

## 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.

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### 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](http://www.abbott.co.in)) and on SEBI's EDIFAR (Electronic Data Information Filing And Retrieval) System website ([www.sebiedifar.nic.in](http://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.

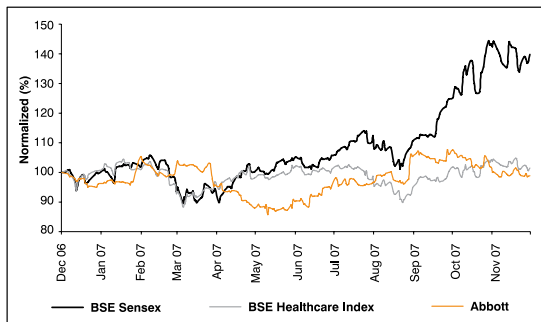
## Report & Accounts 2007

### 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