as Scrutinizer to conduct the Postal Ballot in respect of the said Special Resolution. Based on the Report submitted by the Scrutinizer, the result of the Postal Ballot was declared on October 15, 2007 and the Special Resolution was passed by a majority of 99.47% of the total valid votes polled.

Details of voting pattern are given below:

Total votes	14,472,740
Total votes received	9,742,060
Total valid votes	9,731,150
Total invalid Votes	10,910
In favour	9,679,839 (99.47%)
Against	51,311 (0.53%)

At present, no special resolution is proposed to be passed through postal ballot.

7. 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 financial year, that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board for approval as required by law. Transactions with related parties are disclosed in Note B 23 of – Schedule 16 to the notes forming part of the Accounts in the 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 Director – Finance (CFO) have made a certification to the Board of Directors in the prescribed format for the year under review, which has been reviewed by the Audit Committee and taken on record by the Board.
- (e) The Board of Directors of the Company has adopted a Code of Business Conduct, which lays down various principles of ethics and compliances. 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) During the financial year 2006-07, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

8. Means of Communication

- (a) The quarterly, half yearly and annual results are 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 pattern are also made available on the website of the Company (www.abbott.co.in) and on SEBI's EDIFAR (Electronic Data Information Filing And Retrieval) System website (www.sebiedifar.nic.in).
- (b) During the financial year, the Company has not made any presentation to institutional investors or analysts.
- (c) Management Discussion and Analysis Report forms part of the Directors Report.

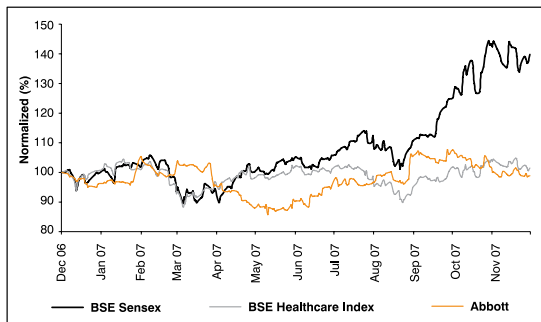
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9. General Shareholder Information

- i Annual General Meeting : Tuesday, April 8, 2008 at 10.30 a.m.
Y B Chavan Auditorium
General Jagannath Bhosale Marg, Mumbai 400 021
- ii Financial year : December 1, 2006 – November 30, 2007
- iii Date of Book Closure : April 1, 2008 to April 8, 2008 (both days inclusive)
- iv Dividend Payment Date : On or before May 7, 2008
- v Listing On Stock Exchange : Bombay Stock Exchange Limited (BSE)
- vi Stock Code : 500488
- vii Market Price Data (High/Low during each month) on BSE:

Month	High	Low
December 2006	547.90	505.00
January 2007	588.95	514.40
February 2007	579.95	524.15
March 2007	564.90	485.65
April 2007	521.95	472.00
May 2007	496.95	460.00
June 2007	525.00	472.10
July 2007	534.90	510.00
August 2007	600.00	502.05
September 2007	590.00	550.00
October 2007	584.00	536.10
November 2007	559.95	520.00

- viii Performance in comparison to broad based indices: December 2006 – November 2007



- ix Registrars and Share Transfer Agents:
Sharepro Services (India) Private Limited,
Satam Estate, 3rd Floor, Cardinal Gracious Road
Chakala, Andheri (East), Mumbai 400 099
Phone : 67720300/67720314
Fax : 2837 56 46
Email : sharepro@vsnl.com

- x Share Transfer System

In order to expedite the process of share transfers, the Board has delegated the powers 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 21 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 receipt.

- xi Distribution of Shareholding as on November 30, 2007

Number of Equity Shareholdings	Number of Shareholders	Percentage of Shareholders	Number of shares	Percentage of Shareholding
1-50	6339	44.79	155,653	01.07
51-100	2984	21.09	256,190	01.77
101-500	3364	23.77	815,743	05.64
501-1000	795	05.62	577,516	03.99
1001-5000	605	04.27	1,222,507	08.45
5001-10000	37	00.26	236,447	01.63
10001 & above	28	00.20	11,208,684	77.45
Total	14152	100.00	14,472,740	100.00

Shareholding Pattern as on November 30, 2007

Sr. No.	Category of Shareholders	No. of shares held	% to total
1.	Promoters	9,428,184	65.14
2.	Banks	6,280	00.04
3.	Financial Institutions	61,287	00.42
4.	Foreign Institutional Investors	1,194	00.01
5.	Insurance Companies	803,521	05.55
6.	Mutual Funds	445,652	03.08
7.	Domestic Companies	400,226	02.77
8.	Non Resident Indians	56,226	00.39
9.	Others	3,270,170	22.60
	Total	14,472,740	100.00

- xii Dematerialisation of Shares as on November 30, 2007

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 November 30, 2007, 1,35,53,024 shares representing 93.65% of the Company's total paid-up share capital (including 65.14% held by the Promoter) were held in dematerialised mode. The Company's shares are traded on BSE – A Group.

- xiii The Company has not issued any GDR/ADR Warrants or any other convertible instruments.
- xiv Plant Location: L-18/19, Verna Industrial Estate, Goa
- xv Address for correspondence:

Abbott India Limited
Registered office:
3-4, Corporate Park, Sion-Trombay Road,
Mumbai-400 071
Telephone: 67978888 • Fax: 67978727
Email: webmaster@abbott.co.in
investor.relations@abbott.co.in

Registrars & Share Transfer Agents:

Sharepro Services (India) Pvt Ltd
Satam Estate, Above Bank of Baroda
Cardinal Gracious Road
Chakala, Andheri (E)
Mumbai-400 099
Contact Person: Ms Indira Karkera/
Mr Damodar Kedlaya
Telephone: 67720300/67720314
Fax: 28375646
Email: sharepro@vsnl.com

On behalf of the Board

Vivek Mohan Ashok Dayal
Managing Director Director

Mumbai, February 14, 2008

Declaration by Managing Director under Clause 49 of the Listing Agreement regarding Compliance of Code of Conduct

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 the Abbott India Code of Business Conduct, as applicable to them, for the financial year ended November 30, 2007.

Abbott India Limited

Vivek Mohan
Managing Director

Mumbai, February 14, 2008

Auditors Certificate for Corporate Governance

To

The Members of Abbott India Limited

We have examined the compliance of conditions of corporate governance by Abbott India Limited for the year ended on November 30, 2007, as stipulated in clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited.

The compliance of 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 the 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
Chartered Accountants

K. A. Katki
Partner

Mumbai
February 14, 2008

Membership No. 038568

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. Industry structure and developments

The Indian pharmaceutical market has maintained a double-digit growth rate for the year 2007. Both acute and chronic therapy segments have grown satisfactorily, and the market has ended the year with an annual growth of approximately 12%.

The Indian pharmaceutical market has attracted much interest in recent years. Enthusiasm for the sector has been primarily driven by reforms such as patent protection, import liberalization and increased spending in healthcare, as well as general international enthusiasm regarding the Indian economy. The market is continuing its growth momentum and now ranks 4th in the world in terms of volume and 14th in terms of value. It is estimated that by 2015, the Indian pharma industry will rank amongst the top 10 in the world, overtaking Brazil, Mexico, South Korea and Turkey. The major trends that will influence this growth of the market over the next few years are: increasing disposable income, growing number of middle class households, expansion of healthcare infrastructure, penetration of healthcare insurance, rising incidence of chronic diseases, innovative product launches due to product patents and expanded healthcare access to rural and semi urban markets.

Although the Government has amended the Patents Act to provide for grant of product patents in respect of pharmaceuticals, certain provisions of the amended Patents Act such as scope of patentability and compulsory licensing, data exclusivity and price negotiations for newly patented drugs are not in line with practices in most developed countries. This is affecting the introduction of innovative products, resulting in delayed/non-availability of new therapies to the market.

The Draft National Pharmaceuticals Policy, 2006 (Part A) had been circulated and addresses issues in relation to integration of drug regulatory bodies, IPR implementation, data protection in clinical trials, price negotiations for patented drugs, trade margins, government procurement, branding and research and development. In view of sharp differences between the pharmaceutical industry and the Ministry of Chemicals and Fertilizers on cost based price controls, the Union Cabinet had referred the matter to a group of ministers for review and recommendation. The Group of Ministers is yet to make any specific recommendation. Meanwhile the National Pharmaceutical Pricing Authority has stepped up its vigil and is aggressively monitoring and controlling the prices of controlled as well as decontrolled formulations. The Industry is proposing a price monitoring mechanism instead of price control.

2. Opportunities and Threats

Introduction of product patents presents an opportunity for the growth of the pharmaceutical industry. Such protection will motivate speedier introduction of new and innovative therapies,

attract investment in research and lead to development of the overall industry and market. Global phase II and III clinical trials can now be concurrently carried out in India.

Value Added Tax has been implemented in all states including Uttar Pradesh from 2008 onwards. The gradual phasing out of Central Sales Tax will further lead to simplification opportunities of the distribution chain and spur the growth of the industry.

India is seeing the emergence of corporate chains of hospitals and world-class facilities, which are growing at a compounded growth rate of over 20%. Although these facilities currently comprise a small base of 1 to 2% of total beds in 2005, it is estimated that these chains will represent greater than 5% of the total market by 2015. Large private hospitals that have more than 100 beds represent 25% of the market today. This segment will also continue to grow strongly, driven by increasing demand from high and medium affordability segments of our population. These changes present increased opportunities for the Company, and to capitalize on the same the Company was one of the first in the Industry to set up an independent cross divisional field structure to cater to the unique needs of this segment.

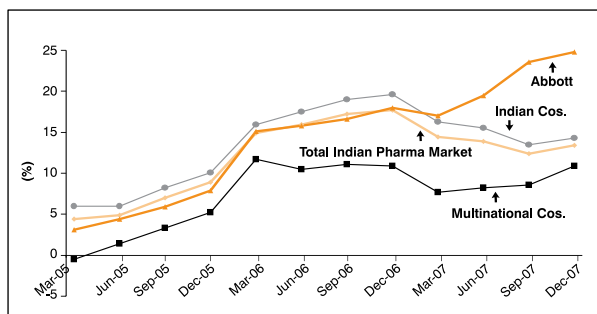
The Indian middle class is growing rapidly and so also are the prospects for greater health insurance coverage. The Indian market is under-insured with less than 4% of the population covered by State Health Insurance. The private health insurance market is limited to a miniscule number. It is estimated that the number of Indians who can afford quality private healthcare stands at about 100 million, which is about 1/3rd of the middle class population and 1/10th of the total population. Increasing penetration of health insurance coupled with rising purchasing power is expected to stimulate the market. Healthcare reforms are also expected to expand the coverage of organized healthcare to rural areas leading to increased supply of secondary care.

All the above factors are likely to provide renewed opportunities for the growth of pharmaceutical industry. Yet there are some factors that limit India's appeal for multinational companies. The absence of a clear, objective and transparent policy on drug price control continues to impact the overall industry direction. The Draft National Pharmaceuticals Policy addresses some of the issues, however, negative policies relating to price control severely affect industry growth and investment in Indian market. Similarly, the amended Patents Act does not have adequate clarity with respect to definition of patentable invention, data protection and compulsory licensing, and government is now pursuing mandatory price negotiations on the newly patented products.

3. Segmentwise performance

The Company operates only in the pharmaceutical segment. This year too it has recorded faster growth than most other multinational companies and the overall pharma market, and across various therapeutic segments, especially gastroenterology, neurology, anesthesiology and metabolic disorders. As was the case last year, a significant proportion

of the growth has come from organic means driving increased volumes by revitalizing growth in our core brands, reversing the declining volume trends experienced in earlier years. A chart given below depicts the growth of the Company vs the industry and other pharma companies.



(Source : ORG IMS)

India is challenged by a variety of health issues. In addition to chronic diseases such as cardiovascular disorders, diabetes and depression, which are significantly prevalent in developed countries, India still has to face up to infectious diseases, re-emergence of diseases such as tuberculosis (TB) and malaria, and dreaded diseases such as cancer and HIV/AIDS. The Company plans to venture into the virology segment, in particular HIV, with its original research products. Chronic diseases are on the rise due to changing lifestyles, yet in the year under review, the growth was seen across segments.

The Company's product portfolio is balanced and provides therapies for both acute and chronic health conditions. The performance of the Company is in line with trends observed in the market, viz, good growth in both chronic and acute therapy segments.

The Company's hospital product portfolio includes anesthesia and neonatology, and continues to record good growth in the market place.

4. Outlook

It is the Company's strategy to continue to focus on its core therapeutic areas in pharmaceuticals, i.e. CNS, gastroenterology, metabolic, pain management, urology, specialized anesthesia range and neonatology. Growth in chronic therapy areas is expected to continue while innovations and life cycle management will continue to support performance in acute therapy segments. To revitalize the portfolio, the Company has introduced a number of new products in its core therapy areas, namely, Gastroenterology (Ganaton Total, once daily formulation of itopride and pantoprazole for Gastroesophageal reflux disease) Thyrowel and Surbex XT, specially formulated vitamin formulations for thyroid patients and in general debility respectively and Zonicare (zonisamide) in CNS segment.

The Company has also increased its manpower numbers in sales and marketing to consolidate and accelerate its growth. While keeping its focus on achieving a higher sales growth, the Company continues to work on generating cost related efficiencies in areas of Supply Chain as well as Administration and Selling expenses. The Digene transfer to its own factory at Goa has been smooth, thereby improving capacity utilization of its plant.

The Company is in the process of implementing an in-sourcing and manufacturing strategy for cost effective and efficient operations. Major products are being manufactured in-house, while we constantly explore opportunities to keep outsourced products in cost efficient, high quality sites. To ensure the supply of high quality and genuine products to its customers as well as combat the infringement of the Company's brands the Company has redesigned its product packaging with several anti-counterfeiting features.

5. Risks and Concerns

Introduction of new drugs in the market place and proliferation of generic and copy-cat products have affected demand and pricing of the Company's products, especially in case of acute therapy.

Lack of clarity on the Government's future policy especially in relation to price control continues to be a major threat to the Industry. The absence of a clear objective and transparent policy on drug pricing continues to impact the overall Industry direction.

The Industry also continues to be faced by the challenges posed by manufacturers of spurious drugs and the Company has been taking various measures to counter this threat.

The slow pace of patent grants and multiple opportunity for opposition remains a concern area for the Industry.

Introduction of new taxes and changes in existing tax laws, as well as other statutes particularly in the pharmaceutical sector continue to pose a challenge to the Industry.

6. Internal Control Systems and their adequacy

The Company has an adequate system of internal controls which ensures that its assets are protected against loss from unauthorized use or disposition and all transactions are authorized, recorded and reported in conformity with generally accepted accounting principles.

The internal control systems are documented with clearly defined authority limits. These systems are designed to ensure accuracy and reliability of accounting data, promotion of operational efficiency and adherence to the prescribed management policies. These policies are periodically updated to meet current business requirements.

The Company has a regular Internal Audit process conducted by a leading firm of Chartered Accountants whose scope of work and audit program is agreed with the Audit Committee.

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The findings of the auditors are discussed with the Audit Committee and adequate steps are taken to strengthen our controls and taken forward by Management.

The Company has been continuously evaluating business risks and taking a number of initiatives to address the same. The Company is now in the process of institutionalizing the enterprise-wide risk management program and integrate the same with Internal Controls to pave the way for risk based auditing.

7. Discussion on Financial Performance with respect to Operational Performance

During the year under review, Sales amounted to Rs 5,943 Million (increase of 16.5% over last year) and Profit Before Tax stood at Rs 1,019 Million as compared to Rs 874 Million last year, also recording a growth of 16.5%. The focus during the year continued to be on organic growth, revitalizing performance of our existing brands and portfolio, driving prescription share and our volume base. The profit improvement measures taken in the past couple of years, investments in recruitment and training, focused market reach, manufacturing reconfiguration and distribution rationalization started yielding dividends.

The Company has an investment portfolio of Rs 1,496 Million generated out of operating surplus, which is invested primarily in Debt Mutual Funds – Liquid schemes. The Company primarily adopts a cautious approach towards investments, and its investment strategy is to ensure safety of capital and liquidity. This strategy is reviewed periodically by the Audit Committee members in conjunction with the investment advisors to optimize returns. As part of this strategy, the Company has selectively invested in Fixed Maturity Plans (FMP) (Debt Schemes) to improve the yield of investments. While the Company continues to seek opportunities for acquisition of suitable products, it has completed share buyback by utilizing funds of Rs 525 Million during last year.

The Company recently achieved its 3rd consecutive re-certification as a world-class, “Class A” organization initially certified by Oliver Wight, a UK firm of international repute

advising on business process improvements. This certification marks a commitment to excellence whereby the Company continuously “raises the bar” and sets a high level of expectations of its business, its people and processes. The Company has opportunities to grow the business, and ensuring sound processes will enable it to achieve its objectives with greater speed.

8. Material developments in Human Resources/Industrial Relations

During the year under review, the Company has focussed on building capacity and capability of human resources which, on November 30, 2007 totalled at 1042 Employees. With high thrust on talent acquisition by strengthening its field organisation by 25%, training and deploying them in targeted time, the Company has been able to increase its penetration and coverage of key customers. Simultaneously, the Company has focussed on extensive training of its human resources exceeding 8000 man days this year alone.

Focus on developing a high performance work culture, differentiating performance and rewarding and recognizing excellence has continued to drive employee motivation. Living the Abbott values of Pioneering, Achieving, Caring and Enduring, was made more personalized by adopting the theme, “I am Abbott”, and linking the Company’s overall vision and mission to individual goals.

Strategic human resource initiatives for developing a leadership pipeline by strengthening the Abbott Talent Development Programme, reinforcement of the Performance Excellence scheme, thrust on continuous improvement and internal customer satisfaction were strengthened.

For and on behalf of the Board

Vivek Mohan Ashok Dayal
Managing Director Director

Mumbai, February 14, 2008

Auditors' Report

To the Members of Abbott India Limited

1. We have audited the attached Balance Sheet of Abbott India Limited, ("the Company"), as at November 30, 2007, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Statement on Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from directors as on November 30, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on November 30, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, 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 November 30, 2007;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants

K A KATKI

Partner

Membership No. 038568

Mumbai,
February 14, 2008

Annexure referred to in paragraph 3 of the Auditors' Report on the Accounts of Abbott India Limited

1. In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses xiii, xiv, xviii, xix and xx are not applicable to the Company.
2. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Physical verification of fixed assets is being conducted in a phased programme by the management designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (c) Although some of the fixed assets have been disposed off during the year, in our opinion and according to the information and explanations given to us, the ability of the Company to continue as a going concern is not affected.
3. In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year 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 are 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 the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
4. According to the information and explanations given to us, the Company has not granted or taken any loan secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. There were no transactions in respect of sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
6. To the best of our knowledge and belief and according to the information and explanations given to us, there were no transactions required to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
8. In our opinion, the internal audit functions carried out during the year by an external entity appointed by the management have been commensurate with the size of the Company and nature of its business.
9. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of formulations, pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed records have been maintained and the prescribed accounts are in the process of being made up. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
10. In respect of statutory dues:
 - (a) According to the information and explanations given to us, the Company has 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 any other material statutory dues with the appropriate authorities during the year. An amount of Rs 0.1 Million on

account of unpaid bonus outstanding for more than 3 years has been paid subsequent to year end to Labour Welfare Fund.

- (b) According to the information and explanations given to us, details of disputed Income Tax, Excise Duty and Sales Tax, which have not been deposited as

on November 30, 2007 on account of any dispute are given below:

There were no disputed dues in respect of Custom Duty, Wealth Tax, Service Tax and Cess during the year.

Nature of Statute	Nature of Dues	Amount Rs in Millions	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disputed Income Tax Demand	14.6	A.Y. 2004-2005	CIT (Appeals)
Central Excise Act, 1944	Classification dispute	0.3	1991- 1992	Commissioner (Appeals)
	Modvat credit availed on inputs	0.1	1994	Commissioner
	Modvat credit availed on capital goods	0.03	1994	Assistant Commissioner
	Recovery of amount allegedly refunded erroneously	0.1	2000	Assistant Commissioner
	Demand for Excise Duty on empty plastic containers	0.05	1998- 2002	Assistant Commissioner
	Classification dispute	3.0	2005	CESTAT
		0.2	2006	CESTAT
	Modvat credit availed on capital goods	0.1	2001	Deputy Commissioner
The Bombay Sales Tax Act, 1959	Valuation of Physician Samples	0.2	2005	Deputy/Assistant Commissioner
	Disputed Set off	3.99	1999-2000	Sales Tax Tribunal
	Disputed Set off	1.07	2000-2001	Sales Tax Tribunal
Uttar Pradesh Trade Tax Act, 1948	Disputed Set off/Payment challans	31.07	2001-2002	Jt. Comm of Sales Tax (Appeals)
	Disallowances of Credit Notes & Form 3D	0.15	1989-1990	Sales Tax Tribunal
West Bengal Sales Tax Act, 1994	Disallowance of Free offer & Scheme offer	0.03	1996-1997	Sales Tax Tribunal
	Breakages and Damages Claim Disallowed	1.0	2003-2004	Deputy Commissioner
Central Sales Tax Act, 1956	Disallowance of Bonus Claim and Sales Return	0.5	2004-2005	Deputy Commissioner
	Form F Pending	0.04	2003-2004 & 2004-2005	Deputy Commissioner

- The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- In our opinion and according to the information and explanations given to us, the Company has not obtained any borrowings from any banks or financial institutions or by way of debentures.
- In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- The Company has not obtained any term loans.

- According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have *prima facie*, not been used during the year for long term investment.
- To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants

K A KATKI

Mumbai,
February 14, 2008

Partner
Membership No. 038568

Balance Sheet

As at November 30, 2007

	Schedule	Rupees in Millions	As at November 30, 2007 Rupees in Millions	As at November 30, 2006 Rupees in Millions
I. SOURCES OF FUNDS				
(1) SHAREHOLDERS' FUNDS				
(a) Share Capital.....	(1)	144.7		152.8
(b) Reserves and Surplus.....	(2)	2,165.5		2,305.3
TOTAL SHAREHOLDERS' FUNDS.....			2,310.2	2,458.1
(2) LOAN FUNDS				
Unsecured Loans.....	(3)		10.3	14.1
(3) DEFERRED TAX LIABILITY (NET).....			48.7	50.4
TOTAL.....			2,369.2	2,522.6
II. APPLICATION OF FUNDS				
(1) FIXED ASSETS				
(a) Gross Block.....		800.5		705.9
(b) Less : Depreciation/Amortisation		448.5		399.6
(c) Net Block		352.0		306.3
(d) Capital Work-in-Progress		11.1		9.0
TOTAL FIXED ASSETS	(4)		363.1	315.3
(2) INVESTMENTS.....	(5)		1,496.2	2,047.0
(3) CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories.....	(6)	863.9		547.4
(b) Sundry Debtors.....	(7)	303.4		235.2
(c) Cash and Bank Balances	(8)	170.2		131.8
(d) Loans and Advances	(9)	107.0		128.3
		1,444.5		1,042.7
Less :				
CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities	(10A)	415.4		380.1
(b) Provisions.....	(10B)	519.2		502.3
		934.6		882.4
NET CURRENT ASSETS.....			509.9	160.3
TOTAL.....			2,369.2	2,522.6
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	(16)			

As per our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K A KATKI
Partner

Mumbai, February 14, 2008

VIVEK MOHAN

ASHOK DAYAL

KRUPA ANANDPARA

For and on behalf of the Board

Managing Director

Director

Company Secretary

Mumbai, February 14, 2008

Profit and Loss Account

For the Year ended November 30, 2007

	Schedule	Rupees in Millions	Year ended November 30, 2007 Rupees in Millions	Year ended November 30, 2006 Rupees in Millions
I. SALES AND OTHER INCOME				
(a) Sales : Gross		6,361.2		5,405.0
Less : Excise Duty (Refer Note B 19 – Schedule 16)		137.0		63.8
Sales Tax/VAT		281.0		238.8
Net Sales.....		5,943.2		5,102.4
(b) Other Income	(11)	259.7	6,202.9	205.3
				5,307.7
II. EXPENDITURE				
(a) Raw and Packing Materials Consumed.....	(12)	195.2		116.7
(b) Purchase of Finished Goods		4,207.3		3,516.4
(c) (Increase)/Decrease in Work-in-Progress and Finished Goods.....	(13)	(317.7)		(99.8)
(d) Manufacturing, Administrative and Selling Expenses.....	(14)	1,042.7		854.4
(e) Depreciation/Amortisation		56.6		44.4
(f) Interest	(15)	0.2		1.2
			5,184.3	4,433.3
III. PROFIT BEFORE TAX			1,018.6	874.4
IV. PROVISION FOR TAXATION				
Current Income Tax [includes Wealth Tax Rs 0.5 Million (2006 : Rs 0.5 Million)].....		323.0		266.0
Deferred Tax – (Credit) (Net)		(1.7)		(2.7)
Fringe Benefit Tax		13.0		11.2
			334.3	274.5
V. PROFIT AFTER TAX			684.3	599.9
VI. PRIOR YEARS' ADJUSTMENTS				
Taxation			–	(1.3)
			684.3	598.6
VII. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			1,891.9	1,658.1
			2,576.2	2,256.7
VIII. APPROPRIATIONS				
(a) Proposed Dividend.....			(253.3)	(267.4)
(b) Corporate Dividend Tax				
For the year ended November 30, 2007			(43.0)	–
For the year ended November 30, 2006			(5.5)	(37.5)
(c) Reversal of dividend no longer payable consequent to buy back (Refer Note B 2(a) – Schedule 16)			14.1	–
(d) Adjusted against premium paid on buyback (Refer Note B 2(a) – Schedule 16)			(176.8)	–
(e) Revenue Reserve.....			(68.5)	(59.9)
IX. BALANCE CARRIED FORWARD			2,043.2	1,891.9
Earnings Per Share – Basic and Diluted.....			Rs 46.43	Rs 39.18
Face Value Per Share			Rs 10.00	Rs 10.00
Profit After Tax available to Equity Shareholders			684.3	598.6
Weighted Average Number of Shares used in computing Earnings Per Share – Basic and Diluted.....			14,738,173	15,280,100
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	(16)			

As per our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K A KATKI
Partner

Mumbai, February 14, 2008

VIVEK MOHAN

ASHOK DAYAL

KRUPA ANANDPARA

For and on behalf of the Board

Managing Director

Director

Company Secretary

Mumbai, February 14, 2008

Cash Flow Statement for the year ended November 30, 2007

	Rupees in Millions	Year ended November 30, 2007 Rupees in Millions	Year ended November 30, 2006 Rupees in Millions
A Cash flow from operating activities :			
Net Profit before tax.....		1,018.6	874.4
Adjustments for :			
Depreciation/Amortisation	56.6		44.4
Net Loss/(Profit) on sale of Fixed Assets	(20.8)		(0.5)
Unrealised Loss/(Gain) on Foreign Exchange.....	0.3		(0.9)
Provision for Doubtful Debts/Bad Debts written off.....	3.5		*
Net Loss/(Profit) on sale of Investments in units of Mutual Funds.....	(7.1)		(5.1)
Write back of diminution in value of Investments in units of Mutual Funds.....	(0.3)		(0.7)
Dividend from the units of Mutual Funds	(93.4)		(88.7)
Accruals no longer required written back	-		(9.6)
Reversal of Impairment loss recognised during a prior period	-		(5.5)
Share buy-back expenses.....	7.8		5.7
Interest Received (net of payment).....	(0.3)		(4.7)
		(53.7)	(65.6)
Operating Profit before working capital changes.....		964.9	808.8
Adjustments for :			
Trade and other receivables.....	(50.6)		(40.3)
Inventories	(316.5)		(105.3)
Trade Payables and other liabilities	39.1		12.3
		(328.0)	(133.3)
Cash generated from operations		636.9	675.5
Direct taxes paid net of refund		(331.5)	(268.1)
Net cash generated from operating activities.....		305.4	407.4
B Cash flow from investing activities :			
Purchase of Fixed Assets		(109.4)	(47.9)
Proceeds on sale of Fixed Assets		23.2	8.3
Purchase of Investments in units of Mutual Funds including Dividend Reinvested.....	(1,073.8)		(1,097.9)
Less : Dividend Reinvested.....	93.4		88.7
		(980.4)	(1,009.2)
Sale of Investments in Units of Mutual Funds.....		1,632.0	989.7
Interest Received		0.5	5.9
Net cash generated from/(used in) investing activities.....		565.9	(53.2)

* – Less than Rs 0.1 Million

Cash Flow Statement for the year ended November 30, 2007 (Contd.)

	Year ended November 30, 2007 Rupees in Millions	Year ended November 30, 2006 Rupees in Millions
C Cash flow from financing activities :		
Repayment of long term borrowings.....	(3.8)	(4.1)
Share buy-back expenses.....	(7.8)	(5.7)
Interest Paid	(0.2)	(1.2)
Shares bought-back (including premium)	(524.8)	-
Dividends paid (includes Corporate Dividend Tax).....	(296.3)	(304.9)
Net cash used in financing activities	(832.9)	(315.9)
D Net increase in Cash and Cash equivalents (A+B+C).....	38.4	38.3
E Cash and Cash equivalents at the beginning of the year.....	131.8	93.5
F Cash and Cash equivalents at the close of the year (D+E).....	170.2	131.8

Note: The figures of the previous year are regrouped/rearranged wherever considered necessary.

As per our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K A KATKI
Partner

Mumbai, February 14, 2008

VIVEK MOHAN

ASHOK DAYAL

KRUPA ANANDPARA

For and on behalf of the Board

Managing Director

Director

Company Secretary

Mumbai, February 14, 2008

Schedules

Annexed to and forming part of the Balance Sheet as at November 30, 2007

	Rupees in Millions	As at November 30, 2007 Rupees in Millions	As at November 30, 2006 Rupees in Millions
6. INVENTORIES			
Stock-in-Trade :			
Raw Materials		8.3	9.2
Packing Materials		5.8	6.1
Work-in-Progress.....		3.4	4.4
Finished Goods [Refer Note B 15(b) – Schedule 16]		846.4	527.7
PER BALANCE SHEET		<u>863.9</u>	<u>547.4</u>
7. SUNDRY DEBTORS – UNSECURED			
Debts outstanding for a period exceeding six months :			
Considered Good.....	4.6		10.3
Considered Doubtful	8.8		9.2
	<u>13.4</u>		<u>19.5</u>
Less : Provision for Doubtful Debts	8.8		9.2
		4.6	10.3
Other Debts : Considered Good		298.8	224.9
PER BALANCE SHEET		<u>303.4</u>	<u>235.2</u>
8. CASH AND BANK BALANCES			
Cash and Stamps on hand		*	0.1
With Scheduled Banks :			
On Current Account		170.2	126.5
On Escrow Account		–	5.2
PER BALANCE SHEET		<u>170.2</u>	<u>131.8</u>
9. LOANS AND ADVANCES			
(Unsecured, Considered Good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received		59.6	99.1
(Refer Note B 3 – Schedule 16)			
Sundry Deposits.....		46.6	28.2
Balances with Customs and Excise on Current Account.....		0.8	1.0
PER BALANCE SHEET		<u>107.0</u>	<u>128.3</u>
10. CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities :			
Sundry Creditors :			
Due to Micro & Small Enterprises (Refer Note B 27 – Schedule 16)	–		–
Others#.....	308.4		286.6
Unclaimed Dividends [Refer Note B 28 – Schedule 16].....	19.0		22.1
Other Liabilities	88.0		71.4
		<u>415.4</u>	<u>380.1</u>
B. Provisions :			
For Taxation :			
Current Income Tax less payments of Rs 320.8 Million (2006 – Rs 259.5 Million).....	174.4		172.2
Fringe Benefit Tax less payments of Rs 10.7 Million (2006 – Rs 8.6 Million).....	7.7		5.4
For Proposed Dividend	253.3		267.4
For Corporate Dividend Tax.....	43.0		37.5
For Employee Benefits.....	40.8		19.8
		<u>519.2</u>	<u>502.3</u>
PER BALANCE SHEET		<u>934.6</u>	<u>882.4</u>

* – Less than Rs 0.1 Million.

– Previous year includes an amount of Rs 36.7 Million due to Small Scale Industrial Undertakings.

Schedules

Annexed to and forming part of the Profit and Loss Account for the year ended November 30, 2007

	Rupees in Millions	Year ended November 30, 2007 Rupees in Millions	Year ended November 30, 2006 Rupees in Millions
11. OTHER INCOME			
Sales Tax set off claims		31.5	21.2
Insurance, Customs and Carriers claims.....		0.1	0.8
Profit on sale of Fixed Assets.....		21.4	1.2
Profit on sale of units of Mutual Funds		7.1	5.2
Interest received on Income Tax refund		-	5.3
Interest received on Deposits and others [Tax Deducted at Source Rs * Million – (2006 : Rs 0.1 Million)].....		0.5	0.6
Dividend on units of Mutual Funds.....		93.4	88.7
Exchange Gain.....		0.1	-
Miscellaneous Income (Refer Note B 14 – Schedule 16).....		105.6	82.3
PER PROFIT AND LOSS ACCOUNT.....		<u>259.7</u>	<u>205.3</u>
12. RAW AND PACKING MATERIALS CONSUMED			
Opening Stock :			
Raw Materials	9.2		8.2
Packing Materials.....	6.1		1.6
	<u>15.3</u>		<u>9.8</u>
Add : Purchases :			
Raw Materials.....	111.0		73.3
Packing Materials	83.0		48.9
	<u>194.0</u>		<u>122.2</u>
		<u>209.3</u>	<u>132.0</u>
Less : Closing Stock :			
Raw Materials.....	8.3		9.2
Packing Materials	5.8		6.1
	<u>14.1</u>		<u>15.3</u>
PER PROFIT AND LOSS ACCOUNT.....		<u>195.2</u>	<u>116.7</u>

* – Less than Rs 0.1 Million.

Schedules

Annexed to and forming part of the Profit and Loss Account for the year ended November 30, 2007

	Rupees in Millions	Year ended November 30, 2007 Rupees in Millions	Year ended November 30, 2006 Rupees in Millions
13. (INCREASE)/DECREASE IN WORK-IN-PROGRESS AND FINISHED GOODS			
Opening Stock :			
Work-in-Progress	4.4		4.3
Finished Goods.....	527.7		428.0
		532.1	432.3
Less: Closing Stock :			
Work-in-Progress	3.4		4.4
Finished Goods.....	846.4		527.7
		849.8	532.1
PER PROFIT AND LOSS ACCOUNT		<u>(317.7)</u>	<u>(99.8)</u>
14. MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES			
Salaries, Wages and Bonus.....		300.0	236.6
Contribution to Provident and Other Funds.....		27.9	28.4
Workmen and Staff Welfare Expenses.....		25.5	16.9
Consumption of Stores		8.9	5.4
Power and Fuel.....		38.6	28.8
Repairs and Maintenance :			
Buildings.....		2.6	3.8
Machinery		4.9	4.0
Others		28.6	21.5
Rent.....		17.6	13.5
Insurance.....		8.3	10.3
Rates and Taxes.....		21.1	15.6
Loss on Fixed Assets Sold/Discarded.....		0.6	0.7
Loss on Sale of units of Mutual Fund		-	0.1
Advertising and Publicity.....		141.5	134.4
Forwarding Charges.....		97.4	86.8
Travelling Expenses.....		121.4	97.7
Commission to C & F Agents		38.1	29.6
Bad Debts written off	3.9		0.3
Less : Adjusted against earlier year's provision	3.9		0.3
		*	*
Provision for Doubtful Debts		3.5	-
Miscellaneous Expenses (Refer Note B 19 – Schedule 16).....		156.2	120.3
PER PROFIT AND LOSS ACCOUNT		<u>1,042.7</u>	<u>854.4</u>
15. INTEREST			
Income-tax.....		0.1	1.0
Others.....		0.1	0.2
PER PROFIT AND LOSS ACCOUNT		<u>0.2</u>	<u>1.2</u>

*– Less than Rs 0.1 Million

Significant Accounting Policies and Notes to Accounts

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT NOVEMBER 30, 2007 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared under historical cost convention on an accrual basis.

2. Use of Estimates

The preparation and presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

3. Revenue Recognition

Sales are recognised when the risk and reward of ownership is passed on to the customers, which is generally on despatch of goods. Sales are stated exclusive of Excise Duty, Sales Tax and are net of Sales Return and Trade Discount.

Dividend income is recognised when the right to receive the dividend is unconditional at the Balance Sheet date.

Interest income is recognised on the time proportion basis.

4. Fixed Assets and Depreciation/Amortisation

All Fixed Assets are stated at Cost of Acquisition less Accumulated Depreciation and Impairment in value, if any.

Depreciation has been provided on the Written Down Value method at the rates specified in Schedule XIV of the Companies Act, 1956 except in respect of computers, photocopiers, facsimile machines, modems and appliances where depreciation has been provided @ 80%, included in Furniture, Fittings and Office Equipments. Depreciation on addition/deletion to Fixed Assets during the year is provided on a pro-rata basis.

Fixed Assets costing Rs 5,000 or less are fully depreciated in the year of acquisition.

Cost of Leasehold Land is amortised over the period of lease.

5. 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 reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

6. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of monetary items which are covered by forward exchange contracts, the difference between the year 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 for the forward contract. The exchange difference arising on settlement/translation are recognised in the revenue accounts.

7. 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.

8. Inventories

Inventories are valued at lower of standard cost adjusted for variances 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, where applicable.

9. Research and Development

Capital expenditure on Research and Development is capitalised as Fixed Assets and depreciated in accordance with the depreciation policy of the Company. The Revenue expenditure on Research and Development is charged to Profit & Loss Account in the year in which it is incurred.

A. Significant Accounting Policies (Contd.)

10. Employee Benefits

(i) Post-employment Benefits:

(a) Defined Contribution Plans:

The Company has Defined Contribution Plans for post employment benefits, charged to Profit and Loss Account, 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;
- Employees' Deposit Linked Insurance Scheme, 1976 under Employees' Provident Fund and Miscellaneous Provisions Act, 1952, administered by Life Insurance Corporation of India; and
- Group Life Insurance cover, as per company policy.

(b) Defined Benefit Plans :

Funded Plan : The Company has Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees administered through trust, funded with Life Insurance Corporation of India.

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 independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

(ii) The Actuarial gains and losses arising during the year are recognized in the Profit and Loss Account for the year.

11. Excise Duty

Excise Duty paid on goods manufactured by the Company and remaining in inventory, is included as part of value of Finished Goods.

12. Leases

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

13. 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.

Fringe Benefit Tax has been calculated in accordance with the provisions of the Income Tax Act, 1961 and Guidance Note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India.

14. Provisions and Contingent Liabilities

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 the economic benefits is remote.

Notes to Accounts

B. Notes to Accounts :

1. Contingent Liabilities :

- (a) In 1996, the Government had made a tentative claim for a sum of Rs 111.2 Million 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 Rs 34.7 Million (including interest of Rs 19.0 Million upto March 31, 2004). The Company, being aggrieved of the said demand and based on legal advice obtained in this regard, decided to contest the above final demand of Rs 34.7 Million. 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 Rs 7.1 Million (2006 : Rs 6.8 Million) including interest liability till date.

Notes to Accounts

	Year ended November 30, 2007 Rupees in Millions	Year ended November 30, 2006 Rupees in Millions
(b) Claims against the Company, not acknowledged as debts in respect of :		
(i) Excise on free samples on account of change in valuation method.....	0.8	—
(ii) Income Tax demand under appeals	22.3	22.3
(c) Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances)	61.5	9.7
(d) In respect of the guarantees issued by the banks.....	8.0	6.8
2. (a) During the year, the Company bought back 807,360 fully paid-up equity shares of Rs 10 each, at a price of Rs 650 per share via the tender offer route in terms of Section 77A, 77AA and 77B of the Companies Act, 1956 (the Act) and Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. Consequently the paid up Equity Share Capital reduced to Rs 144.7 Million. As required by Section 77AA of the Act, an amount of Rs 8.1 Million has been transferred to the Capital Redemption Reserve. Post completion of the said Buy-back, an amount of Rs 14.1 Million was reversed during the current year, which was disclosed as Proposed Dividend during the previous year.		
(b) The Board proposed another buyback of shares at a price not exceeding Rs 650 per share by utilizing an amount of Rs 518.4 Million, which was approved by the shareholders through Postal Ballot on October 15, 2007. The Company has sought an exemption under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1998, as amended. The proposed buyback will commence upon receipt of necessary approvals.		
3. Advances recoverable in cash or for value to be received include:		
(a) Amount recoverable from companies under same management within the meaning of Section 370 (1B) of the Companies Act, 1956		
(i) Abbott Laboratories (Singapore) Pte Ltd, Singapore..... [Maximum amount due during the year Nil (2006 : Rs 0.3 Million)]	—	—
(ii) Abbott Healthcare Pvt Ltd, India	3.2	9.6
[Maximum amount due during the year Rs 10.6 Million (2006 : Rs 9.6 Million)]		
(iii) Abbott Laboratories Intl Co, USA	1.4	0.1
[Maximum amount due during the year Rs 1.4 Million (2006 : Rs 4.6 Million)]		
(iv) Abbott Logistics BV, Netherlands	0.2	0.2
[Maximum amount due during the year Rs 0.2 Million (2006 : Rs 0.2 Million)]		
(v) Abbott Australasia Pty Ltd, Australia.....	0.1	0.9
[Maximum amount due during the year Rs 0.9 Million (2006 : Rs 0.9 Million)]		
(vi) Abbott Laboratories Ltd, Thailand	—	—
[Maximum amount due during the year Nil (2006 : Rs 0.9 Million)]		
(vii) Abbott Laboratories, Phillipines	0.2	—
[Maximum amount due during the year Rs 0.2 Million (2006 : Nil)]		
(viii) Abbott Laboratories (Pakistan) Ltd.....	*	—
[Maximum amount due during the year Rs 0.1 Million (2006 : Nil)]		
(b) Amount recoverable from Directors, Managers and Officers of the Company	4.1	4.1
* – Less than Rs 0.1 Million.		

Notes to Accounts

	Year ended November 30, 2007 Rupees in Millions	<i>Year ended November 30, 2006 Rupees in Millions</i>
4. Payments to Directors :		
(a) Salary, other allowances and performance linked bonus #	16.6	13.2
(b) Contribution to PF & other funds (including provision for the actuarially valued liability in respect of future payment of gratuity amounting to Rs 0.2 Million (2006 : Rs 0.4 Million) #	0.9	0.5
(c) Perquisites #	6.8	5.0
(d) Director's Fees	0.2	0.2
# – previous year figures include the remuneration for a whole time director for the period September 18, 2006 to November 30, 2006.		
5. Auditors' Remuneration (including Service Tax) :		
(a) As Auditors.....	3.9	2.7
(b) Tax Audit	0.6	–
(c) Tax Services	0.4	–
(d) Certification	0.2	*
(e) Reimbursement of out-of-pocket expenses.....	0.1	0.1
6. Particulars in respect of goods manufactured :		
(a) Registered/Licensed Capacities :		
In terms of Press Note No. 4 dated 25.10.1994, industrial licensing has been abolished in respect of pharmaceutical formulations/nutritional products. The registered/licensed capacities for formulations produced by the Company have therefore not been specified.		
(b) Installed Capacities :		
Pharmaceutical Formulations :	Unit	Quantity
Tablets.....	Million	686
Liquids.....	Kilo Litre	4,880
Capsules	Million	–
		Quantity
		686
		4,880
		46
The installed capacities are as on the last day of the Accounting year and are certified by the management of the Company.		
(c) Actual Production :		
Pharmaceutical Formulations :		
Tablets.....	Million	710
Liquids.....	Kilo Litre	2,706
Capsules	Million	–
		161
		1,658
		22
Nutritional Products :		
Powder	Tonne	–
		28
Note :		
parties on loan licences.		Actual production includes quantities produced in the facto
* – Less than Rs 0.1 Million.		

Notes to Accounts

7. Information in respect of Opening Stock, Closing Stock, Sales and Purchase of Finished Goods :

Class of Goods	Unit	Opening Stock		Closing Stock		Sales	
		Quantity	Value Rupees in Millions	Quantity	Value Rupees in Millions	Quantity	Value Rupees in Millions
(i) Pharmaceutical Formulations :							
Tablets	Million	142.44 (118.62)	78.5 (73.1)	444.13 (142.44)	171.0 (78.5)	1,949.10 (1,757.58)	1,714.2 (1,527.2)
Capsules	Million	34.31 (9.67)	36.8 (12.7)	27.56 (34.31)	29.6 (36.8)	54.30 (57.09)	174.9 (154.1)
Liquids	Kilo Litre	524.46 (364.91)	88.2 (39.7)	407.41 (524.46)	63.8 (88.2)	3,841.13 (3,662.89)	973.9 (880.6)
Ointments	Tonne	0.08 (0.25)	* (0.2)	- (0.08)	- (*)	- (10.58)	- (16.7)
Injectables	Thousand	1,776.09 (2,087.35)	303.0 (287.5)	2,865.94 (1,776.09)	560.3 (303.0)	20,765.73 (17,971.55)	3,022.6 (2,465.8)
(ii) Nutritional Products :							
Powder	Tonne	- (0.94)	- (0.3)	- -	- -	- (28.96)	- (8.2)
(iii) Others :							
			10.1 (8.9)		7.0 (10.1)		57.6 (49.8)
Excise Duty			11.1 (5.6)		14.7 (11.1)		- (-)
	Total		527.7 (428.0)		846.4 (527.7)		5,943.2 (5,102.4)

Notes : (1) Figures for the previous year are in bracket.

(2) * - Less than Rs 0.1 Million.

Purchase of Finished Goods	Unit	Year ended November 30, 2007		Year ended November 30, 2006	
		Quantity	Value Rupees in Millions	Quantity	Value Rupees in Millions
(i) Pharmaceutical Formulations :					
Tablets	Million	1,603.26	688.0	1,684.74	652.5
Capsules	Million	59.77	67.9	65.86	78.2
Liquids	Kilo Litre	1,189.81	236.9	2,275.36	349.8
Ointments	Tonne	-	-	12.37	8.4
Injectables	Thousand	21,869.57	3,158.3	17,703.85	2,370.5
(ii) Others					
			56.2		48.5
			4,207.3		3,507.9
Add : Reversal of Insurance claims lodged on account of loss of stocks due to flood/fire during the previous year					
			-		8.5
	Total		4,207.3		3,516.4

Note : The closing stocks stated above are after adjustments of samples, damages/breakages and expired goods. The difference in closing stock figures derived from opening stock, production, purchases and sales would be due to above factors.

Notes to Accounts

8. Consumption of Raw Materials and Packing Materials# :

Item	Unit	Year ended November 30, 2007		Year ended November 30, 2006	
		Quantity	Value Rupees in Millions	Quantity	Value Rupees in Millions
Active Bulk Ingredients.....	Tonne	1,742.64	75.3	976.39	58.8
	Kilo Litre	61.29	5.0	–	–
Foils.....	Tonne	148.96	19.4	43.88	7.0
Miscellaneous.....			95.5		50.9
Total			195.2		116.7

Consumption has been arrived at by adding purchases to opening stock and deducting closing stock therefrom and includes Nil (2006 : Rs 0.6 Million) of the materials sold/disposed off during the year.

	Year ended November 30, 2007 Rupees in Millions	Year ended November 30, 2006 Rupees in Millions
9. Value of Imports calculated on C.I.F. basis :		
(a) Capital Goods	5.5	2.3
(b) Finished Goods.....	142.4	214.9
(c) Consumable Stores.....	0.9	0.2
10. Expenditure in foreign currencies for :		
(a) Sales Promotion Expenses.....	3.9	2.6
(b) Travel.....	5.3	3.0
(c) Others.....	2.7	3.9
11. (a) Consumption of Raw and Packing Materials :		
Indigenous – 100.0% (2006 : 99.2%).....	195.2	115.8
Imported – 0.0% (2006 : 0.8%).....	–	0.9
	<u>195.2</u>	<u>116.7</u>
(b) Consumption of Stores :		
Indigenous – 85.4% (2006 : 96.3%).....	7.6	5.2
Imported – 14.6% (2006 : 3.7%).....	1.3	0.2
	<u>8.9</u>	<u>5.4</u>
12. Remittances during the year in foreign currency on account of dividend :		
Number of non-resident Shareholders 1 (2006 : 1)		
Equity Shares held on which dividend remitted 9,428,184 (2006 : 9,428,184)		
Dividend remitted for the year ended November 30, 2006 (2006 : November 30, 2005).....	165.0	165.0
13. Earnings in Foreign Exchange :		
(a) Goods exported on FOB basis.....	34.9	32.4
(b) Reimbursement of Insurance and Freight on Exports	–	0.1
(c) Reimbursement of expenses from Affiliates.....	4.4	2.9
14. Miscellaneous Income includes :		
(a) Write back of the diminution in value of Investments in units of Mutual Fund.....	0.3	0.7
(b) Accruals no longer required written back.....	–	9.6
(c) Reversal of the Impairment loss recognised in prior period.....	–	5.5

Notes to Accounts

	Year ended November 30, 2007 Rupees in Millions	Year ended November 30, 2006 Rupees in Millions	
15. (a) Materials cost, Purchase of Finished Goods and Manufacturing, Administrative & Selling Expenses include medical samples manufactured/purchased which, valued at standard cost, amount to.....	69.9	60.4	
(b) Inventory of Finished Goods includes medical samples which, valued at actual cost, amount to.....	23.7	20.5	
16. Deferred Tax Asset/(Liability) consists of :			
Book/Tax Depreciation difference	(60.8)	(63.6)	
Provision for earned leave	4.0	4.3	
Provision for doubtful debts	3.0	3.1	
Provision for excise and sales tax	5.1	5.8	
Total	<u>(48.7)</u>	<u>(50.4)</u>	
		Rupees in Millions	
17. Information regarding Forward Contracts :			
(a) Forward contracts outstanding at the Balance Sheet date	USD (Buy)	417,726.0 (1,424,589.0)	16.5 (63.7)
(b) The purpose of taking the forward cover is to hedge the risk arising due to foreign currency exposure.			
(c) Foreign currency exposures as on the Balance Sheet date that have not been hedged by the Company under a forward cover are given below :			
(i) Amounts recoverable in foreign currency for reimbursement of expenses.....	USD	47,383.9 (27,572.1)	1.9 (1.2)
(ii) Amounts payable in foreign currency on account of the following :			
– Import of goods	USD	341,489.1 (129,591.9)	13.5 (5.8)
	DKK	125,000.0 (–)	1.0 (–)
– Amounts payable as reimbursement of expenditure	AUD	– (9,233.0)	– (0.3)
	USD	2,161.5 (36,840.1)	0.1 (1.6)

Note: Previous year figures are in brackets.

18. Disclosure for Operating Leases :
- (a) The Company has obtained various residential/office premises (including furniture and fittings, therein as applicable) under operating lease or leave and license 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.
- (b) Lease payments are recognised in the Profit and Loss Account under "Rent" in Schedule 14.
19. Excise Duty deducted from turnover represents amount of excise duty collected by the Company on sale of goods manufactured by the Company. Excise Duty of Rs 7.8 Million (2006 : Rs 8.7 Million) included in Miscellaneous Expenses under Schedule 14 Manufacturing, Administrative and Selling 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 medical samples.
20. Consequent to the sale of the undertaking at Jejuri, Maharashtra, as a going concern in 2002, the eligibility certificate under the package scheme of incentives notified under Maharashtra Government's Resolution Number IDL-1088/(6603) IND-8, dated 30.09.1988 stands transferred to the purchaser as per order passed by Office of the Joint Director of Industries dated February 11, 2004. As the Sales Tax deferral benefit is being utilised by the Company, the Company has agreed to repay these amounts on the respective due dates to the purchaser.

Notes to Accounts

21. 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 required.

22. Purchase and Sale of Investments during the year ended November 30, 2007 :

CURRENT INVESTMENTS

IN UNITS OF MUTUAL FUND — NON-TRADE – UNQUOTED :

Mutual Fund	Type	Purchases		Cost of Sales	
		No. of units in Millions	Rupees in Millions	No. of units in Millions	Rupees in Millions
Birla Cash Plus Institutional Premium Reinvestment	WD	10.2 (11.5)	102.2 (115.5)	23.1 (15.6)	231.5 (156.2)
DSPML Fixed Term Plan Series 3 H Institutional	G	0.2 (-)	150.0 (-)	- (-)	- (-)
DSPML Liquidity Fund Institutional Plan Reinvestment Option.....	WD	* (0.3)	11.5 (317.2)	0.3 (-)	328.7 (-)
DWS Insta Cash Plus Fund Institutional Plan.....	WD	5.7 (38.5)	58.0 (388.7)	18.6 (-)	187.7 (-)
Grindlays Cash Fund Super Inst Plan C Reinvestment.....	MD	- (0.4)	- (3.7)	- (31.2)	- (312.5)
HDFC Liquid Fund Premium Plus Plan Reinvestment.....	WD	4.1 (6.8)	51.4 (84.2)	16.1 (14.9)	195.4 (181.2)
HSBC Fixed Term Series 25 Institutional	G	15.0 (-)	150.0 (-)	- (-)	- (-)
HSBC Cash Fund Institutional Plus Reinvestment.....	WD	- (0.1)	- (0.8)	- (3.9)	- (39.2)
HSBC Cash Fund Institutional Plus Reinvestment.....	MD	0.6 (5.4)	5.8 (54.5)	38.1 (-)	381.6 (-)
Pru ICICI Institutional Liquid Plan Super Institutional Reinvestment	WD	16.1 (8.0)	160.8 (80.2)	- (-)	- (-)
Prudential ICICI Liquid Plan Institutional Plus Reinvestment Option.....	MD	0.6 (4.5)	6.7 (53.1)	10.0 (24.8)	119.7 (295.5)
Templeton India Treasury Management Account Institutional Plan Reinvestment	WD	0.2 (-)	150.3 (-)	0.2 (-)	150.3 (-)
Templeton India Treasury Management Account Regular Plan Reinvestment	WD	0.2 (-)	227.1 (-)	* (-)	30.0 (-)
Total			1,073.8 (1,097.9)		1,624.9 (984.6)

* – Less than Rs 0.1 Million

23. Related Party Disclosure :

(a) Parties where control exists :

- Ultimate Holding Company – Abbott Laboratories, USA
- Holding Company – Abbott Capital India Limited, UK

(b) Other related parties with whom transactions have taken place during the year :

- (i) Fellow Subsidiaries
 - Abbott Logistics BV, Netherlands
 - Abbott GmbH & Co KG, Germany
 - Abbott Laboratories (Singapore) Pte Ltd, Singapore
 - Abbott Laboratories Intl Co, USA
 - Abbott Equity Holdings Ltd, England
 - Abbott Australasia Pty Ltd, Australia
 - Abbott Laboratories Ltd, Thailand
 - Abbott Laboratories (M) Sdn Bhd, Malaysia
 - Abbott Gesellschaft MBH, Austria
 - Abbott Healthcare Pvt Ltd, India
 - Abbott Laboratories SA, USA
 - Abbott Laboratories SA, UAE
 - Abbott Japan Co Ltd, Japan

Contd.....

Notes to Accounts

- Abbott Laboratories, Philippines
 - Abbott Laboratories, Egypt
 - Abbott Laboratories (Pakistan) Ltd
 - Abbott Laboratories, China
 - Abbott Laboratories, Chicago IL
- (ii) Key Management Personnel :
- Mr V Mohan – Managing Director
 - Mr S Jain – Director – Marketing
 - Mr R Sonalker (w.e.f. November 16, 2006) – Director – Finance
 - Mr A Bhatt – Director – Human Resources
 - Mr N Y Katre (upto August 31, 2006) – Director – Supply Chain
 - Mr U D Chiniwala – Director – Risk & Financial Controlling
 - Dr Angela Rodrigues (upto May 31, 2007) – Regional Medical Director
 - Mr K M Marfatia – Director – Legal & Secretarial
 - Mr L N Neti (w.e.f. July 19, 2006) – Director – Operations
 - Mr R Vohra (w.e.f. May 16, 2006) – Head – Strategy & Business Development
 - Dr S Acharya – Head – Quality
 - Dr Z Madan (w.e.f. September 28, 2007) – Director – Medical
- (iii) Relatives of Key Management Personnel :
- Mrs V Jain – Wife of Mr S Jain

(c) Transactions during the year :

Rupees in Millions

Nature of Transactions	November 30, 2007	November 30, 2006
Transactions with the Holding Company during the year		
Dividend Remitted		
Abbott Capital India Ltd, UK	165.0	165.0
Transactions with the Fellow Subsidiaries during the year		
Sale of Goods		
Abbott Healthcare Pvt Ltd, India	–	8.2
Abbott Laboratories Ltd, Thailand	–	1.6
Sale of Fixed Assets		
Abbott Healthcare Pvt Ltd, India	–	6.7
Purchase of Goods		
Abbott Logistics BV, Netherlands	124.6	189.0
Abbott Laboratories Intl Co, USA	17.8	25.9
Abbott Healthcare Pvt Ltd, India	10.1	12.0
Purchase of Fixed Assets		
Abbott Laboratories, Chicago IL	–	0.3
Abbott Gesellschaft M.B.H., Austria	0.4	–
Reimbursement of professional fees, travel and other expenses from Fellow Subsidiaries		
Abbott Australasia Pty Ltd, Australia	0.1	0.9
Abbott Laboratories Ltd, UK	0.5	–
Abbott Laboratories Intl Co, USA	3.2	1.7
Abbott Laboratories (M) Sdn Bhd, Malaysia	–	0.1
Abbott Logistics BV, Netherlands	–	0.2
Abbott Laboratories Ltd, Thailand	–	0.1
Abbott Healthcare Pvt Ltd, India	0.3	0.2
Abbott Laboratories SA, UAE	0.1	–
Abbott Laboratories, Egypt	0.3	–
Abbott Laboratories, Philippines	0.2	–
Abbott Laboratories (Pakistan) Ltd	*	–

* – Less than Rs 0.1 Million.

Contd.....

Notes to Accounts

(c) Transactions during the year (Contd.) Rupees in Millions

Nature of Transactions	November 30, 2007	November 30, 2006
Travel, professional fees, MIS charges and other expenses reimbursed to Fellow Subsidiaries		
Abbott Laboratories Intl Co, USA	1.2	1.1
Abbott Australasia Pty Ltd, Australia	0.2	0.5
Abbott Laboratories, China	0.2	–
Abbott Laboratories SA, USA	1.5	0.8
Abbott Laboratories SA, UAE	–	*
Abbott Japan Co Ltd, Japan	–	0.1
Abbott Healthcare Pvt Ltd, India	–	0.1
Transactions with the Key Management Personnel & their relatives during the year		
Remuneration		
Mr V Mohan	19.6	17.9
Mr R Sonalker	5.5	–
Others	23.2	23.6
Rent		
Mr U D Chiniwala	0.1	0.1
Mrs V Jain	0.1	0.1

(d) Outstanding as on November 30, 2007

Nature of Transactions	November 30, 2007	November 30, 2006
Payable to Fellow Subsidiaries at the year end		
Abbott Laboratories Intl Co, USA	1.6	11.3
Abbott Logistics BV, Netherlands	28.0	58.2
Others	0.4	2.4
Receivables/Deposits from Fellow Subsidiaries at the year end		
Abbott Laboratories Intl Co, USA	1.4	0.1
Abbott Healthcare Pvt Ltd, India	3.2	8.8
Others	0.5	1.1
Receivables/Deposits from Key Management Personnel & their relatives at the year end		
Mr U D Chiniwala	2.8	2.8
Mrs V Jain	2.3	2.3
Others	1.3	1.3

* – Less than Rs 0.1 Million.

24. Employee Benefits :

The Accounting Standard-15 (Revised 2005) 'Employee Benefits' issued by The Institute of Chartered Accountants of India has been adopted by the Company effective from December 1, 2006. In accordance with the above standard, the obligations of the Company, on account of employee benefits, based on independent actuarial valuation, accounted for in the books of account. As per transitional provisions of the said standard, an amount of Rs 19.7 Million have been accounted by debiting the opening balance of the Revenue Reserve as on December 1, 2006.

The Company has classified the various benefits provided to employees as under :

I. Defined Contribution Plans

- Provident Fund/Employees' Pension Fund
- Superannuation Fund
- Employees' Deposit Linked Insurance Scheme
- Group Life Insurance Cover

Notes to Accounts

During the year, the Company has recognized the following amounts in the Profit and Loss Account:

	Rupees in Million
– Employer's Contribution to Provident Fund/Employees' Pension Fund	18.3
– Employer's Contribution to Superannuation Fund	7.4
– Employer's Contribution to Employees' Deposit Linked Insurance Scheme	0.1
– Premium paid in respect of Group Life Insurance Cover	0.1

The above amounts are included in Contribution to Provident and Other Funds and Workmen and Staff Welfare Expenses (Schedule 14)

II. Defined Benefit Plans

- (a) Contribution to Gratuity Fund
- (b) Provision for Post Retirement Medical Benefits (PRMB)
- (c) Provision for Compensated Absences (CA)
- (d) Provision for Long Service Benefits (LSB)

In accordance with Accounting Standard-15 (Revised 2005), relevant disclosures are as under :

(A) Changes in Defined Benefit Obligation

	Rupees in Million			
	Gratuity (Funded Scheme)	PRMB (Non-Funded Scheme)	CA	LSB
Defined Benefit Obligation as at December 1, 2006	55.7	18.6	*	*
Current Service Cost	3.1	0.1	*	*
Interest Cost	4.0	1.4	*	*
Settlement Cost/(Credit)	–	–	*	*
Benefits Paid	(4.3)	(1.0)	*	*
Actuarial (gain)/loss on Obligations	3.1	(1.9)	*	*
Defined Benefit Obligation as at November 30, 2007	61.6	17.2	21.9	2.3

Note : * – Not Applicable

(B) Changes in the Fair Value of Plan Assets for Gratuity (Funded Scheme)

	Rupees in Million
Fair Value of Plan Assets as at December 1, 2006	58.2
Expected Actual Return on Plan Assets	4.1
Actuarial Gains/(Losses)	4.3
Contributions	5.5
Benefits Paid	(4.3)
Assets Distributed on Settlement	–
Fair Value of Plan Assets as at November 30, 2007	67.8

(C) Amount recognized in the Balance Sheet

	Rupees in Million			
	Gratuity (Funded Scheme)	PRMB (Non-Funded Scheme)	CA	LSB
Defined Benefit Obligation as at November 30, 2007	61.6	17.2	21.9	2.3
Fair Value of Plan Assets as at November 30, 2007	(67.8)	–	–	–
Amount not recognised as an Asset [limit in Para 59 (b)]	0.2	–	–	–
Liability/(Asset) recognized in the Balance Sheet included in Current Liabilities and Provisions (Schedule 10)	(6.0)	17.2	21.9	2.3

Notes to Accounts

(D) Expenses recognized in the Profit and Loss Account

Rupess in Millions

	Gratuity	PRMB	CA	LSB
	(Funded Scheme)	(Non-Funded Scheme)		
Current Service Cost	3.1	0.1	*	*
Interest Cost	4.0	1.4	*	*
Expected Return on Plan Assets	(4.1)	–	*	*
Net actuarial (gain)/loss recognized in the period	(1.2)	(1.9)	*	*
Effect of the limit in Para 59(b) of Accounting Standard 15 (Revised 2005)	0.2	–	*	*
One Year Renewable Term Assurance (OYRTA) Premium	0.2	–	*	*
Total Expenses recognized in the Profit and Loss Account included in Contribution to Provident and Other Funds (Schedule 14)	2.2	(0.4)	*	*

Note : * – Not Applicable

(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.

(F) Actuarial Assumptions

In accordance with Accounting Standard-15 (Revised 2005), actuarial valuation as at the year end was performed in respect of the aforesaid Defined Benefit Plans based on the following assumptions :

- Discount rate (per annum) 8.1%
- Rate of Return on Plan Assets (for funded scheme) 7.5%
- Expected Retirement age of employees (years) 58/60 years; as applicable
- Annual Increase in Healthcare Costs (per annum) 6.0%
- Increase in Cost of Award (LSB) 6.0%
- Mortality rates considered are as per the published rates in the Life Insurance Corporation (1994-96) Mortality table.
- Sensitivity of Results to Medical Inflation Rate (for PRMB)

Effect of	1% increase	1% decrease
On Aggregate of Service Cost & Interest Cost	172,108	(144,592)
On Defined Benefit Obligation	1,911,493	(1,614,923)

- Rates of leaving service at specimen ages are shown as under :

Age (Years)	Rates
21-44	2.0%
45 & Above	1.0%

- Leave Availment Pattern
5% 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.
- The estimates of future salary increases, considered in the actuarial valuation, taken on account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.
- In view of the higher fair value of plan assets over defined benefit obligations in case of Gratuity (Funded Scheme), the contribution expected to be made by the Company during financial year ending November 30, 2008 has not been ascertained.
- As this is the first year in which the Revised AS-15 has been applied, 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 for the previous four years have not been furnished.

25. (a) International Stock Ownership Plan (Stocks of the Parent Company)

Abbott Laboratories, USA has an "Affiliate Employee Stock Purchase Plan" (employee share purchase plan) whereby all permanent eligible employees of the Company have been given a right to purchase shares of the Company. Every employee who opts for the scheme contributes, by way of payroll deductions, up to 10% of his cash remuneration (i.e. basic salary for Officers and basic salary & dearness allowance for Staff category) towards purchase of shares on a monthly basis over the purchase cycle of 6 months.

Notes to Accounts

The maximum that an individual can contribute to the plan is US\$ 12,500 per purchase cycle or US\$ 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 Securities Exchange Commission of the United States and are purchased on behalf of the employees at market price less the discount, allocated to participants as of on the 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 expense has arisen during the year. During the year ended November 30, 2007, 456 shares were purchased by employees at weighted average fair value of US\$ 41.77 per share.

(b) **Employees Stock Options Plan (Stocks of the Parent Company)**

Abbott Laboratories, USA has an "Incentive Stock Option Program" whereby the employees covered by the plan are granted an option to purchase shares of the Parent Company i.e. Abbott Laboratories, USA at a fixed price (grant price), which shall be atleast 100% of the Fair Market Value of the common shares for a fixed period of time. Accordingly, no options compensation expenses have been incurred by the Company during the year. The shares of Abbott Laboratories, USA are listed with Securities Exchange Commission of USA. The Grants issued are vested in one third annual instalments over a three years period and have a 10 years contractual life.

	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	123,651	\$45.86
Granted during the year ended November 30, 2007	28,600	\$52.54
Forfeited during the year	300	\$52.54
Exercised during the year	13,114	\$49.19
Expired during the year	–	NA
Outstanding at the end of the year	138,837	\$46.91
Exercisable at the end of the year	85,056	\$45.66

The weighted average share price at the date of exercise for stock options exercised during the year was US\$ 58.30 and weighted average remaining contractual life is 6.86 years.

26. The Company has Bank Overdraft arrangement secured by hypothecation of all stocks and book debts.
27. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:
- An amount of Rs 4.4 Million and Nil was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.
 - No interest was paid during the year.
 - No interest is payable at the end of the year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
 - No amount of interest was accrued and unpaid at the end of the accounting year.
- The above information and that given in Schedule 10 — "Current Liabilities and Provisions" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
28. In respect of the amounts as mentioned under section 205C of the Companies Act, 1956, no dues are to be credited to the Investor Education and Protection Fund as on November 30, 2007.
29. The revenue expenditure on Research and Development is Rs 31.1 Million (2006 : Rs 20.3 Million)
30. The figures of the previous year are regrouped/rearranged wherever considered necessary.

Signatures to Schedules 1 to 16 which form an integral part of the Accounts.

	For and on behalf of the Board
VIVEK MOHAN	<i>Managing Director</i>
ASHOK DAYAL	<i>Director</i>
KRUPA ANANDPARA	<i>Company Secretary</i>
	Mumbai, February 14, 2008

Balance Sheet Abstract and General Business Profile

I. Registration Details		
Registration No.	7330	State Code 11
Balance Sheet Date	30-11-2007	
II. Capital Raised during the year (Amount in Rs Millions)		
<u>Public Issue</u>		<u>Right Issue</u>
NIL		NIL
<u>Bonus Issue</u>		<u>Private Placement</u>
NIL		NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs Millions)		
<u>Total Liabilities</u>		<u>Total Assets</u>
3,303.8		3,303.8
Sources of Funds		
<u>Paid-up Capital</u>		<u>Reserves & Surplus</u>
144.7		2,165.5
<u>Secured Loans</u>		<u>Unsecured Loans</u>
NIL		10.3
Application of Funds		
<u>Net Fixed Assets</u>		<u>Investments</u>
363.1		1,496.2
<u>Net Current Assets</u>		<u>Miscellaneous Expenditure</u>
461.2		NIL
<u>Accumulated Losses</u>		
NIL		
IV. Performance of Company (Amount in Rs Millions)		
<u>Turnover (including Other Income)</u>		<u>Total Expenditure</u>
6,202.9		5,184.3
<u>Profit/(Loss) Before Tax</u>		<u>Profit/(Loss) After Tax</u>
1,018.6		684.3
<u>Earning Per Share in Rs</u>		<u>Dividend Rate %</u>
46.43		175%
V. Generic Names of Three Principal Products/ Services of Company (As per monetary terms)		
Item Code No.		Product Description
(ITC Code)		
300431 10		Insulins
300390 35		Antacid
303390 22		Laxatives

VIVEK MOHAN
ASHOK DAYAL
KRUPA ANANDPARA

For and on behalf of the Board
Managing Director
Director
Company Secretary
Mumbai, February 14, 2008