

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company's philosophy on corporate governance is to conduct its affairs in a manner which is transparent, clear and evident to those having dealings with or having a stake in the Company, namely shareholders, lenders, creditors and employees. 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 present strength of the Board consists of six directors (1 executive director and 5 non-executive directors, of which two are independent directors) who are professionals and/or have expertise in their respective functional areas.
- (b) The attendance at Board Meetings and the last Annual General Meeting of each of the directors during the financial year of the Company was as under:

- (c) During the financial year 6 Board Meetings were held on the following dates:

21.02.2003, 31.03.2003, 29.04.2003, 18.06.2003, 30.09.2003 and 24.10.2003.

3. Audit Committee

The Audit Committee of members of the Board comprises of three non-executive directors, of which Mr Ashok Dayal, who is Chairman of the Audit Committee and Mr R A Shah are independent directors. Prior to Mr Ashok Dayal, Mr V D Narkar was the Chairman of the Audit Committee. Mr Narkar resigned from the Board with effect from 19.06.2003 and consequently ceased to be a member of the Audit Committee. Mr Munir Shaikh is the other member of the Audit Committee. Mr G S Kurmi, Company Secretary is the Secretary of the Audit Committee.

The role of the Audit Committee and its terms of reference are in accordance with the provisions of Clause 49 of the Listing Agreement and include reviewing the financial statements, overseeing the Company's Annual Report process and discussions with internal and external auditors periodically about their scope of audit and adequacy of internal control systems. The Audit Committee also acts as a link between the Board of Directors and the internal and external auditors.

Name of Directors	Category: Executive/ Non-executive/ Independent	Attendance at		Membership of other Board(s) (including alternate directorships and directorships in private companies)	Membership/ Chairmanship of other Board Committees
		Board Meetings	Annual General Meeting (29 April 2003)		
Mr Munir Shaikh Chairman of the Board	Non-executive Director	4	Yes	1	-
Mr D M Gavaskar Managing Director & President	Executive Director	6	Yes	1	-
Mr R A Shah	Non-executive, Independent Director	5	No	25	9
Mr V D Narkar (Resigned with effect from 19.06.2003)	Non-executive, Independent Director	4	Yes	-	-
Mr Ashok Dayal (Appointed as Additional Director with effect from 18.06.2003)	Non-executive, Independent Director	3	No	5	1
Mr Thomas Chen	Non-executive Director	-	No	1	-
Mr David Wardell	Non-executive Director	-	No	1	-

The duly constituted Committee met four times during the financial year on 21.02.2003, 31.03.2003, 18.06.2003 and 30.09.2003.

4. Shareholders'/Investors' Grievance Committee

This Committee comprises of Mr Ashok Dayal (appointed with effect from 19.06.2003), who is a non-executive independent director and Chairman of the Committee. Prior to Mr Ashok Dayal, Mr V D Narkar was the Chairman of the Shareholders'/Investors' Grievance Committee. Mr Narkar resigned from the Board with effect from 19.06.2003 and consequently ceased to be a member of the Shareholders'/Investors' Grievance Committee. Mr D M Gavaskar, the Managing Director & President is the other member of the Shareholders'/Investors' Grievance Committee. Mr G S Kurmi, Company Secretary is the Compliance Officer.

During the financial year, the Committee held 3 meetings on 31.03.2003, 27.06.2003 and 30.09.2003.

A summary of complaints received and resolved by the Company during the year ended 30 November 2003 is given below:

	Received	Cleared
Non receipt of share certificates duly transferred	17	17
Non receipt of dividend warrants	111	111
Miscellaneous	7	7
Letters from SEBI, Stock Exchanges and Department of Company Affairs	3	3

As on 30 November 2003, there were no pending share transfers. Barring certain cases pending 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

The remuneration of the directors during the financial year was as follows:

A. Executive Directors

All elements of remuneration package i.e. salary, benefits, bonuses, pension etc. paid to the Executive Director, Mr D M Gavaskar, amount to Rs 12 million.

- (a) The above remuneration includes commission/performance linked incentive or bonus of Rs 1.2 million based upon certain pre-agreed criteria.

- (b) (i) The agreement with the Executive Director is for the period 1 March 2003 to 28 February 2005 and terminable by 6 months' notice on either side.
- (ii) In the event of the employment of Mr D M Gavaskar being determined/terminated, the Company is liable to pay to Mr Gavaskar as compensation for loss of office, the remuneration, including the benefits/perquisites which he would have earned if he had been in office for the unexpired residue of his term as Managing Director & President.
- (iii) The Executive Director is covered under the Scheme of Severance/Early Retirement as applicable to the Management Staff.
- (c) Presently, the Company does not have a Scheme for grant of Stock Options to the Directors.

B. Non-executive Directors

Three of the Non-Executive Directors, Mr R A Shah, Mr V D Narkar (part of the year) and Mr Ashok Dayal (part of the year) were paid sitting fees of Rs 55,000, Rs 50,000 and Rs 30,000 respectively for attending Board meetings and various Committee meetings of the Company.

The Company paid fees amounting to Rs 38,267 to its Solicitors, M/s Crawford Bayley & Co., of which Mr R A Shah is a partner, for professional services rendered to the Company.

The Company paid fees amounting to Rs 1.3 million to a Chartered Accountants firm, M/s Narkar & Associates, of which Mr V D Narkar is a proprietor, for professional services rendered to the Company during the period of his directorship.

6. General Body Meetings

Financial Year	Date	Time	Location
2000	12 June 2001	3.00 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021
2001	30 April 2002	3.00 p.m.	Jai Hind College Auditorium 'A' Road Churchgate Mumbai 400 020
2002	29 April 2003	3.00 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021

During the year ended 30 November 2003, postal ballot was conducted and resolution seeking approval of shareholders for re-appointment of Mr D M Gavaskar as Managing Director & President was passed with the requisite majority. The results were declared based on the report submitted by Ms Neena Bhatia, Practising Company Secretary, the Scrutiniser for the said postal ballot.

At present, no special resolutions are proposed to be conducted through postal ballot.

7. Disclosures

There were no transactions of a material nature with the directors or the management, the Company's subsidiary or relatives of the directors during the financial year of the Company which could 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 regularly for its approval. Transactions with related parties are disclosed in Note No. 22 of Schedule 17 to the Accounts in the Annual Report.

There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last 3 financial years.

8. Means of Communication

Quarterly results are published in one English daily newspaper (Free Press Journal) circulating in the country and one Marathi newspaper (Navshakti) published from Mumbai. These quarterly results 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) website (www.sebidifar.nic.in). During the financial year, the Company has not made any presentation to the institutional investors or analysts.

The Management Discussion and Analysis Report forms a part of this Annual Report.

9. General Shareholder Information :

Annual General Meeting : Tuesday, 27 April 2004
 Y B Chavan Auditorium
 General Jagannath Bhosale Marg
 Mumbai 400 021
 at 3 p.m.

Financial Calendar : The Company follows December – November as its financial year.
 The unaudited results for every quarter beginning from December are declared in the month following the quarter except for the last quarter, for which the audited results are declared in February.

Date of Book Closure : Tuesday, 20 April 2004 to Tuesday, 27 April 2004 (both days inclusive)

Dividend Payment Date : On or before 26 May 2004

Listing on Stock Exchange : The Stock Exchange, Mumbai (BSE)

Stock Code : 500488

Market Price Data (High/Low during each month) on BSE:

Month	High	Low
December 2002	295.00	275.00
January 2003	321.90	276.00
February 2003	316.15	288.55
March 2003	315.00	268.00
April 2003	284.90	252.35
May 2003	288.50	257.00
June 2003	307.00	260.00
July 2003	342.00	274.25
August 2003	327.00	300.10
September 2003	348.80	302.00
October 2003	397.50	335.00
November 2003	419.00	365.00

Performance in comparison to broad based indices :
 Abbott Share Price/BSE 100
 Year 2002-2003

Registrars and Share Transfer Agents : Sharepro Services
 Satam Estate, 3rd Floor
 Above Bank of Baroda
 Cardinal Gracious Road
 Chakala, Andheri (East)
 Mumbai 400 099
 Phone : 2821 51 68/2834 82 18/
 2832 98 28
 Fax : 2837 56 46

10. Share Transfer System

To expedite the process of share transfers, the Board has delegated the powers of share transfers 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 transmission of shares, issue of duplicate certificates and issue of certificates on split/consolidation/renewal. The business transacted at the Share Transfer Committee meetings is also noted at every meeting of the Board.

Shares lodged for transfer at the Registrar's office are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialisation of shares are processed and the confirmation is given to the depositories within 15 days.

11. Distribution of shareholding as on 30 November 2003

Number of Equity Share holdings	Number of Share-holders	Percent-age of Share-holders	Number of shares	Percent-age of share-holding
1-50	5006	36.42	136697	0.89
51-100	3321	24.16	292593	1.92
101-500	3755	27.31	935503	6.12
501-1000	873	6.35	634224	4.15
1001-5000	712	5.18	1454551	9.52
5001-10000	46	0.33	304912	2.00
10001 & above	34	0.25	11521620	75.40
Total	13747	100.00	15280100	100.00

12. Shareholder's profile as on 30 November 2003

Sr. No.	Category of Shareholders	No. of shares held	% to total
1.	Foreign Collaborators	9428184	61.70
2.	Banks	8215	0.05
3.	Financial Institutions	1738447	11.38
4.	Foreign Institutional Investors	4150	0.03
5.	Non Domestic Companies	500	0.00
6.	Mutual Funds	20150	0.13
7.	Domestic Companies	220312	1.44
8.	Non-Resident Indians	62513	0.41
9.	Others	3797629	24.86
	Total	15280100	100.00

13. Dematerialisation of Shares as on 30 November 2003

89.42% of the Company's total paid-up share capital (including 61.7% held by the parent company) representing 13,663,333 shares are held in dematerialised form. The Company's shares are traded on BSE – A Group.

14. Plant Location

L-18/19, Verna Industrial Estate, Goa

15. Address for correspondence

Shareholders should address all correspondence to the Company's Registrars and Share Transfer Agents, Sharepro Services, at the address mentioned above or at :

912, Raheja Centre
 Free Press Journal Road
 Nariman Point, Mumbai 400 021
 Contact Person : Ms Mazrine Wadia / Mr Ramesh Babu
 Telephone : 2288 15 68 / 2288 15 69 / 2288 45 27
 Fax : 2282 54 84
 Email : sharepro_services@roltanet.com

16. Appointment/Re-appointment of Directors

Mr Munir Shaikh and Mr R A Shah retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

(a) Mr Munir Shaikh is a fellow member of the Institute of Chartered Accountants of England and Wales. He has held several management positions with Abbott Laboratories in Asia, Latin America and United States before relocating to Singapore. In 2003 he was named Vice President & Regional Director, South East Asia-

Subcontinent Korea. He is the Chairman of the Board of Directors and member of the Audit Committee of the Company. He is also on the Board of Abbott Laboratories (S) Pte Ltd.

- (b) Mr R A Shah is a leading Solicitor and a Senior Partner of M/s Crawford Bayley & Company, a firm of Solicitors and Advocates. He specialises in a broad spectrum of corporate laws. Mr R A Shah is also a member of the Audit Committee of the Company. Presently he is the Chairman/Director and Chairman or member of Audit Committees of the following companies:

Name of the company	Nature of Interest	Chairmanship or Membership of Audit Committee of Board
1. Fulford India Ltd	Chairman & Alternate Director	–
2. Pharmacia Healthcare Limited	Chairman & Director	–
3. Godfrey Phillips India Ltd	Chairman	–
4. Pfizer Limited	Chairman	Chairman
5. Roche Scientific Co (I) Pvt Ltd	Chairman	–
6. Colgate Palmolive India Limited	Vice-Chairman	Chairman
7. Atul Limited	Director	–
8. Asian Paints (India) Ltd	Director	–
9. The Bombay Dyeing & Mfg Co Ltd	Director	Chairman
10. BASF India Ltd	Director	Member
11. Colour Chem Ltd	Director	Member
12. Clariant India Limited	Director	–
13. Deepak Fertilisers & Petrochemicals Corporation Ltd	Director	–
14. Nicholas Piramal India Limited	Director	Chairman
15. Procter & Gamble Hygiene and Healthcare Ltd	Director	Member
16. Philips India Limited	Director	–
17. Century Enka Ltd	Alternate Director	Member
18. Wockhardt Ltd	Alternate Director	Member

On behalf of the Board

D M Gavaskar R A Shah
Managing Director & President Director

Mumbai : 25 February 2004

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 30 November 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with The Stock Exchange, Mumbai.

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 in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that, based on the information received from the Company's Registrars and Share Transfer Agents and as per the records maintained by the Investor Grievance Committee, barring certain cases pending in courts/consumer forums, relating to disputes over the title of shares in which the Company has been made a party, no investor grievance is pending for a period exceeding one month against the Company.

We further 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

N P Sarda
Partner

Mumbai
26 February 2004

Membership No 9544