

## 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 8 Directors (9 Directors as on November 30, 2008) including 1 Executive (2 Executives as on November 30, 2008) 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, 2008, 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 8, 2008)		
Mr Munir Shaikh Chairman of the Board	Non-Executive	4	No	—	—
Mr Vivek Mohan Managing Director	Executive	7	Yes	—	—
Mr R A Shah	Non-Executive Independent	6	Yes	21	9 (includes Chairmanship of 5 companies)
Mr Ashok Dayal	Non-Executive Independent	6	Yes	3	2
Mr Ranjan Kapur	Non-Executive Independent	7	Yes	12	2
Mr Mario Durante	Non-Executive	1	Yes	—	—
Mr John Berry	Non-Executive	—	No	—	—
Mr Thomas Dee	Non-Executive	1	No	—	—
Mr Sudarshan Jain Whole time Director (resigned effective November 30, 2008)	Executive	7	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.

- (c) During the financial year, 7 Board Meetings were held on the following dates:  
December 17, 2007; February 14, 2008; March 28, 2008; April 8, 2008; May 16, 2008; June 20, 2008 and September 23, 2008.
- (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 2008

### 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 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/re-appointment 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 6 times on the following dates:

December 17, 2007; February 14, 2008; March 28, 2008; May 16, 2008; June 20, 2008 and September 23, 2008.

Mr Ashok Dayal and Mr R A Shah attended 5 meetings each, Mr Ranjan Kapur attended all meetings and Mr Munir Shaikh attended 4 meetings. The Director – Finance (CFO) 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 investor 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 14, 2008; March 28, 2008 and September 23, 2008.

A summary of complaints received from shareholders/investors and resolved by the Company during the year ended November 30, 2008 is given below:

Particulars	Received	Resolved
Non receipt of share certificates duly transferred	—	—
Non receipt of dividend warrants	13	13
Miscellaneous		
– Non receipt of Annual Report	5	5
– Related to Buy-back	3	3

During the year, the Company received 1 letter relating to 2 investor grievances from Securities and Exchange Board of India and 1 letter from Bombay Stock Exchange Limited, which were duly replied.

As on November 30, 2008, 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, 2008 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	15,287,000	4,050,173
Perquisites	6,897,986	182,269
Contribution to Provident Fund, Superannuation Fund & Group Annuity Scheme	1,024,154	1,102,549
Performance Linked Incentive	2,290,000	604,380
Notice Period	Six months	
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 17 to the Accounts in the Annual Report.	

\* Resigned effective November 30, 2008.

#### (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 60,000/-, Rs 70,000/- and Rs 65,000/- respectively, for attending Board meetings and various Committee Meetings (including Buyback Committee meetings) held during the financial year 2007-2008.

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 5098 shares.

#### 6. General Body Meetings

Financial Year	Date	Time	Location	No. of Special Resolutions
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	—
2007	April 8, 2008	10.30 a.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

- (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 17 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 2007-08, 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.sebidifar.nic.in](http://www.sebidifar.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.

#### 9. General Shareholder Information

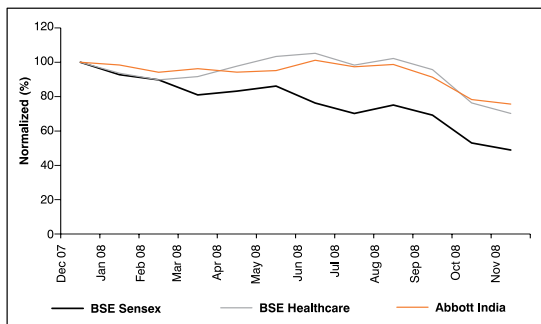
- i Annual General Meeting : Tuesday, March 17, 2009  
at 10.30 a.m.  
Y B Chavan Auditorium  
General Jagannath Bhosale  
Marg, Mumbai 400 021
- ii Financial year : December 1, 2007 –  
November 30, 2008
- iii Date of Book Closure : March 13, 2009 to March 17,  
2009 (both days inclusive)
- iv Dividend Payment Date : On or before April 16, 2009
- v Listing on Stock Exchange : Bombay Stock Exchange  
Limited (BSE)
- vi Stock Code : 500488

## Report & Accounts 2008

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

Month	High	Low
December 2007	584.95	532.00
January 2008	618.25	481.00
February 2008	550.00	502.00
March 2008	565.00	509.95
April 2008	549.95	502.80
May 2008	548.00	515.00
June 2008	615.00	515.05
July 2008	577.00	510.65
August 2008	563.00	540.00
September 2008	569.50	450.00
October 2008	499.95	375.00
November 2008	455.00	390.00

- viii Performance in comparison to broad based indices: December 1, 2007 – November 30, 2008



- ix Registrars and Share Transfer Agents:

Sharepro Services (India) Private Limited,  
13 A/B, 2nd Floor, Samitha Warehousing Complex,  
Behind Sakinaka Telephone Exchange,  
Andheri Kurla Road, Sakinaka, Andheri (East),  
Mumbai 400 072

Phone: 022-67720400/001/002,  
022-28518157, 28517377

Fax : 022-28508927, 28591568

Email : sharepro@shareproservices.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.

Shares 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, 2008

Number of Equity Share-holdings	Number of Share-holders	Percent-age of Share-holders	Number of shares	Percentage of Share-holding
1-50	6436	47.01	147934	1.08
51-100	2732	19.96	231933	1.69
101-500	3165	23.12	757305	5.54
501-1000	728	5.32	525471	3.84
1001-5000	569	4.16	1129020	8.26
5001-10000	37	0.27	246217	1.80
10001 & above	22	0.16	10637360	77.79
Total	13689	100.00	13675240	100.00

### Shareholding Pattern as on November 30, 2008

Sr. No.	Category of Shareholders	No. of shares held	% to total
1.	Promoters	9428184	68.94
2.	Banks	5373	0.04
3.	Financial Institutions	26174	0.19
4.	Foreign Institutional Investors	32455	0.24
5.	Insurance Companies	487446	3.56
6.	Mutual Funds	325644	2.38
7.	Domestic Companies	351206	2.57
8.	Non Resident Indians	64162	0.47
9.	Others	2954596	21.61
	Total	13675240	100.00

- xii Dematerialisation of Shares as on November 30, 2008 :  
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, 2008, 12844082 shares representing 93.92% of the Company's total paid-up share capital (including 68.94% held by the Promoter) were held in dematerialised mode.

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  
Phone: 67978888  
Fax: 67978727  
Email: webmaster@abbott.co.in  
investor.relations@abbott.co.in

**Registrars & Share Transfer Agents:**

Sharepro Services (India) Pvt Ltd  
13 A/B, 2nd Floor,  
Samitha Warehousing Complex,  
Behind Sakinaka Telephone Exchange,  
Andheri Kurla Road, Sakinaka,  
Andheri (East), Mumbai 400 072  
Phone : 022-67720400/001/002,  
022-28518157, 28517377  
Fax : 022-28508927, 28591568  
Email : sharepro@shareproservices.com

On behalf of the Board

Vivek Mohan                      R A Shah  
Managing Director                      Director

Mumbai, January 28, 2009

**Declaration under Clause 49 I (D) of the Listing Agreement**

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, 2008.

Abbott India Limited

Vivek Mohan  
Managing Director

Mumbai, January 28, 2009

**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, 2008, as stipulated in clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited, 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 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  
January 28, 2009

Membership No. 038568