

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 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 (April 26, 2005)		
Mr Munir Shaikh Chairman of the Board	Non-Executive Director	7	Yes	3*	-
Mr Vivek Mohan Managing Director	Executive Director	7	Yes	-	-
Mr R A Shah	Non-Executive, Independent Director	6	Yes	23*	10 (includes Chairmanship of 4 companies)
Mr Ashok Dayal	Non-Executive, Independent Director	5	Yes	4	1
Mr Thomas Chen (Resigned with effect from 21.09.2005)	Non-Executive Director	1	No	1*	-
Mr David Wardell	Non-Executive Director	1	No	3*	-
Mr Mark Masterson (Appointed as Additional Director with effect from 21.09.2005)	Non-Executive Director	1	No	3*	-

* including directorships of companies incorporated outside India.

- (c) During the financial year 7 Board Meetings were held on the following dates:
December 8, 2004, January 25, 2005, March 22, 2005, April 26, 2005, June 28, 2005, August 3, 2005, and September 21, 2005.

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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, was the Secretary of the Audit Committee until his resignation on February 28, 2006.

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 oversight of the company's financial reporting process, reviewing the financial statements, reviewing the adequacy of internal audit function, discussions with internal and statutory auditors periodically about their scope of audit and adequacy of internal control systems, discussing with internal auditors on any significant findings. The Audit Committee also acts as a link between the Board of Directors and the internal and statutory auditors.

The duly constituted Committee met five times during the financial year on January 25, 2005, March 22, 2005, April 26, 2005, June 28, 2005 and September 21, 2005 and these meetings were attended by all the members.

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, is the other member of the Shareholders'/Investors' Grievance Committee. Mr G S Kurmi, Company Secretary, was the Compliance Officer until his resignation on February 28, 2006.

During the financial year, the Committee held 4 meetings on January 25, 2005, March 22, 2005, June 28, 2005 and September 21, 2005.

A summary of complaints received and resolved by the Company during the year ended November 30, 2005 is given below:

	Received	Cleared
Non-receipt of share certificates duly transferred	13	13
Non-receipt of dividend warrants	43	43
Miscellaneous	58	58
Letters from SEBI, Stock Exchanges and Department of Company Affairs	2	2

As on November 30, 2005, 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 etc. paid to the Executive Director, Mr Vivek Mohan, amount to Rs 20.3 million.

- The above remuneration includes commission/performance linked incentive or bonus of Rs 2.1 million, based on certain pre-agreed criteria.
- The Agreement with Mr Vivek Mohan is for a period of 5 years from November 1, 2004 and terminable by 6 months' notice on either side as per the approval dated July 25, 2005 received from the Central Government, however, the Company may opt to pay 6 months' remuneration including salary, allowances, benefits/perquisites in lieu of notice.
- 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 totaling Rs 55,000/- and Rs.70,000/- respectively for attending Board meetings and various Committee meetings of the Company.

The Company paid fees amounting to Rs 0.4 million 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 quantum of professional fees received by M/s Crawford Bayley & Co. from the Company forms a very small portion of the total revenues of M/s Crawford Bayley & Co. and less than a fraction of the total revenues of the Company.

- None of the Non-Executive Directors and relatives is holding any shares of the Company except for Mr R A Shah who through relatives holds 5098 shares.

6. General Body Meetings

Financial Year	Date	Time	Location
2002	April 29, 2003	3.00 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021
2003	April 27, 2004	3.00 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021
2004	April 26, 2005	3.30 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 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.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 : Wednesday, May 3, 2006
at 10.30 a.m
Y B Chavan Auditorium,
General Jagannath Bhosale
Marg,
Mumbai 400 021

Financial Calendar : The Company follows December 1 – November 30 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 within 3 months of the close of the financial year

Date of Book Closure : April 25, 2006 to
May 3, 2006 (both days
inclusive)

Dividend Payment Date : On or before June 2, 2006

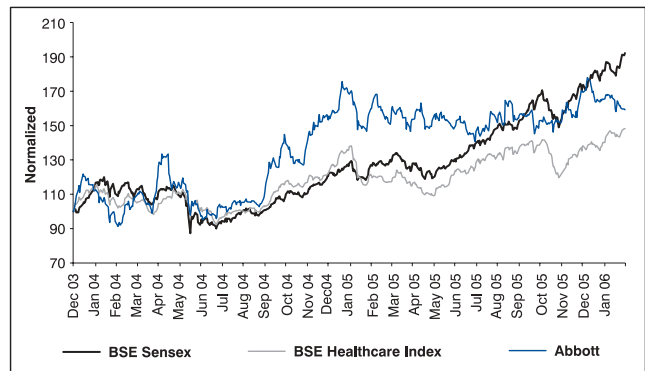
Listing On Stock : Bombay Stock Exchange
Exchange Limited

Stock Code : 500488

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

Month	High	Low
December 2004	768.00	613.60
January 2005	745.00	625.00
February 2005	749.00	605.00
March 2005	695.00	615.00
April 2005	702.00	620.00
May 2005	682.00	630.00
June 2005	694.90	582.00
July 2005	690.00	595.00
August 2005	740.00	640.00
September 2005	688.95	611.00
October 2005	678.00	624.95
November 2005	743.00	647.00

Performance in comparison to broad based indices:
Abbott Share Price / BSE 100
Year 2004 - 2005



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
Email : sharepro@vsnl.com

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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 November 30, 2005

Number of Equity share holdings	Number of Share-holders	Percent- age of Share-holders	Number of shares	Percent- age of share-holding
1 - 50	5,636	40.71	149,074	0.98
51 - 100	3,171	22.90	282,549	1.85
101 - 500	3,493	25.23	868,743	5.69
501 - 1000	831	6.00	611,268	4.00
1001 - 5000	643	4.65	1,293,428	8.46
5001 - 10000	36	0.26	244,849	1.60
10001 & above	34	0.25	11,830,189	77.42
Total	13,844	100.00	15,280,100	100.00

12. Shareholder's profile as on November 30, 2005

Sr. No.	Category of Shareholders	No. of shares held	% to total
1.	Foreign Collaborators	9,428,184	61.70
2.	Banks	6,400	0.04
3.	Financial Institutions	1,352,722	8.85
4.	Foreign Institutional Investors	214	-
5.	Overseas Corporate Bodies	200	-
6.	Mutual Funds	835,384	5.47
7.	Domestic Companies	158,308	1.05
8.	Non-Resident Indians	44,946	0.29
9.	Others	3,453,742	22.60
	Total	15,280,100	100.00

13. Dematerialisation of Shares as on November 30, 2005

92.30% of the Company's total paid-up share capital (including 61.7% held by the parent company) representing 14,103,804 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

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 Mark Masterson is given in the Explanatory Statement forming part of the Notice for the 62nd Annual General Meeting.

(2) 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 joined Abbott in 1968, and has since served in several management positions with Abbott in Asia, Latin America and United States, including General Manager - Pakistan, General Manager - Caribbean, Director - Business Development, Pacific and Far East, Regional Director - Pacific/Asia/Africa, Regional Director - Southeast Asia/ India in the Abbott International Division. He was named Vice-President and Regional Director, Southeast Asia/Sub-continent - Korea in 2003 and most recently, appointed Divisional Vice President, Southeast Asia/Middle East/Africa, Abbott Nutrition International, in June 2005, based in Singapore.

He is a Fellow of The Institute of Chartered Accountants in England and Wales. He is also a Director on the Board of Abbott Laboratories (Singapore) Pte Ltd, Abbott Laboratories (Pakistan) Limited and Pt Abbott Indonesia.

(b) Mr R A Shah is a leading Solicitor and a Senior Partner of M/s Crawford Bayley & Co., a firm of Solicitors and Advocates. He specialises in a broad

spectrum of corporate laws. Mr R A Shah and his relatives hold 5098 shares in the Company. Presently he is the Chairman/Director and Chairman or member of Audit Committees of the following companies:

Name of the Company	Designation	Chairmanship or Membership of Audit Committee of Board
1. Godfrey Phillips India Ltd	Chairman	-
2. Roche Scientific Co (I) Pvt Ltd	Chairman	-
3. Pfizer Limited	Chairman	Chairman
4. Colgate Palmolive (I) Ltd	Vice-Chairman	Chairman
5. Asian Paints (I) Ltd	Director	-
6. Atul Limited	Director	-
7. The Bombay Dyeing & Mfg. Co. Ltd	Director	Chairman / Member
8. BASF India Ltd	Director	Member
9. Colour Chem Ltd	Director	Member
10. Clariant India Ltd	Director	-
11. Jumbo World Holdings Ltd (Foreign Company)	Director	-

Name of the Company	Designation	Chairmanship or Membership of Audit Committee of Board
12. Deepak Fertilizers & Petrochemicals Corporation Ltd	Director	-
13. Procter & Gamble Hygiene and Healthcare Ltd	Director	Member
14. Nicholas Piramal India Ltd	Director	Chairman
15. Century Enka Ltd	Alternate Director	Member (Alternate)
16. Wockhardt Ltd	Alternate Director	Member (Alternate)
17. BASF Polyurethanes India Ltd	Alternate Director	-
18. Gillette India Ltd	Director	-
19. Lupin Limited	Director	-
20. Modicare Limited	Alternate Director	-
21. RPG Life Sciences Ltd	Alternate Director	-
22. Schrader Duncan Ltd.	Alternate Director	-
23. Uhde India Limited	Alternate Director	-

On behalf of the Board

Vivek Mohan
Managing Director

R A Shah
Director

Mumbai : March 7, 2006

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 November 30, 2005, 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
March 7, 2006

Membership No. 038568