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## REPORT ON CORPORATE GOVERNANCE

### 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 the stakeholders of the Company, including members, 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 that 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 members and other beneficiaries for their actions.

### BOARD OF DIRECTORS

- As on the date of this Report i.e. May 27, 2019, the Board comprises 9 Directors including 2 Executive and 7 Non-Executive Directors, of which 3 are Independent Directors. The Directors are professionals, having expertise in their respective functional areas and bring a wide range of skills and experience to the Board.
- 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 the date of this Report are given in the table below:

| Name of the Director                              | Category of Directorship            | Total Board Meetings held in 2018-19 | Attendance at                  |  | Number of Directorships in other companies <sup>1</sup> | Number of Committee positions held in other companies <sup>3</sup> |
|---|-------------------------------------|--------------------------------------|--------------------------------|--|---|--|
|   |                                     |                                      | Board Meetings held in 2018-19 | Annual General Meeting (July 18, 2018) |   |  |
| Mr Munir Shaikh<br>Chairman of the Board          | Non-Executive Director              | 6                                    | 6                              | Yes                                    | 2 <sup>2</sup>  | NIL  |
| Mr Ambati Venu<br>Managing Director               | Executive Director                  | 6                                    | 6                              | Yes                                    | NIL   | NIL  |
| Mr Krishna Mohan Sahni                            | Non-Executive, Independent Director | 6                                    | 6                              | Yes                                    | NIL   | NIL  |
| Mr R A Shah<br>(retired effective March 31, 2019) | Non-Executive, Independent Director | 6                                    | 6                              | Yes                                    | 10 <sup>2</sup>   | 6 <sup>3</sup>   |
| Mr Kaiyomarz Marfatia                             | Non-Executive Director              | 6                                    | 6                              | Yes                                    | NIL   | NIL  |
| Mr Rajiv Sonalker<br>Whole-time Director          | Executive Director                  | 6                                    | 6                              | Yes                                    | NIL   | NIL  |

|  |  |   |    |     |                |                |
|--|--|---|----|-----|----------------|----------------|
| Ms Anisha Motwani<br>(appointed effective<br>April 25, 2018) | Non-Executive,<br>Independent Director | 6 | 6  | Yes | 7 <sup>2</sup> | 6 <sup>3</sup> |
| Mr Jawed Zia<br>(appointed effective<br>June 1, 2018)        | Non-Executive<br>Director              | 6 | 5  | Yes | NIL            | NIL            |
| Mr Sudarshan Jain<br>(appointed effective<br>April 1, 2019)  | Non-Executive,<br>Independent Director | 6 | NA | NA  | 2 <sup>2</sup> | NIL            |
| Mr Mark Murphy II<br>(appointed effective<br>April 1, 2019)  | Non-Executive<br>Director              | 6 | NA | NA  | NIL            | NIL            |

1. Includes directorship in private companies, alternate directorship and directorship in foreign companies. However, it does not include the directorships in companies registered under Section 8 of the Companies Act, 2013.
2. Other Directorship Details:

- Mr Munir Shaikh serves as Director in Abbott Laboratories (Pakistan) Limited and Sunshine Holdings PLC, Sri Lanka.
- Ms Anisha Motwani serves as Independent Director in Welspun India Limited, Prataap Snacks Limited, Angel Broking Limited, India Shelter Finance Corporation Limited, L&T Investment Management Limited, PNB MetLife India Insurance Company Limited and as Director in Avadh Snacks Private Limited.
- Mr Sudarshan Jain serves as Director in ZCL Chemicals Limited and Healthium Medtech Private Limited.
- As on March 31, 2019, Mr R A Shah served as Independent Director in Procter & Gamble Hygiene and Healthcare Limited (Chairman), Pfizer Limited (Chairman), BASF India Limited, The Bombay Dyeing and Manufacturing Company Limited, Colgate-Palmolive (India) Limited (Vice-Chairman) and Lupin Limited, as Non-Executive, Non-Independent Director in Godfrey Philips India Limited (Chairman) and Atul Limited; as Alternate Director in ThyssenKrupp Industrial Solutions (India) Private Limited and as Director in Jumbo World Holdings Limited (Foreign Director).

Mr R A Shah retired as Independent Director upon completion of his term effective close of business hours on March 31, 2019.

3. Includes Memberships/Chairmanships of Audit Committee and Stakeholders Relationship Committee. The details of such Memberships/Chairmanship are given below:
  - Ms Anisha Motwani holds the Membership of Audit Committee in Prataap Snacks Limited, India Shelter Finance Corporation Limited and PNB MetLife India Insurance Company Limited; Membership of Stakeholders Relationship Committee in Prataap Snacks Limited, PNB MetLife India Insurance Company Limited and Angel Broking Limited.
  - As on March 31, 2019, Mr R A Shah held the Chairmanship of Audit Committee in Pfizer Limited, Colgate Palmolive (India) Limited and Procter & Gamble Hygiene and Healthcare Limited and Membership of Audit Committee in BASF India Limited, Bombay Dyeing & Manufacturing Company Limited and Godfrey Philips India Limited.

- c) During the year under review, 6 Board Meetings were held on the following dates:

May 14, 2018; July 18, 2018; August 13, 2018; November 13, 2018; February 8, 2019 and March 30, 2019.

The option for attending Board/Committee Meetings via audio-visual means is provided to the Directors.

- d) Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India are annexed to the Notice convening the Annual General Meeting, which forms part of the Annual Report.
- e) There is no inter-se relationship between any of the Directors.
- f) Mr Sudarshan Jain along with his relatives, holds 250 shares in the Company. Mr R A Shah, along with his relatives, held 6,874 shares as on March 31, 2019.
- g) As required under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has, from time to time, notified the BSE Limited regarding all appointments/re-appointments/cessations of Directors during the year under review.
- h) None of the Independent Directors of the Company serve as Independent Director in more than seven listed companies or as whole-time director in any listed company.
- i) All material information was circulated to the Directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of sub regulation 7 of Regulation 17 of the Listing Regulations.
- j) In the opinion of the Board and Nomination and Remuneration Committee, the Independent Directors fulfill the criteria of Independence as specified in the Companies Act, 2013 and Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

## **BOARD COMPETENCIES/EXPERTISE**

The Board has a perfect mix of analytical, strategic and leadership skills. The Directors have a full understanding of the operations of the Company, industry and business environment in which the Company operates and have adequate competencies to bring value additions to the functioning of the Company.

The Board has different sets of skills and expertise, broadly in the areas of Accounting, Sales and Development, Information Technology, Public Relations, Digital Marketing, Strategy Development and Implementation, which is in alignment with the long term strategic plans of the Company.

The Board has awareness towards the increasing focus on governance and is actively working towards raising of the governance standards of the Company.

## **FAMILIARISATION PROGRAMS FOR INDEPENDENT DIRECTORS**

As a part of Induction and Continuing Education Program for Independent Directors, periodic presentations are made by the Managing Director/Commercial Directors/Function Heads at the Board Meetings to apprise the Directors with the Company's business strategies, long term plans,

budgets, operations and performance, relevant legal/regulatory updates in the laws and regulations applicable to the Company. In addition, these presentations also provide insights into various growth opportunities for the Company, operational and environmental challenges associated with the Company's business operations, products, Management's risk mitigation plans, human resources updates, etc.

The Directors are regularly briefed on the Company's policies and procedures, with regard to distribution channels, business model, cash and treasury management, accounting systems and internal financial controls, etc. Plant visit is arranged, as and when required, for the Directors to acquaint them with the manufacturing process and the products manufactured in-house.

The Company also arranges various knowledge dissemination sessions by external faculties to keep the Directors updated with the current happenings, relevant news and legal/regulatory changes.

Details of such programs conducted by the Company for the financial year 2018-19 are available on the website of the Company at <http://www.abbott.co.in/investor-relations/policies.html>

## MEETING OF INDEPENDENT DIRECTORS

In terms of requirements of the Companies Act, 2013, Rules framed thereunder and Regulation 25(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of Independent Directors was held on May 14, 2018. The said Meeting was attended by all the Independent Directors.

## AUDIT COMMITTEE

The composition, role, terms of reference as well as powers of the Audit Committee of the Company are in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Composition:

The Committee comprises 3 Independent Directors and 1 Non-Executive Director as on the date of this Report.

The composition of the Audit Committee, category of its Members, their attendance at the Committee Meetings held during the year under review is given below:

| Sr. No. | Name of the Member                            | Category               | Number of Meetings 2018-19 |          |
|---------|---|------------------------|----------------------------|----------|
|         |   |                        | Held                       | Attended |
| 1.      | Ms Anisha Motwani <sup>1</sup><br>Chairperson | Independent Director   | 5                          | 4        |
| 2.      | Mr Munir Shaikh                               | Non-Executive Director | 5                          | 5        |
| 3.      | Mr Krishna Mohan Sahni                        | Independent Director   | 5                          | 5        |
| 4.      | Mr Sudarshan Jain <sup>2</sup>                | Independent Director   | 5                          | NA       |
| 5.      | Mr R A Shah <sup>3</sup>                      | Independent Director   | 5                          | 5        |

1. appointed as Member effective May 14, 2018 and Chairperson effective April 1, 2019.

2. appointed as Member effective April 1, 2019.

3. ceased to be Chairman and Member effective close of business hours on March 31, 2019.

Ms Krupa Anandpara, Company Secretary is the Secretary of the Committee.

**Role:**

The role of the Committee includes:

- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by them;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a) matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to the financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report.
- reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up thereon;



- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors;
- approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- reviewing the functioning of the Vigil Mechanism/Whistle Blower Mechanism;
- carrying out any other functions as may be prescribed under the Companies Act, 2013, Rules framed thereunder and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or as may be delegated by the Board, from time to time.

The Committee also reviews various information prescribed under Part C of Schedule II as referred in Regulation 18(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Meetings:**

During the year under review, the Committee met 5 times on the following dates:

May 14, 2018; July 18, 2018; August 13, 2018; November 13, 2018 and February 8, 2019.

The Chief Financial Officer remains present at all the Audit Committee Meetings. All the meetings are attended by the Statutory Auditors. Internal and Cost Auditors are invited to the Meetings, as and when required.

Mr R A Shah, the then Chairman of the Audit Committee attended the Annual General Meeting held on July 18, 2018 in compliance with the requirements of Regulation 18(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The composition, role, terms of reference as well as powers of the Nomination and Remuneration Committee of the Company are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Composition:**

The Committee comprises 2 Independent Directors and 2 Non-Executive Directors as on the date of this Report.

The composition of the Nomination and Remuneration Committee, category of its Members and their attendance at the Committee Meetings held during the year under review is given below:

| Sr. No. | Name of the Member                         | Category               | Number of Meetings 2018-19 |          |
|---------|--|------------------------|----------------------------|----------|
|         |  |                        | Held                       | Attended |
| 1.      | Mr Sudarshan Jain <sup>1</sup><br>Chairman | Independent Director   | 4                          | NA       |
| 2.      | Mr Munir Shaikh                            | Non-Executive Director | 4                          | 4        |
| 3.      | Ms Anisha Motwani <sup>2</sup>             | Independent Director   | 4                          | 4        |
| 4.      | Mr Jawed Zia <sup>3</sup>                  | Non-Executive Director | 4                          | NA       |
| 5.      | Mr R A Shah <sup>4</sup>                   | Independent Director   | 4                          | 4        |

1. appointed as Chairman and Member effective April 1, 2019.

2. appointed as Member effective April 25, 2018.

3. appointed as Member effective April 1, 2019.

4. ceased to be Chairman and Member effective close of business hours on March 31, 2019.

Ms Krupa Anandpara, Company Secretary, is the Secretary of the Committee.

#### **Role:**

The role of the Committee in relation to Nomination matters include:

- formulating criteria for identifying suitable candidates for Directors and Senior Management;
- identify persons who are qualified to become Directors and appointed as the Senior Management in accordance with criteria laid down and recommend to the Board their appointment and removal;
- formulating the criteria for determining the qualifications, positive attributes and independence of a Director;
- devising policy on the diversity of the Board;
- ensuring that there is an appropriate induction programme in place for new Directors and reviewing its effectiveness;
- formulating the criteria for evaluation of performance of Board, its Committees and individual Directors and review its implementation and compliance and whether to extend or continue the term of appointment of the Independent Director on the basis of such assessment;
- to consider any other matters as may be delegated by the Board.

The role of the Committee in relation to Remuneration matters include:

- recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The Committee shall, while formulating the policy ensure that:
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality, required to run the company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

- recommend to the Board all remuneration, in whatever form, payable to the Senior Management;
- to consider any other matters as may be delegated by the Board.

#### **Meetings:**

During the year under review, the Committee met 4 times on the following dates:

May 14, 2018; August 13, 2018; November 13, 2018 and March 30, 2019.

Mr R A Shah, the then Chairman of the Committee attended the Annual General Meeting of the Company to answer the Shareholders' queries in compliance with the requirements of Regulation 19(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Performance Evaluation Criteria for Independent Directors:**

Performance Evaluation of Independent Directors is done by the entire Board of Directors (except the Director whose evaluation is being done). The Board also evaluates if the Independent Directors fulfill the criteria of independence as laid down in the Companies Act, 2013, Rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

As per the aforesaid Framework, Performance Evaluation of Directors is done through self-assessment and group discussions basis the suggested set of questions/parameters such as Directors' attendance, effective participation at Board/Committee Meetings, their contribution at the meetings, leveraging on his/her experience to provide the necessary insights/guidance on Board discussions and display of candor in expressing views even when they are in divergence with the rest of the Board, etc.

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The composition, role, terms of reference as well as powers of the Stakeholders Relationship Committee of the Company are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Composition:**

The Committee comprises 1 Independent Director, 1 Non-Executive Director and 1 Executive Director, as on the date of this Report.

The composition of the Stakeholders Relationship Committee, category of its Members and their attendance at the Committee Meetings held during the year under review is given below:

| Sr. No. | Name of the Member                             | Category               | Number of Meetings<br>2018-19 |          |
|---------|--|------------------------|-------------------------------|----------|
|         |  |                        | Held                          | Attended |
| 1.      | Mr Kaiyomarz Marfatia <sup>1</sup><br>Chairman | Non-Executive Director | 4                             | 4        |
| 2.      | Mr Ambati Venu                                 | Managing Director      | 4                             | 4        |
| 3.      | Mr Krishna Mohan Sahni <sup>2</sup>            | Independent Director   | 4                             | NA       |
| 4.      | Mr R A Shah <sup>3</sup>                       | Independent Director   | 4                             | 4        |



1. appointed as Chairman effective May 14, 2018.
2. appointed as Member effective April 1, 2019.
3. ceased to be a Member effective close of business hours on March 31, 2019.

Ms Krupa Anandpara, Company Secretary, is the Secretary of the Committee. She also acts as the Compliance Officer of the Company.

#### **Role:**

The role of the Committee includes:

- resolving the grievances of the shareholders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- review of measures taken for effective exercise of voting rights by shareholders;
- review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
- review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

#### **Meetings:**

During the year under review, the Committee met 4 times on the following dates:

May 14, 2018; August 13, 2018; November 13, 2018 and February 8, 2019.

#### **Summary of Shareholders' Grievances:**

A summary of complaints received and resolved by the Company to the satisfaction of the shareholders/investors during the year under review, is given below:

| <b>Particulars</b>                   | <b>Number</b>  |
|--------------------------------------|----------------|
| Pending at the beginning of the year | 2*             |
| Received during the year             | 9 <sup>#</sup> |
| Resolved during the year             | 10             |
| Pending at the end of the year       | 1              |

\* includes 1 letter received from Ministry of Corporate Affairs and 1 letter from the Securities and Exchange Board of India (SCORES).

<sup>#</sup> includes 8 letters received from the Securities and Exchange Board of India (SCORES).

As on March 31, 2019, there were no pending share transfers.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The composition, role, terms of reference as well as powers of the Corporate Social Responsibility ("CSR") Committee of the Company are in compliance with the requirements of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

**Composition:**

The Committee comprises 2 Independent Directors and 2 Executive Directors, as on the date of this Report.

The composition of the CSR Committee, category of its Members and their attendance at the Committee Meetings held during the year under review is given below:

| Sr. No. | Name of the Member                              | Category               | Number of Meetings 2018-19 |          |
|---------|---|------------------------|----------------------------|----------|
|         |   |                        | Held                       | Attended |
| 1.      | Mr Krishna Mohan Sahni <sup>1</sup><br>Chairman | Independent Director   | 4                          | 4        |
| 2.      | Mr Ambati Venu                                  | Managing Director      | 4                          | 4        |
| 3.      | Ms Anisha Motwani <sup>2</sup>                  | Independent Director   | 4                          | NA       |
| 4.      | Mr Rajiv Sonalker <sup>2</sup>                  | Whole-time Director    | 4                          | NA       |
| 5.      | Mr Munir Shaikh <sup>3</sup>                    | Non-Executive Director | 4                          | 4        |

1. appointed as Chairman effective April 1, 2019.

2. appointed as Members effective April 1, 2019.

3. ceased to be Chairman and Member effective April 1, 2019.

Ms Krupa Anandpara, Company Secretary, is the Secretary of the Committee.

**Role:**

The role of the Committee includes:

- formulate and recommend for the acceptance of the Board, the Corporate Social Responsibility Policy ("CSR Policy") interalia, to include the CSR activities, specify the modalities of execution, implementation schedules and recommend the same to the Board of Directors;
- identify the CSR projects/activities/programs to be undertaken by the Company ("CSR activities"), in alignment with Company's CSR Policy and Schedule VII of the Companies Act, 2013;
- review best practices in the key CSR areas by appropriate internal/external analysis;
- recommend the amount of expenditure to be incurred on the CSR activities, for each financial year of the Company;
- devise suitable transparent Monitoring Mechanism for monitoring progress/status of implementation of the CSR activities;
- receive reports and review activities from executive and specialist groups managing CSR activities;
- monitor CSR Policy from time to time and revise the same as and when needed;
- carry out such other functions, as may be prescribed by the Companies Act, 2013 or CSR Rules or as may be delegated by the Board, from time to time.

**Meetings:**

During the year under review, the Committee met 4 times on the following dates:

May 14, 2018; August 13, 2018; November 13, 2018 and March 30, 2019.

## RISK MANAGEMENT COMMITTEE

The composition, role, terms of reference as well as powers of Risk Management Committee of the Company are in compliance with provisions of Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Composition:

The Committee comprises 1 Independent Director, 1 Non-Executive Director and 2 Executive Directors as on the date of this Report.

The composition of the Risk Management Committee, category of its Members, their attendance at the Committee Meetings held during the year under review is given below:

| Sr. No. | Name of the Member         | Category               | Number of Meetings 2018-19 |          |
|---------|----------------------------|------------------------|----------------------------|----------|
|         |                            |                        | Held                       | Attended |
| 1.      | Mr Ambati Venu<br>Chairman | Managing Director      | 1                          | 1        |
| 2.      | Mr Kaiyomarz Marfatia      | Non-Executive Director | 1                          | 1        |
| 3.      | Mr Krishna Mohan Sahni     | Independent Director   | 1                          | 1        |
| 4.      | Mr Rajiv Sonalker          | Whole-time Director    | 1                          | 1        |

Ms. Krupa Anandpara, Company Secretary, is the Secretary of the Committee.

### Role:

The role of the Committee includes:

- monitoring and implementing Risk Management Plans;
- ensure that the adequacy of the Company's Risk Management Framework is being assessed and that action is taken if it is inadequate;
- reporting Risk Management activities and information, including top risks and mitigation, to the Audit Committee and Board;
- understand the significant or high risks affecting Company and ensuring that processes to mitigate them are effective;
- reviewing and amending Risk Management Framework from time to time;
- review of the Risk Management Plan by the Committee and such other functions as it may deem fit and shall specifically cover cyber security;
- other functions as may be delegated by the Board from time to time.

### Meetings:

During the year under review, the Committee met once on February 8, 2019.

## REMUNERATION OF DIRECTORS

### Non-Executive Directors

During the year under review, Mr Munir Shaikh, Mr R A Shah\*, Mr Krishna Mohan Sahni and Ms Anisha Motwani were paid sitting fees amounting to Rs.15.00 Lakhs, Rs.16.00 Lakhs,

Rs.14.50 Lakhs and Rs.13.00 Lakhs respectively, for attending Board and various Committee Meetings.

None of the Non-Executive Directors had any pecuniary relationship or transactions with the Company. During the year, the Company availed various professional services from M/s Crawford Bayley & Co., in which Mr R A Shah\* is a partner and remitted Rs. 87,300/- towards the same. 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 also a marginal portion of total revenue of the Company.

\*Mr R A Shah retired as Independent Director upon completion of his term effective close of business hours on March 31, 2019.

### Executive Directors

The Executive Directors are paid remuneration in accordance with the limits prescribed under the Companies Act, 2013 and the Remuneration Policy of the Company. Such remuneration is considered and approved by the Nomination and Remuneration Committee, the Board of Directors and the Shareholders of the Company.

Details of remuneration paid to the Executive Directors for the financial year 2018-19 are as follows:

| Terms of Agreement             | (Rs in Lakhs)   |  |
|--------------------------------|---|--|
|                                | Mr Ambati Venu<br>Managing Director   | Mr Rajiv Sonalker<br>CFO and Whole-time Director |
| Period of appointment          | 5 years   | 2 years  |
| Date of appointment            | September 29, 2016  | August 8, 2017                                   |
| Salary & Other Allowances      | 2,79.91   | 1,57.19  |
| Perquisites                    | 2,45.79   | 75.90  |
| Contribution to Provident Fund | 12.40   | 9.37   |
| Performance Linked Incentive   | 1,12.65   | 62.30  |
| Notice Period                  | Three Months  | 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 and Whole-time Director are entitled to Restricted Stock Units of Abbott Laboratories, USA under its "Long Term Incentive Program", the perquisite value of which is included above. (Also refer Note 38 (c) of financial statements) |  |

### GENERAL BODY MEETINGS

| Financial Year | Date          | Time      | Location   | No. of Special Resolutions   |
|----------------|---------------|-----------|--|--|
| 2017-18        | July 18, 2018 | 3.30 p.m. | RAMA WATUMULL AUDITORIUM, K C College, 124, Dinshaw Wachha Road, Vidyasagar Prin. K. M. Kundnani Chowk, Churchgate, Mumbai – 400 020 | 1<br>(Re-appointment of Mr Munir Shaikh (DIN 00096273), who has attained the age of Seventy-five years, as Director, liable to retire by rotation) |

|         |               |           |   |   |
|---------|---------------|-----------|---|---|
| 2016-17 | July 18, 2017 | 3.30 p.m. | RAMA AND SUNDRI WATUMULL AUDITORIUM, K C College, 124, Dinshaw Wachha Road, Vidyasagar Prin. K. M. Kundnani Chowk, Churchgate, Mumbai – 400 020 | –   |
| 2015-16 | July 18, 2016 | 3.30 p.m. | RAMA AND SUNDRI WATUMULL AUDITORIUM, K C College, 124, Dinshaw Wachha Road, Vidyasagar Prin. K. M. Kundnani Chowk, Churchgate, Mumbai – 400 020 | 1<br>(Re-appointment of Mr R A Shah (DIN 00009851) as an Independent Director for a term upto March 31, 2019) |

During the year, no special resolution was passed through postal ballot.

As on date, there is no special resolution proposed to be conducted through postal ballot.

#### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has in place the Vigil Mechanism/Whistle Blower Policy called “Abbott India Limited – Procedure for Internal Investigations” in terms of the requirements of the Companies Act, 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Adequate safeguards are provided against victimization of director(s) or employee(s) or any other person who raises concerns using such mechanism. No employee has been denied access to the Audit Committee.

During the year, the said Policy was amended in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (“the Insider Trading Regulations”), enabling employees to report any violations under the Insider Trading Regulations and leak of Unpublished Price Sensitive Information. The amended Policy is available on the website of the Company at <http://www.abbott.co.in/investor-relations/policies.html>

#### **MEANS OF COMMUNICATION**

- The quarterly, half-yearly and annual results are published in one English daily newspaper (Business Standard - pan India) and one Marathi newspaper (Loksatta) published from Mumbai. The quarterly results/shareholding pattern/notice of Board Meetings/official news releases are made available on the website of the Company at [www.abbott.co.in](http://www.abbott.co.in) and on the website of the BSE Limited.
- During the year under review, the Company has, upon request, met a few institutional investors in one-on-one meetings and group meetings. No presentations were made in any such meetings.

#### **GENERAL SHAREHOLDER INFORMATION**

##### **i) Annual General Meeting**

Thursday, August 22, 2019 at Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021

##### **ii) Financial year**

April 1, 2018 to March 31, 2019



**iii) Book Closure**

Friday, August 16, 2019 to Thursday, August 22, 2019 (both days inclusive)

**iv) E-Voting Period**

From 9.00 a.m. (IST) on Monday, August 19, 2019  
Upto 5.00 p.m. (IST) on Wednesday, August 21, 2019

**v) Dividend Payment Date**

On and from August 28, 2019

**vi) Listing on Stock Exchange**

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001  
Telephone No.: +91-22-2272 1233/4, +91-22-6654 5695  
Fax: +91-22-2272 1919  
Website: [www.bseindia.com](http://www.bseindia.com)  
Email: [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

**vii)** The annual listing fees for the financial year 2018-19 was paid to the BSE Limited as per Regulation 14 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**viii) International Securities Identification Number (ISIN)**

INE358A01014

**ix) Stock Code (BSE)**

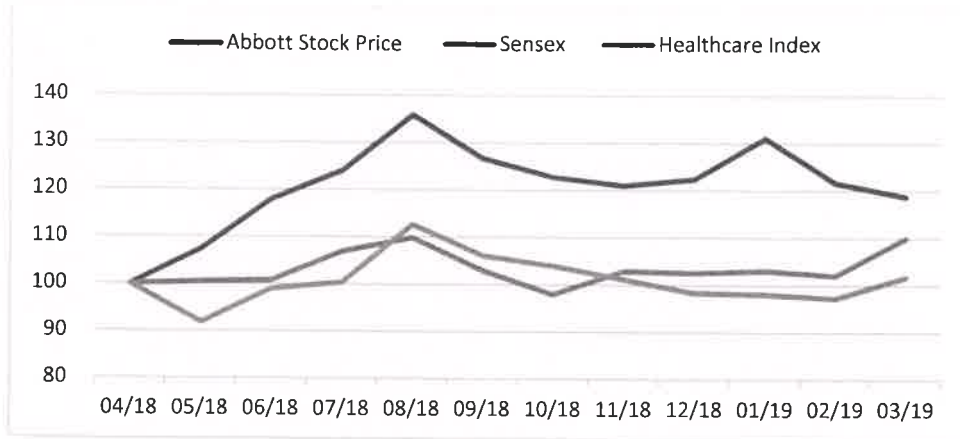
500488

**x) Market Price Data (High/Low) on BSE**

| Month           | (Rs)     |          |
|-----------------|----------|----------|
|                 | High     | Low      |
| April, 2018     | 6,659.00 | 5,457.50 |
| May, 2018       | 7,353.45 | 6,120.00 |
| June, 2018      | 7,828.00 | 6,225.00 |
| July, 2018      | 7,829.95 | 6,960.80 |
| August, 2018    | 8,690.00 | 7,511.00 |
| September, 2018 | 8,834.05 | 7,629.00 |
| October, 2018   | 7,780.00 | 6,900.00 |
| November, 2018  | 7,986.70 | 7,131.00 |
| December, 2018  | 7,888.55 | 7,284.40 |
| January, 2019   | 8,343.00 | 7,450.00 |
| February, 2019  | 8,305.00 | 7,151.20 |
| March, 2019     | 7,490.00 | 7,200.05 |

**xi) Performance in comparison to broad based indices**

April 1, 2018 to March 31, 2019 Normalised (100)



**xii) Registrar and Share Transfer Agent**

Karvy Fintech Private Limited  
Unit: Abbott India Limited

|  |   |
|--|---|
| Karvy Selenium Tower B,<br>Plot 31-32, Gachibowli,<br>Financial District,<br>Nanakramguda,<br>Hyderabad – 500 032<br>Tel No.: +91-40-6716 2222;<br>Fax No.: +91-40-2300 1153 | B-24, Rajabhadur Mansion,<br>6, Ambalal Doshi Marg,<br>Behind BSE Limited,<br>Fort, Mumbai - 400 001<br>Tel No.: +91-22-6623 5412 |
| Email: einward.ris@karvy.com<br>Website: www.karvyfintech.com  |   |

Details of various centres of Karvy are available on [www.karvyfintech.com](http://www.karvyfintech.com)

**xiii) Share Transfer System**

Share Transfer Committee comprising the Directors and officials of the Company attend to the share transfer formalities at least once in a fortnight. The said Committee also considers requests received for duplicate certificates, split / consolidation, dematerialization, rematerialization and transmission of shares.

All the requests received as specified above, are normally processed as per the prescribed timelines upon receipt of complete set of documents.

**xiv) Distribution of Shareholding as on March 31, 2019**

| Distribution | No. of Shareholders | % to Total | No. of Shares held | % to Total |
|--------------|---------------------|------------|--------------------|------------|
| (1)          | (2)                 | (3)        | (4)                | (5)        |
| Upto 500     | 26,233              | 95.19      | 14,29,821          | 6.73       |
| 501 to 1000  | 703                 | 2.55       | 5,05,846           | 2.38       |

|               |               |               |                    |               |
|---------------|---------------|---------------|--------------------|---------------|
| 1001 to 2000  | 341           | 1.24          | 4,88,607           | 2.30          |
| 2001 to 3000  | 110           | 0.40          | 2,70,102           | 1.27          |
| 3001 to 4000  | 54            | 0.20          | 1,89,764           | 0.89          |
| 4001 to 5000  | 37            | 0.13          | 1,68,585           | 0.79          |
| 5001 to 10000 | 31            | 0.11          | 2,15,034           | 1.02          |
| ABOVE 10000   | 50            | 0.18          | 1,79,81,543        | 84.62         |
| <b>TOTAL</b>  | <b>27,559</b> | <b>100.00</b> | <b>2,12,49,302</b> | <b>100.00</b> |

**xv) Shareholding Pattern as on March 31, 2019**

| <b>Category of Shareholders</b>                         | <b>No. of Shares</b> | <b>% to Total</b> |
|---|----------------------|-------------------|
| Promoters   | 1,59,34,048          | 74.99             |
| Banks   | 28,201               | 0.13              |
| Financial Institutions                                  | 3,031                | 0.01              |
| Foreign Institutional Investors                         | 31,430               | 0.15              |
| Foreign Portfolio Corporation                           | 4,02,692             | 1.90              |
| Insurance Companies                                     | 1,40,042             | 0.66              |
| Mutual Funds  | 11,97,145            | 5.63              |
| Domestic Companies                                      | 1,38,795             | 0.65              |
| Non-Domestic Companies                                  | 471                  | 0.00              |
| Non-Resident Indians                                    | 87,343               | 0.41              |
| Directors & Relatives*                                  | 6,874                | 0.03              |
| Unclaimed Suspense Account                              | 23,993               | 0.11              |
| Investor Education and Protection Fund (IEPF) Authority | 66,989               | 0.32              |
| Others  | 31,88,248            | 15.01             |
| <b>TOTAL</b>  | <b>2,12,49,302</b>   | <b>100.00</b>     |

\*held by Mr R A Shah, who retired as Independent Director upon completion of his term effective close of business hours on March 31, 2019.

**xvi) In terms of requirements of Regulation 39(4) and Schedule VI of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, shares which remained unclaimed in the custody of the Company are required to be transferred to the Suspense Account opened by the Company.**

Accordingly, details of the unclaimed shares lying in the Company's Unclaimed Suspense Account are as follows:

| <b>Particulars</b>  | <b>No. of Shareholders</b> | <b>No. of Equity Shares</b> |
|---|----------------------------|-----------------------------|
| Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on April 1, 2018 | 191                        | 24,671                      |

|   |     |        |
|---|-----|--------|
| Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year | 4   | 678    |
| Number of shareholders and aggregate number of shares transferred to the Unclaimed Suspense Account during the year                   | Nil | Nil    |
| Aggregate number of shareholders and outstanding shares in the Unclaimed Suspense Account lying as on March 31, 2019                  | 187 | 23,993 |

All benefits accruing on such shares shall be credited to Unclaimed Suspense Account for a period of seven years. Thereafter, the said shares including all benefits accrued thereon shall be transferred by the Company to the IEPF Authority in accordance with provisions of Section 124(5) and (6) of the Companies Act, 2013 and Rules framed thereunder. The voting rights in respect of such shares shall remain frozen till the rightful owner claims such Equity Shares.

- xvii) In terms of requirements of Section 124 (6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more are required to be transferred to the Investor Education and Protection Fund Authority ("IEPF Authority").

During the year, the Company has transferred 15,180 Equity Shares held by 79 Members to the IEPF Authority in June, 2018. The details of shares so transferred is available on the Company's website under the Investor Section at <http://www.abbott.co.in/investor-relations/other-information/unclaimed-dividend.html>

The Members whose shares/unclaimed dividends, etc. have been transferred to IEPF may claim the shares by making an application to IEPF Authority in Form IEPF-5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee as decided by the Authority from time to time. The Member can file only one consolidated claim in a financial year as per the IEPF Rules and amendments thereto.

During the year, 3 claims were received from shareholders, details of which are as follows:

| Particulars                           | No. of Shareholders | No. of Shares |
|---------------------------------------|---------------------|---------------|
| Aggregate number as at April 1, 2018  | 317                 | 51,809        |
| Transfer to IEPF during the year      | 79                  | 15,180        |
| Claim received from Shareholders      | 3                   | 812           |
| Pending with IEPF Authority           | 3                   | 812           |
| Aggregate number as at March 31, 2019 | 396                 | 66,989        |

**xviii) Dematerialisation of Shares as on March 31, 2019 and liquidity**

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).

2,08,04,342 Equity Shares representing 97.91% of the Company's total paid-up share capital were held in dematerialized mode, as on March 31, 2019.

**xviii) The Company has not issued any GDR/ADR or Warrants or any other convertible instruments.**

**xix) Foreign exchange risk and hedging activities**

The Company has foreign exchange exposure and hedging is done for a significant portion of the same.

**xx) Plant Location**

L-18/19, Verna Industrial Estate, Goa

**xxi) Address for correspondence**

Abbott India Limited

CIN: L24239MH1944PLC00730

|  |   |
|--|---|
| <b>Registered office:</b><br>Shares Department<br>3, Corporate Park,<br>Sion-Trombay Road,<br>Mumbai – 400 071<br>Tel No.: +91-22-6797 8888<br>Fax: +91-22-6797 8727 | <b>Corporate Office:</b><br>Shares Department<br>16th Floor, Godrej BKC,<br>Plot C – 68, "G" Block,<br>Bandra Kurla Complex,<br>Near MCA Club, Bandra (East),<br>Mumbai – 400 051<br>Tel No.: +91-22-3816 2000<br>Fax: +91-22-3816 2400 |
| Email: <a href="mailto:investorrelations.india@abbott.com">investorrelations.india@abbott.com</a><br>Website: <a href="http://www.abbott.co.in">www.abbott.co.in</a> |   |

Karvy Fintech Private Limited

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|   |   |
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| Karvy Selenium Tower B,<br>Plot 31-32, Gachibowli,<br>Financial District,<br>Nanakramguda,<br>Hyderabad – 500 032<br>Tel No.: +91-40-6716 2222;<br>Fax : +91-40-2344 0674 | B-24, Rajabhadur Mansion,<br>6, Ambalal Doshi Marg,<br>Behind BSE Limited,<br>Fort, Mumbai - 400 001<br>Tel No.: +91-22-6623 5412 |
| Email: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a><br>Website: <a href="http://www.karvyfintech.com">www.karvyfintech.com</a>                        |   |



## OTHER DISCLOSURES


- a) There were no Related Party Transactions entered into by the Company during the year that had potential conflict with the interests of the Company at large.
- b) Policies on Dealing with Related Party Transactions and Materiality and on Determination of Materiality of Event or Information for Disclosure are disclosed on the website of the Company at <https://www.abbott.co.in/investor-relations/policies.html>
- c) In the preparation of Financial Statements, no differential treatment from that prescribed in the Accounting Standards has been followed.
- d) Pursuant to the disclosures made by the Senior Management to the Board, there were no material financial and commercial transactions entered into by them where they have personal interest and which could have potential conflict with the interest of the Company at large.
- e) The Company has obtained a certificate from Ms Neena Bhatia, Practising Company Secretary (Membership No. FCS 9492 and Certificate of Practice No. 2661), confirming that none of the Directors on Board is debarred or disqualified from being appointed or continuing as Director of the Company by the Board/Ministry of Corporate Affairs or any such Statutory Authority.
- f) There were no instances of non-compliance by the Company, no penalties/strictures imposed on the Company by the Stock Exchange or the Securities and Exchange Board of India or any statutory authority on any matters related to the capital markets during the last three years.
- g) In terms of requirement of Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have made a certification to the Board of Directors in the prescribed format, which has been reviewed by the Audit Committee and taken on record by the Board.
- h) Code of Business Conduct for Board of Directors and Senior Management lays down various principles of ethics and compliance. The Code has been posted on the Company's website <https://www.abbott.co.in/investor-relations/policies.html>
- i) The Company has complied with all the Corporate Governance requirements specified in Regulations 17 to 23 and 25 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. As the Company does not have any subsidiary, Regulation 24 is not applicable to the Company.
- j) The Company has not obtained any Credit Ratings during the year.
- k) The Company has complied with all the mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- l) During the financial year, there was no instance where the Board has not accepted any recommendation of any Committee of the Board.
- m) Total fees paid to the Statutory auditor and all the entities in their network firm/network entities for all services rendered by them during the financial year 2018-19 is Rs. 147.02 Lakhs including all the taxes, as may be applicable.
- n) During the year, two complaints were filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same were appropriately disposed off.

**Compliance with Discretionary requirements:**

- i) The quarterly and half yearly financial results are published in two newspapers as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and are also available on the website of the Company at [www.abbott.co.in](http://www.abbott.co.in) Therefore, the results were not separately circulated to all the Members.
- ii) Reporting of Internal Auditors is directly to the Audit Committee.
- iii) The Company has its financial statements with unmodified audit opinion.

Mumbai  
May 27, 2019



**Munir Shaikh**  
Chairman  
DIN: 00096273

**For and on behalf of the Board**



**Ambati Venu**  
Managing Director  
DIN: 07614849