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ABBOTT

BOARD OF DIRECTORS

MUNIR SHAIKH
Chairman

D M GAVASKAR
Managing Director & President

R A SHAH

ASHOK DAYAL

THOMAS CHEN

DAVID WARDELL

Company Secretary

G S KURMI

Bankers

Standard Chartered Bank
BNP Paribas
ICICI Bank Ltd

Auditors

Deloitte Haskins & Sells

Solicitors

Crawford Bayley & Co

Registered Office

17 R Kamani Marg, Mumbai 400 001

Factory

L-18/19, Verna Industrial Estate, Goa

Registrars & Share Transfer Agents

Sharepro Services
Satam Industrial Estate, 3rd Floor
Above Bank of Baroda
Cardinal Gracious Road, Chakala
Andheri (East), Mumbai 400 099

CORPORATE MANAGEMENT

D M GAVASKAR
Managing Director & President

S JAIN
Director – Marketing

N Y KATRE
Director – Supply Chain

U D CHINIWALA
Vice President – Finance

A V CHANDORKAR
Vice President – Human Resources & Administration

DR A RODRIGUES
Regional Medical Director

K M MARFATIA
Vice President – Legal

DR S J ACHARYA
General Manager – Quality Control & Development

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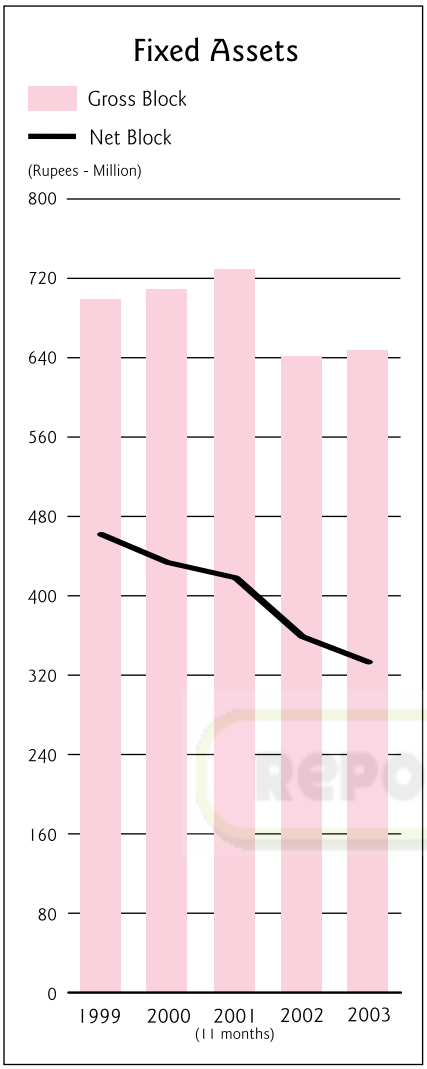
Highlights

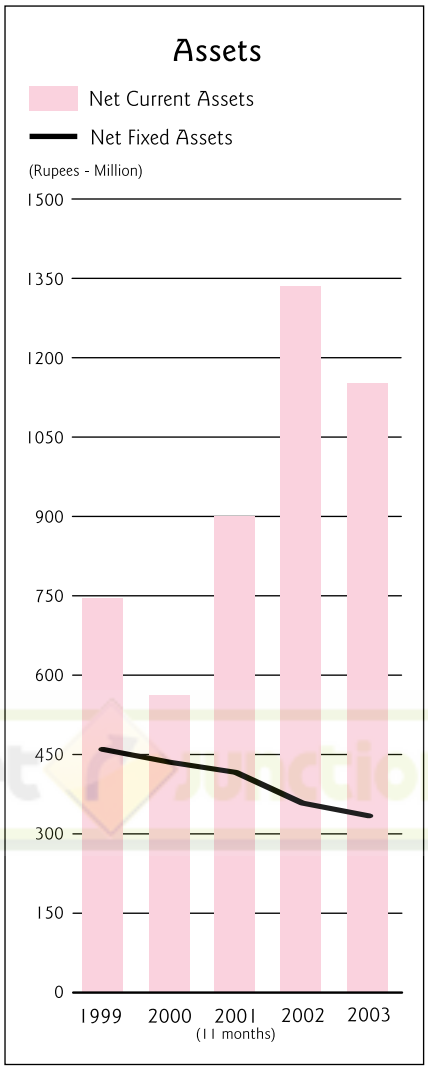
(Rupees in Millions)

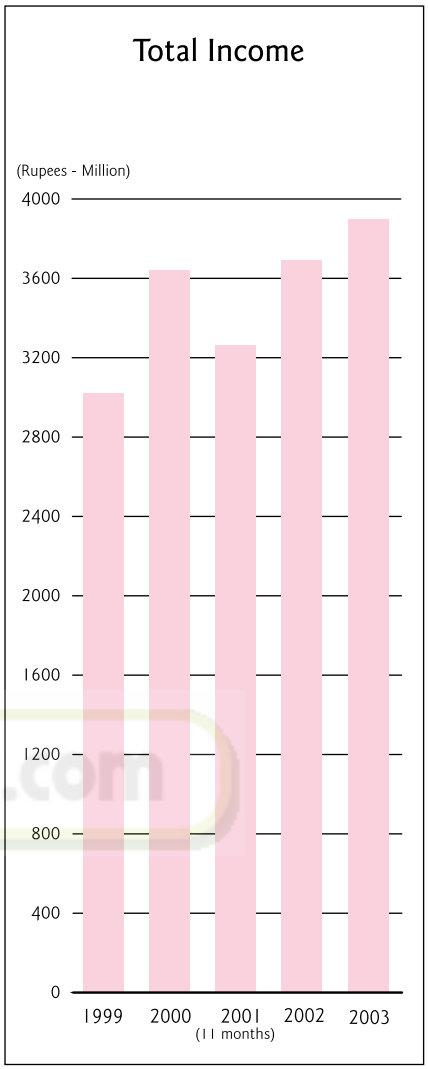
	1994-95	1995 (9 months)	1996	1997	1998	1999	2000	2001 (11 months)	2002	2003
OPERATING RESULTS										
SALES AND OTHER INCOME	2144	1886	2484	2560	2734	3020	3643	3260	3694	3906
MATERIALS	999	975	1379	1331	1468	1642	1921	1914	2110	2218
SALARIES, BONUS AND STAFF WELFARE	239	104	128	152	171	161	199	186	204	228
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES	545	506	531	568	573	699	740	468	478	464
DEPRECIATION	16	14	38	60	53	51	53	45	53	44
INTEREST	26	25	35	5	6	3	15	1	1	1
PROFIT BEFORE TAX AND EXTRAORDINARY ITEM	319	262	373	444	463	464	715	646	848	951
EXTRAORDINARY ITEM — EXPENDITURE/(INCOME)	246	113	73	(245)	134	(298)	(132)	–	31	–
PROVISION FOR TAXATION	–	47	95	190	59	76	125	159	259	271
PROFIT AFTER TAX AND EXTRAORDINARY ITEM	73	102	205	499	270	686	722	487	558	680
RETAINED EARNINGS	38	73	152	423	155	(44)	(115)	308	362	53
EARNINGS PER SHARE – BASIC & DILUTED (Rs)	8.9	12.5	25.3	61.7	16.7	42.3	44.6	30.06	33.88	43.39
DIVIDEND PER SHARE (Rs)	4.2	3.5	6.5	8.0	6.5	40.5	45.0	10.0	12.0	35.0
FINANCIAL SUMMARY										
ASSETS EMPLOYED										
FIXED ASSETS (At Cost)	335	494	630	661	675	700	710	730	642	649
FIXED ASSETS (Net)	214	362	546	518	485	462	434	417	360	335
ASSETS HELD FOR DISPOSAL (Net)	20	17	7	7	6	–	–	–	–	–
CURRENT ASSETS (Net)	283	175	139	527	759	744	560	899	1334	1152
TOTAL ASSETS	517	554	692	1052	1250	1206	994	1316	1694	1487
FINANCED BY										
SHARE CAPITAL	81	81	81	81	162	162	162	162	162	153
RESERVES AND SURPLUS	169	313	517	940	1066	1021	791	1130	1509	1312
TOTAL SHAREHOLDERS' FUNDS	250	394	598	1021	1228	1183	953	1292	1671	1465
BORROWINGS	267	160	94	31	22	23	41	24	23	22
DEBT : EQUITY	1.1	0.4	0.2	–	–	–	–	–	–	–
NUMBER OF SHAREHOLDERS	14155	14594	13341	11263	11607	13223	16156	14699	14356	13747

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How our Income was spent				
	2003		*2002*	
	(Rupees in Millions)	%	*(Rupees in Millions)*	*%*
1. Materials	2218	56.8	*2110*	*57.1*
2. Salaries	228	5.8	*204*	*5.5*
3. Depreciation	44	1.1	*53*	*1.4*
4. Other Expenses	465	11.9	*480*	*13.0*
5. Extraordinary Item	–	–	*31*	*0.9*
6. Tax	271	6.9	*259*	*7.0*
7. Dividend (Includes Corporate Dividend Tax)	627	16.1	*194*	*5.3*
8. Retained Earnings	53	1.4	*362*	*9.8*

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Notice

Notice is hereby given that the Sixtieth Annual General Meeting of Abbott India Limited will be held at Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021 on Tuesday, 27 April 2004 at 3.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 30 November 2003 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors.

2. To declare a dividend.

3. To appoint a Director in place of Mr Munir Shaikh, who retires by rotation and, being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr R A Shah, who retires by rotation and, being eligible, offers himself for re-appointment.

5. To appoint auditors and to fix their remuneration.

Special Business:

6. To appoint a Director in place of Mr Ashok Dayal who was appointed as Additional Director of the Company under Article 113 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956 but being eligible offers himself for appointment and in respect of whom the Company has received notices in writing from some members expressing their intention of proposing him as a candidate for the office of director, along with a deposit of Rs 500 from each such member.

By Order of the Board

G S Kurmi
Company Secretary

Mumbai: 25 February 2004

Registered Office:
17 R Kamani Marg
Ballard Estate
Mumbai 400 001

NOTES:

i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.

ii. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 20 April 2004 to Tuesday, 27 April 2004 (both days inclusive).

iii. Dividend recommended by the Directors and approved by the members at the Annual General Meeting will be paid on or before 26 May 2004. In respect of shares held in physical form, the dividend will be payable to those members whose names appear on the Register of Members on 27 April 2004. In respect of shares held in electronic form the dividend will be payable to the beneficial owners of the shares as on 20 April 2004 as per details furnished by the Depositories for this purpose.

iv. To ensure against misappropriation of dividend warrants to be mailed to them, members holding shares in physical form who have not sent in their bank details are requested to provide their bank account numbers, names and addresses of the bank branches to the Company/Registrars & Share Transfer Agents for incorporating the same on the dividend warrants.

v. Members holding shares in physical form are requested to immediately intimate to the Company/Registrars & Share Transfer Agents, changes, if any, in their registered addresses alongwith the pin code number. Members holding shares in dematerialised mode are requested to forward intimation for change of address, if any, to their respective depository participants.

vi. Reserve Bank of India has introduced Electronic Clearing Service (ECS) for payment of dividend electronically to your Bank. The Company proposes to offer this facility to members located at Ahmedabad, Bangalore, Chennai, Delhi, Kolkata and Mumbai.

vii. Members holding shares in dematerialised mode are requested to instruct their respective Depository Participants regarding bank accounts in which they wish to receive

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the dividends. Further, the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Service (ECS) as directed by the Stock Exchanges. The Company/Registrars & Share Transfer Agents will not act on any direct request from members holding shares in dematerialised form for change/deletion of such bank details.

viii. In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Accordingly unclaimed dividend for the year ended 31 December 1995 has been transferred to Investor Education and Protection Fund. Members who have not encashed their dividend warrants for the year ended 31 December 1996 or thereafter are requested to write to the Registrars & Share Transfer Agents.

ix. As per the Companies Act, 1956, facility for nominations is available for shareholders in respect of the shares held by them. Shareholders who wish to obtain Nomination forms may write to the Company/its Registrars & Share Transfer Agents.

x. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Registrars & Share Transfer Agents of the Company to enable them to consolidate their shareholding into one folio.

xi. Trading in the Company's shares through stock exchanges is permitted only in dematerialised/electronic form. The equity shares of the Company have been inducted in both National Securities Depository Limited as well as Central Depositories Services (India) Ltd to enable shareholders to hold and trade the securities in dematerialised/electronic form. In view of the numerous advantages offered by the Depository System, members holding shares in the Company in physical form are requested to avail of the facility of dematerialisation.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

Item No. 6

Mr Ashok Dayal is a Fellow of the Indian Institute of Bankers. He held various senior management positions in Grindlays Bank Plc., Deutsche Bank AG, RHO and Roland Berger International Management Consultants Pvt Ltd. Presently he is the Chairman/ Director and Chairman or member of Audit Committees of the following companies:

	Name of the Company	Nature of Interest	Chairmanship or Membership of Audit Committee of Board
1.	Glaxo Smithkline Consumer Healthcare Ltd	Director	Chairman
2.	Delhi Safe Deposit	Director	–
3.	Quadra Advisory Private Limited	Chairman	–
4.	ING Savings Trust	Chairman	–
5.	Akzo-Nobel Coatings India Ltd.	Director	–

His varied experience will benefit the Board and bring to bear a good influence on the growth prospects of our Company.

It is recommended that Mr Ashok Dayal be appointed as Director of the Company.

Mr Ashok Dayal is interested in the resolution at Item No 6 of the accompanying Notice relating to his appointment.

By Order of the Board

G S Kurmi
Company Secretary

Mumbai: 25 February 2004

Registered Office:
17 R Kamani Marg
Ballard Estate
Mumbai 400 001

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Report of the Directors

TO THE MEMBERS

Your Directors have pleasure in presenting the Sixtieth Annual Report and Audited Accounts of the Company for the year ended 30 November 2003.

Financial Results

(Rupees in Millions)

		Year ended 30.11.2003	*Year ended 30.11.2002*
Sales		3731.2	*3549.7*
Profit before tax and Extraordinary item		950.6	*847.7*
Extraordinary item:			
Loss on sale of Jejuri Undertaking		–	*31.4*
Profit before tax		950.6	*816.3*
Profit after tax		679.8	*556.9*
Balance brought forward		1124.2	*800.9*
Write back of Dividend in respect of previous year		11.0	–
Write back of Corporate Dividend Tax in respect of previous period		–	*16.5*
Profit available for appropriation		1815.0	*1374.3*
Appropriations:			
Dividend (Proposed)		534.8	*194.4*
Corporate Dividend Tax:			
For the year ended 30 November 2002	23.5		
For the year ended 30 November 2003	68.5	92.0	–
Transfer to Reserves		68.0	*55.7*
Balance carried forward		1120.2	*1124.2*

Dividend

Your Directors recommend a dividend of Rs 35 per share on 15,280,100 fully paid-up equity shares of Rs 10 each of the Company. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of Rs 534.8 million (Previous year: Rs 194.4 million). In addition the Company will pay Corporate Dividend Tax of Rs 68.5 million for the year ended 30 November 2003.

Reserves

The total Reserves as on 30 November 2003 amounted to Rs 1312.2 million comprising of Amalgamation Reserve Rs 3.8 million, Capital Reserve Rs 52.3 million, Capital Redemption Reserve Rs 9.2 million, Revenue Reserve Rs 126.7 million and Surplus as per Profit & Loss Account amounting to Rs 1120.2 million.

Operations

Sales (including other income) for the year ended 30 November 2003 amounted to Rs 3905.6 million as compared to Rs 3694.3 million for the year ended 30 November 2002.

The Company is continuing its efforts to improve productivity and contain costs. The profit before taxation and extraordinary item amounted to Rs 950.6 million as compared to Rs 847.7 million for the year ended 30 November 2002.

During the year under review, the Company launched Revilife tablets for obsessive compulsive disorders, Leptos, its own research molecule for obesity management, Obimet SR, metformin in sustained release form with a once daily dosing advantage and Clivarine MDV, low molecular weight heparin in a multi dose vial.

The Company's Plant at Verna, Goa has performed satisfactorily during the year and continues to be eligible for tax holiday pursuant to Section 80-IB of the Income-tax Act, 1961.

Buyback of Equity Shares

During the year, the Company completed buyback of 919,900 equity shares, pursuant to which the paid-up equity share capital stands reduced to Rs 152.8 million and the aggregate non-promoter shareholding stands reduced to 5,851,916 shares.

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Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors state that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. Your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 30 November 2003 and of the profit of the Company for that period, except for the following –

   The depreciation on computers, photocopiers, facsimile machines, modems and appliances is provided at the rate of 80% (See Schedule 17 – Significant Accounting Policies 4).
3. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. Your Directors have prepared the accompanying Annual Accounts for the year ended 30 November 2003 on a going concern basis.

Fixed Deposits

No fixed deposits were accepted during the year.

Subsidiary Company

Lenbrook Pharmaceuticals Ltd, a wholly owned subsidiary of the Company, has been amalgamated with the Company with effect from 1 October 2003, in accordance with the Scheme of Amalgamation approved vide Order dated 22 January 2004 passed by the High Court of Judicature at Mumbai.

Information pursuant to Section 217 of the Companies Act, 1956

The information required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is given in Annexure I and forms part of this Report.

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure II and forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to the shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company at its Registered Office.

Directors

Mr V D Narkar resigned as Director of the Company with effect from 19 June 2003. The Board has placed on record its sincere appreciation of the valuable guidance and assistance rendered by him.

Under Article 124 of the Articles of Association of the Company, Mr Munir Shaikh and Mr R A Shah retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors have pleasure in recommending their appointment.

At a meeting of the Board of Directors held on 18 June 2003, Mr Ashok Dayal was appointed as Additional Director. Mr Ashok Dayal holds office upto the date of the forthcoming Annual General Meeting. Notices in writing have been received from some members expressing their intention to propose the appointment of Mr Ashok Dayal as candidate for the office of Director of our Company. Your Directors have pleasure in recommending his appointment.

Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, retire at this Annual General Meeting and are eligible for re-appointment as Auditors.

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Health, Safety and Environment

The Company continues to accord utmost priority to the areas of health, safety and environment. Compliance with safety norms and regular monitoring of effluents are an integral part of the Company's operating systems.

Technology Absorption and Development

Development of new formulations and dosage forms and modification of existing ones for cost containment and improved productivity is an ongoing process and the Company is constantly engaged in activities of development and clinical research. The R&D Centre of the Company located at Goa has made significant contributions towards its assigned goals of product and process development.

Employees

Relations between the employees and the management remained generally cordial during the year.

Reports on Corporate Governance and Management Discussion & Analysis

A Report on Corporate Governance alongwith a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as also a Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

For and on behalf of the Board

D M Gavaskar — Managing Director & President

R A Shah — Director

Mumbai : 25 February 2004

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Annexure I

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

1. Conservation of Energy

(I) Energy conservation measures taken:

Fully automatic package type boilers having fuel efficiency in excess of 80% have been installed. Steam condensate is being recovered for re-use in boilers. Power factor improvement capacitors have been installed for reducing the reactive power consumption. Maximum demand controller has been installed for limiting development of peak demand.

(II) Additional investments and proposals, if any, being implemented for reduction in consumption of energy:

Nil.

(III) Impact of the measures at (I) and (II) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The installation of capacitors and maximum demand controller has resulted in lower KVA maximum demand.

(IV) Total energy consumption and energy consumption per unit of production:

A. Power & Fuel Consumption

		2003	*2002*
(a)	Electricity		
	(i) Purchased		
	(Unit Millions)	2.3	*3.4*
	Total amount (Rs Millions)	10.5	*15.1*
	Rate/Unit (Rs)	4.53	*4.42*
	(ii) Own Generation Through diesel generator		
	Units (Millions)	*	*
	Units per ltr of diesel oil	0.47	*0.50*
	Cost/Unit (Rs)	10.02	*9.13*
	Through Steam Turbine/Generator	N.A.	*N.A.*
(b)	Coal	N.A.	*N.A.*
(c)	Furnace Oil		
	Quantity (kilo ltrs)	110.00	*197.50*
	Total amount (Rs Millions)	1.4	*2.3*
	Average rate (Rs)	12.97	*11.45*
(d)	Others/Internal Generation	N.A.	*N.A.*

* *Less than 0.1 Million*

B. Consumption per Unit of Products

Unit of Products ('000 packs)

	Standard	2003	*2002*
Electricity (Units)	There is no specific standard as the consumption per Unit depends on the production mix which consists of tablets, ointments, liquids and injectable vials	29.64	*27.82*
Furnace Oil (ltrs)		1.40	*1.61*
Coal		N.A.	*N.A.*
Others		N.A.	*N.A.*

2. Technology Absorption

Efforts made in technology absorption.

A. Specific areas in which R&D carried out by the Company.

Pharmaceutical development is an ongoing process and is involved in developing formulations and dosage forms of new and existing drugs. Clinical research work is carried out on the formulations of new and existing drugs.

B. Benefits derived as a result of the above R&D.

The R&D activities of the Company have resulted in new product introductions, manufacturing process upgradation, improved packaging and cost containment.

C. Future plan of action.

The research activity will continue to concentrate on product development, process development and cost containment.

D. Expenditure on R&D.

		Rs in Million
(a)	Capital	0.1
(b)	Recurring	14.7
(c)	Total	14.8
(d)	Total R&D expenditure as a percentage of total turnover	0.4 %

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E. Technology absorption, adaptation and innovation.

(a) Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company has developed technology for product improvement, new product development and new dosage forms of formulations.

(b) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

The efforts indicated in (a) above are being evaluated for commercialisation.

(c) Imported technology (imported during the last five years reckoned from the beginning of the financial year).

Nil

3. Foreign Exchange Earnings and Outgo

(I) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services, and export plans.

The total foreign exchange earned during the year amounted to Rs 31.7 million, which includes a consideration of Rs 11.0 million towards reimbursement of sales promotion and other expenses and Rs 20.7 million towards exports.

(II) Total foreign exchange used and earned.

A. Total foreign exchange used

	Rs in Million
(a) On import of raw materials, finished goods, consumable stores and capital goods	100.0
(b) Expenditure in foreign currencies for technical support charges, data center charges, business travel, subscription, commission on export sales, registration fees, etc.	9.3
(c) Remittance during the year in foreign currency on account of dividend	113.1
B. Total foreign exchange earned	31.7

For and on behalf of the Board

D M Gavaskar — Managing Director & President

R A Shah — Director

Mumbai : 25 February 2004

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