

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 is 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:

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 (27 April 2004)		
Mr Munir Shaikh Chairman of the Board	Non-Executive Director	4	Yes	3	–
Mr D M Gavaskar Managing Director & President (Retired with effect from 1 November 2004)	Executive Director	7	Yes	–	–
Mr Vivek Mohan Managing Director (Appointed with effect from 1 November 2004)	Executive Director	2	NA	–	–
Mr R A Shah	Non-Executive, Independent Director	8	Yes	23	9 (includes Chairmanship of 2 companies and Vice- Chairmanship of 1 Company)
Mr Ashok Dayal	Non-Executive, Independent Director	5	Yes	4	1
Mr Thomas Chen	Non-Executive Director	–	No	1	–
Mr David Wardell	Non-Executive Director	–	No	3	–

- (c) During the financial year 8 Board Meetings were held on the following dates:

16.12.2003, 25.02.2004, 24.03.2004, 27.04.2004,
28.06.2004, 28.09.2004, 01.11.2004 and 19.11.2004.

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. 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.

The duly constituted Committee met five times during the financial year on 25.02.2004, 24.03.2004, 27.04.2004, 28.06.2004 and 28.09.2004.

4. Shareholders'/Investors' Grievance Committee

This Committee comprises of Mr Ashok Dayal, who is a Non-Executive Independent Director and Chairman of the Committee. Mr Vivek Mohan the Managing Director (appointed with effect from 1 November 2004) is the other member of the Shareholders'/Investors' Grievance Committee. Prior to Mr Vivek Mohan, Mr D M Gavaskar the Managing Director & President was the other member of the said Committee. Mr Gavaskar retired from the Board with effect from 1 November 2004 and consequently ceased to be a member of the Shareholders'/Investors' Grievance Committee. Mr G S Kurmi, Company Secretary is the Compliance Officer.

During the financial year, the Committee held 4 meetings on 25.02.2004, 24.03.2004, 28.06.2004 and 28.09.2004.

A summary of complaints received and resolved by the Company during the year ended 30 November 2004 is given below:

	Received	Cleared
Non-receipt of share certificates duly transferred	7	7
Non-receipt of dividend warrants	60	60
Miscellaneous	10	10
Letters from SEBI, Stock Exchanges and Department of Company Affairs	4	4

As on 30 November 2004, 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

(Rs in million)

Name of the Director	Salary, benefits, bonuses, pension, etc	Commission/ Performance linked incentive or bonus	Total
Mr Vivek Mohan (Managing Director)*	1.6*	—*	1.6*
Mr D M Gavaskar (Managing Director & President)**	14.2	1.8	16.0

* Appointed as Managing Director with effect from 1 November 2004. The remuneration provided but unpaid in the books of account amounts to Rs 1.6 million. The appointment of and remuneration payable to the Managing Director is subject to the approval of the Central Government and the shareholders.

** Retired as Managing Director & President with effect from 1 November 2004.

Notes :

- The term of Mr Vivek Mohan, Managing Director is for a period of 5 years from 1 November 2004.
- Agreement will be entered with Mr Vivek Mohan, upon approval of Central Government.
- Performance linked incentive or bonus is based upon certain pre-agreed criteria.
- Presently the Company does not have a Scheme for grant of Stock Options to the Directors.

B. Non-Executive Directors

Two of the Non-Executive Directors, Mr R A Shah and Mr Ashok Dayal were paid sitting fees of Rs 65,000/- and Rs 70,000/- respectively for attending Board meetings and various Committee meetings of the Company.

The Company paid fees amounting to Rs 3,61,445/- to its Solicitors, M/s Crawford Bayley & Co., of which Mr R A Shah is a partner, for professional services rendered to the Company.

6. General Body Meetings

Financial Year	Date	Time	Location
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
2003	27 April 2004	3.00 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021

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. 21 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.sebiedifar.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, 26 April 2005
Y B Chavan Auditorium
General Jagannath Bhosale Marg
Mumbai 400 021
at 3.30 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 : Wednesday, 20 April 2005 to
Tuesday, 26 April 2005
(both days inclusive)

Dividend Payment Date : On or before 25 May 2005

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

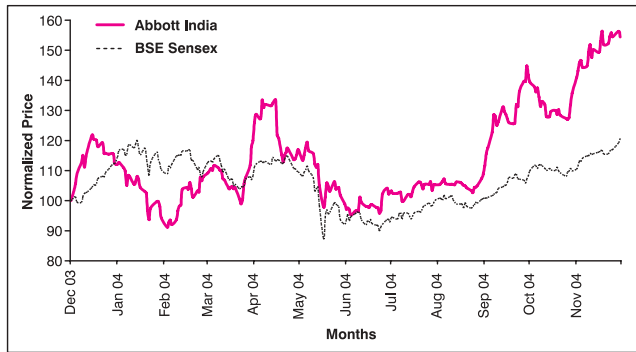
Stock Code : 500488

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

Month	High	Low
December 2003	521.45	428.10
January 2004	482.50	400.90
February 2004	462.40	390.55
March 2004	513.65	423.55
April 2004	571.45	483.05
May 2004	511.50	419.00
June 2004	445.85	407.85
July 2004	455.20	427.30
August 2004	466.00	439.65
September 2004	619.95	477.85
October 2004	596.80	543.70
November 2004	669.40	603.55

Performance in comparison to broad based indices :

Abbott Share Price/BSE 100
Year 2003-2004



Registrars and Share Transfer Agents : Sharepro Services (India) Private Limited
Satam Estate, 3rd Floor
Above Bank of Baroda
Cardinal Gracious Road
Chakala, Andheri (East)
Mumbai 400 099
Phone : 2834 82 18/2832 98 28/
2821 51 68
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 2004

Number of Equity share holdings	Number of Share-holders	Percent-age of Share-holders	Number of shares	Percent-age of share-holding
1-50	5744	38.83	157892	1.03
51-100	3479	23.52	310323	2.03
101-500	3879	26.22	972029	6.36
501-1000	903	6.10	664718	4.35
1001-5000	708	4.79	1430019	9.36
5001-10000	44	0.30	311541	2.04
10001 & above	35	0.24	11433578	74.83
Total	14792	100.00	15280100	100.00

12. Shareholder's profile as on 30 November 2004

Sr. No.	Category of Shareholders	No. of shares held	% to total
1.	Foreign Collaborators	9428184	61.70
2.	Banks	6400	0.04
3.	Financial Institutions	1560967	10.21
4.	Foreign Institutional Investors	68591	0.45
5.	Non-Domestic Companies	200	0.00
6.	Mutual Funds	52660	0.35
7.	Domestic Companies	238959	1.56
8.	Non-Resident Indians	51332	0.34
9.	Others	3872807	25.35
	Total	15280100	100.00

13. Dematerialisation of Shares as on 30 November 2004

91.02% of the Company's total paid-up share capital (including 61.7% held by the parent company) representing 13,908,366 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 (India) Private Limited, 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

- (1) As required by Clause 49 VI A of the Listing Agreement, the profile of Mr Vivek Mohan is given in the Explanatory Statement forming part of the Notice for the 61st Annual General Meeting.
- (2) Mr Ashok Dayal and Mr David Wardell retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.
 - (a) Mr David A Wardell holds a Bachelor of Arts Degree from Princeton University and received his Juris Doctorate at Case Western Reserve University. He is a lawyer by profession. He has been with Abbott Laboratories for the last 8 years during which period he held senior management positions. He is presently Divisional Vice President – International Legal Operations, Abbott Laboratories. He is also a Director on the Board of Abbott Laboratories (Philippines), Abbott Products and Abbott Pharmaceuticals PR Ltd.
 - (b) Mr Ashok Dayal is a Fellow of the Indian Institute of Bankers. He held various senior management positions in Grindlays Bank Plc., Deutsche Bank AG, RHO and Rolan Berger International Management Consultants Pvt Ltd. 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/ Investor Grievance Committee of Board
1. GSK Consumer Healthcare Ltd	Director	Chairman
2. Delhi Safe Deposit	Director	—
3. ING Savings Trust	Chairman	—
4. Akzo-Nobel Coatings India Ltd	Director	—

On behalf of the Board

Vivek Mohan R A Shah
 Managing Director Director

Mumbai : 22 March 2005

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 2004, 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

K A KATKI
Partner

Mumbai
 23 March 2005

Membership No 038568