

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 comprises 8 Directors including 1 Executive and 7 Non-Executive Directors, of which 4 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 as on date, their attendance at the Board Meetings held during the period 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 December 31, 2010, 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 (March 12, 2010)		
Mr Munir Shaikh Chairman of the Board	Non-Executive, Independent Director	6	Yes	-	-
Mr Vivek Mohan Managing Director	Executive	7	Yes	-	-
Mr R A Shah	Non-Executive, Independent Director	8	Yes	22	10 (includes Chairmanship of 5 companies)
Mr Ashok Dayal	Non-Executive, Independent Director	6	No	2	-
Mr Ranjan Kapur	Non-Executive Independent Director	8	Yes	14	
Mr Thomas Dee	Non-Executive Director	1	Yes	-	-
Mr Neil Aylward	Non-Executive Director	4	Yes	-	-
Mr Laurent Van Lerberghe	Non-Executive Director	3	No	-	-
Mr Zahirali Lavji (Resigned effective December 31, 2010)	Non-Executive Director	1	Yes	-	-

* Excluding directorships in Associations, Section 25 companies and foreign companies but including private companies and alternate/additional directorships.

** Memberships/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committees.

- c) Mr Kaiyomarz Marfatia has been appointed as an Additional Director and also Whole-time Director for a term of 5 years effective March 01, 2011 and Mr Ramon F Neira Hoyos has been appointed as an Additional Director effective March 09, 2011.
- d) During the period December 01, 2009 to December 31, 2010, 8 Board Meetings were held on the following dates :
- December 15, 2009, February 01, 2010, March 12, 2010, March 30, 2010, June 29, 2010, September 28, 2010, November 24, 2010 and December 21, 2010.
- e) 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.

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. All the above 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 period under review, the Committee met 6 times on the following dates:

December 15, 2009, February 01, 2010, March 30, 2010, June 29, 2010, September 28, 2010 and December 21, 2010.

Mr Ashok Dayal and Mr Munir Shaikh attended 5 meetings each, Mr Ranjan Kapur and Mr R A Shah attended all meetings. The Director - Finance (Head of Finance) generally remains present at the meetings. The Statutory, Internal and Cost Auditors are also invited to the meetings, as required. Mr Ashok Dayal, Chairman of the Audit Committee could not attend the Annual General Meeting held on March 12, 2010 due to illness. Mr Ranjan Kapur was appointed as the Chairman of the Audit Committee Meeting in his absence and he attended the Annual General Meeting in compliance with provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

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 period under review, the Committee met 3 times on the following dates:

February 01, 2010, September 28, 2010 and December 21, 2010.

A summary of complaints received from shareholders/ investors and resolved by the Company during the period December 01, 2009 to December 31, 2010 is given below:

Particulars	Received	Resolved
Non receipt of share certificates duly transferred	-	-
Non receipt of dividend warrants	14	14
Miscellaneous		
-Non receipt of Annual Report	07	07
-Related to Buy-back	02	02

During the period under review, the Company received 3 letters relating to investor grievance from Bombay Stock Exchange Limited and 1 letter from SEBI, which were duly replied.

As on December 31, 2010, 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 Mr Vivek Mohan, Managing Director, for the period December 01, 2009 to December 31, 2010 are as follows:

Terms of Agreement	Mr Vivek Mohan (Managing Director)
Period of appointment	5 years
Date of appointment	November 01, 2009
Salary & Other Allowances (Rs.)	1,87,68,000
Perquisites (Rs.)	67,18,939
Contribution to Provident Fund & Group Gratuity Scheme (Rs.)	24,53,893
Performance Linked Incentive (Rs.)	17,14,843
Notice Period	Three 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 is entitled to Stock Option of Abbott Laboratories, USA under its "Incentive Stock Option Program" and is 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 15 to the Accounts in the Annual Report.

b) Non-Executive Directors

Mr Munir Shaikh, Mr R A Shah, Mr Ashok Dayal and Mr Ranjan Kapur were paid sitting fees amounting to Rs. 1,80,000/-, Rs. 2,80,000/-, Rs. 2,50,000/- and Rs. 2,80,000/- respectively, for attending Board meetings and various Committee Meetings held during the period December 01, 2009 to December 31, 2010.

None of the Non-Executive Directors had any material pecuniary relationship or transactions with the Company other than the sitting fees received by them.

Mr R A Shah is a partner of M/s Crawford Bayley & Co. 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.

- c) None of the Non-Executive Directors / their relatives holds any shares of the Company except for Mr R A Shah and his relatives who hold 5,098 shares.

6. General Body Meetings

Financial Year	Date	Time	Location	No. of Special Resolutions
2007	April 08, 2008	10.30 a.m.	Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai-400 021	-
2008	March 17, 2009	10.30 a.m.	Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai-400 021	-
2009	March 12, 2010	10.30 a.m.	Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai-400 021	01 (Subject : Approving the change in the place of keeping its Registers and Index of Members and copies of Annual Return at the office premises of the Company's Registrar & Share Transfer Agents)

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 period under review, 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 - Schedule 15 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 period 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 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. For the period December 01, 2009 to December 31, 2010, 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 is also made available on the website of the Company (www.abbott.co.in).
- b) During the period, the Company has not made any presentation to the institutional investors or analysts.
- c) Management Discussion and Analysis Report forms part of the Directors' Report.

9. General Shareholder Information:

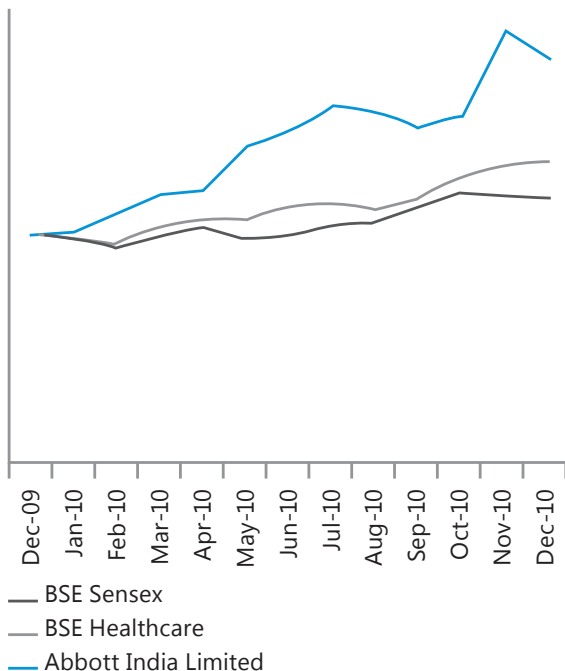
- i **Annual General Meeting** : Wednesday, April 27, 2011 at 10.30 a.m.
Y B Chavan Auditorium
General Jagannath Bhosale Marg
Mumbai 400 021
- ii **Thirteen months period** : December 01, 2009 - December 31, 2010

(The Company has changed its financial year from year ended November 30 to year ended December 31. Accordingly the annual accounts are made for a period of 13 months from December 01, 2009 to December 31, 2010)
- iii **Date of Book Closure** : Thursday April 21, 2011 to Wednesday April 27, 2011 (both days inclusive)
- iv **Dividend Payment Date** : On or before May 26, 2011
- 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 2009	815.00	706.05
January 2010	825.00	730.00
February 2010	941.00	735.65
March 2010	935.00	860.00
April 2010	952.00	869.00
May 2010	1210.00	903.25
June 2010	1210.55	1009.00
July 2010	1264.00	1123.50
August 2010	1217.00	1120.00
September 2010	1174.00	1060.00
October 2010	1210.00	1100.00
November 2010	1699.90	1190.00
December 2010	1460.00	1245.30

viii Performance in comparison to broad based indices: December 01, 2009 - December 31, 2010



ix Registrars and Share Transfer Agents

Sharepro Services (India) Private Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka, Andheri (East),
Mumbai - 400 072.

Telephone No.: +91-22-67720400/67720300

Fax: +91-22-28591568

Email: sharepro@shareproservices.com

Investors Relation Centre

912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai - 400 021.

Telephone No.: +91-22-66134700

Fax: +91-22-22825484

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 December 31, 2010

Number of Equity Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Shareholding
1-50	7336	50.73	155791	1.14
51-100	2638	18.24	224868	1.64
101-500	3157	21.83	763796	5.58
501-1000	723	5.00	527692	3.86
1001-5000	550	3.81	1116142	8.16
5001-10000	35	0.24	248240	1.82
10001 & above	22	0.15	10638711	77.80
Total	14461	100.00	13675240	100.00

Shareholding Pattern as on December 31, 2010

Sr. No.	Category of Shareholders	No. of shares held	% to total
1.	Promoters	9428184	68.94
2.	Banks	5240	0.04
3.	Foreign Institutional Investors	16916	0.12
4.	Insurance Companies	304976	2.23
5.	Mutual Funds	446904	3.27
6.	Domestic Companies	366798	2.68
7.	Non Resident Indians	63542	0.47
8.	Directors & Relatives	5098	0.04
9.	Others	3037582	22.21
	Total	13675240	100.00

- xii. Dematerialisation of Shares as on December 31, 2010

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 December 31, 2010, 1,29,42,979 shares representing 94.65% 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
Telephone: 67978888
Fax : 67978727

Email: webmaster@abbott.co.in
investor.relations@abbott.co.in

Sharepro Services (India) Private Limited

1 13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai - 400 072.
Telephone No.: +91-22-67720400/67720300
Fax: +91-22-28591568
Email: sharepro@shareproservices.com

2 Investors Relation Centre
912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai - 400 021.
Telephone No.: +91-22-66134700
Fax: +91-22-22825484

For and on behalf of the Board

Mumbai,
February 28, 2011

Vivek Mohan
Managing Director

R A Shah
Director

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 thirteen months period ended December 31, 2010.

For and on behalf of the Board

Mumbai
February 28, 2011

Vivek Mohan
Managing Director

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 ("the Company") for the period December 01, 2009 to December 31, 2010, 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
(Registration No.117366W)

K. A. Katki
Partner
(Membership No. 038568)

Mumbai
February 28, 2011