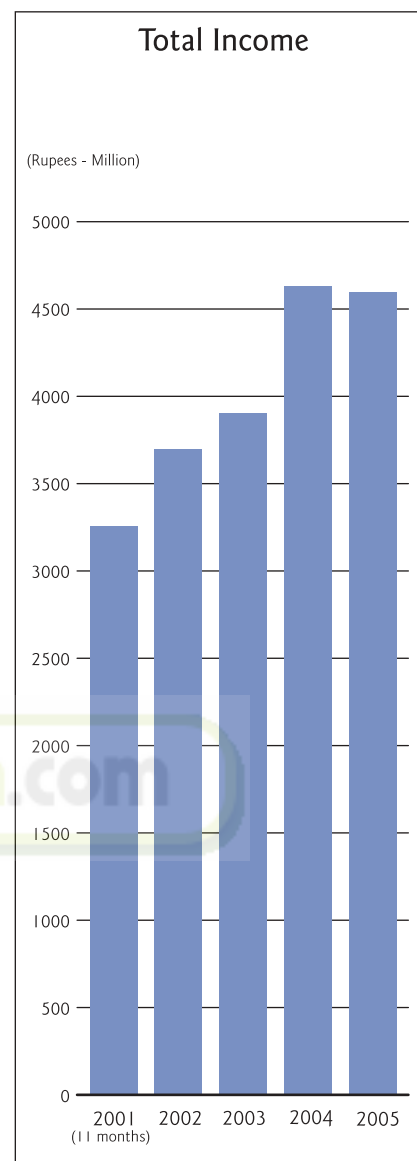
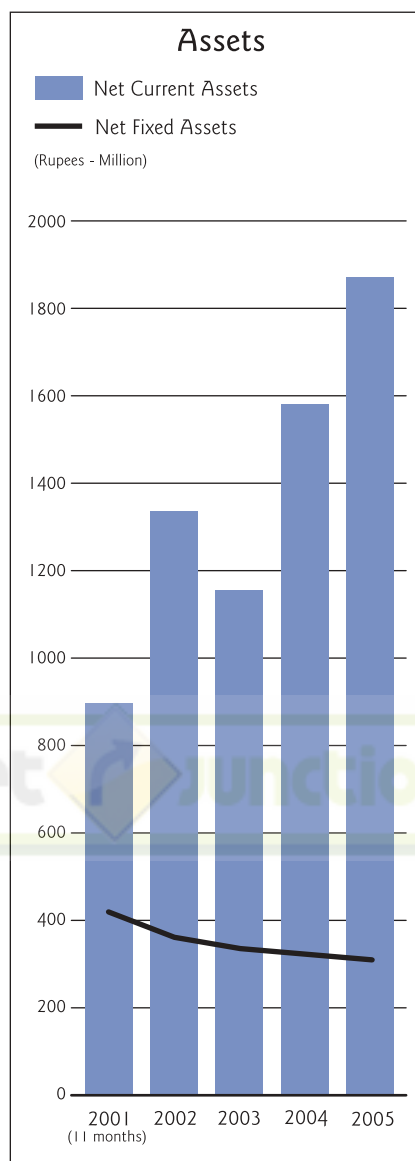
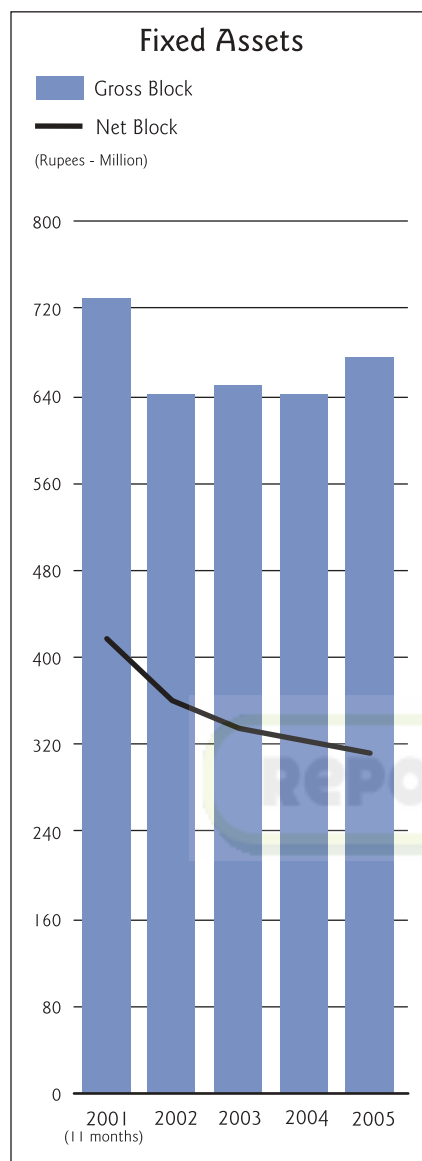


Abbott India Limited



How our Income was spent

	2005		2004	
	(Rupees in Millions)	%	(Rupees in Millions)	%
1. Materials	2958	64.4	2490	53.8
2. Salaries	250	5.4	244	5.3
3. Depreciation	40	0.9	42	0.9
4. Other Expenses	476	10.4	475	10.3
5. Tax	280	6.1	352	7.6
6. Dividend (Includes Corporate Dividend Tax)	310	6.7	605	13.1
7. Retained Earnings	281	6.1	418	9.0

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Notice

Notice is hereby given that the Sixty-Second Annual General Meeting of Abbott India Limited will be held at Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021 on Wednesday, May 3, 2006 at 10.30 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at November 30, 2005 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 Mark Masterson, who was appointed as Additional Director of your Company under Article 113 of the Articles of Association of the Company, and who holds office up to 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 your 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
Vivek Mohan
Managing Director

Mumbai : March 7, 2006
Registered Office:
3-4 Corporate Park
Sion Trombay Road
Mumbai 400 071

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 your Company not less than 48 hours before the meeting.
- ii. An explanatory statement pursuant to Section 173 of the Companies Act, 1956 relating to the special business to be transacted at the meeting is appended hereto.
- iii. The Register of Beneficial Owners, Register of Members and Share Transfer Books of your Company will remain closed from Tuesday, April 25, 2006 to Wednesday, May 3, 2006 (both days inclusive).
- iv. Dividend recommended by the Directors, and approved by the members at the Annual General Meeting will be paid on or before June 2, 2006. 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 May 3, 2006. In respect of shares held in electronic form the dividend will be payable to the beneficial owners of the shares as on April 25, 2006 as per details furnished by the Depositories for this purpose.
- v. 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 your Company or its Registrars & Share Transfer Agents for incorporating the same on the dividend warrants.
- vi. Members holding shares in physical form are requested to immediately intimate to your Company or its Registrars & Share Transfer Agents, changes, if any, in their registered addresses along with 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.
- vii. Reserve Bank of India has introduced Electronic Clearing Service (ECS) for payment of dividend electronically to your Bank. Your Company proposes to offer this facility to members located at Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Pune and Trivandrum.
- viii. Members holding shares in dematerialized mode are requested to instruct their respective Depository Participants regarding bank accounts in which they wish to receive the

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

- ix. 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 December 31, 1997 has been transferred to Investor Education and Protection Fund. Members who have not encashed their dividend warrants for the year ended December 31, 1998 or thereafter are requested to write to the Company/Registrars & Share Transfer Agents.
- x. 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, or its Registrars & Share Transfer Agents or to their respective depository participants, as the case may be.
- xi. 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.
- xii. Trading in your Company's shares through stock exchange is permitted only in dematerialized/electronic form. The equity shares of your 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 Mark Masterson graduated from Rhodes University, South Africa in 1984 with a Bachelor of Commerce Degree, and joined Abbott as Europe Area Product Manager Abbott Diagnostics Division located in Germany in 1989. He has since served in various management positions, including Marketing Manager in the US, for Abbott's Diagnostics Division, General Manager, Australia/New Zealand and General Manager, South Africa in Abbott's International Division. His most recent position was Divisional Vice President and Regional Director PAA for Abbott's International Division. He was elected to his current position, namely, Vice President, Pacific/Asia/Africa Operations on June 27, 2005. Prior to joining Abbott, Mr Masterson worked in sales and marketing roles with Johnson & Johnson.

Presently he is on the Board of Abbott Australia PTY Limited, Abbott Laboratories NZ Ltd. and Abbott Laboratories (Pakistan) Ltd. He does not hold any shares of your Company.

His rich and varied experience will benefit the Board and help provide strategic direction to your Company.

It is recommended that Mr Mark Masterson be appointed as Director of your Company.

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

**By Order of the Board
Vivek Mohan
Managing Director**

Mumbai : March 7, 2006
Registered Office:
3-4 Corporate Park
Sion Trombay Road
Mumbai 400 071

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Report of the Directors

TO THE MEMBERS

Your Directors have pleasure in presenting the Sixty-Second Annual Report and Audited Accounts of the Company for the year ended November 30, 2005.

Financial Results

(Rupees in Millions)

	Year ended Nov. 30, 2005	Year ended Nov. 30, 2004
Sales	4446.7	4050.7
Profit before tax	871.1	1374.5
Profit after tax	591.6	1022.5
Balance brought forward	1435.7	1120.2
Profit available for appropriation	2027.3	2142.7
Appropriations:		
Dividend (Proposed)	267.4	534.8
Corporate Dividend Tax	*42.6	69.9
Transfer to Reserves	59.2	102.3
Balance carried forward	1658.1	1435.7

*includes Rs 5.1 million for the year ended November 30, 2004

Dividend

Your Directors recommend a dividend of Rs 17.50 per share on 15,280,100 fully paid-up Equity Shares of Rs 10 each of the Company for the year ended November 30, 2005. The proposed dividend, if approved at the Annual General Meeting, will absorb a sum of Rs 267.4 million (Previous year: Rs 534.8 million) and Corporate Dividend Tax of Rs 37.5 million. The Corporate Dividend Tax is

provided at the rate applicable on the day on which the Accounts were approved by the Board of Directors.

Reserves

The total Reserves as on November 30, 2005 amounted to Rs 2011.6 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 288.2 million and Surplus as per Profit & Loss Account amounting to Rs 1658.1 million.

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 judgments 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 November 30, 2005, 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 November 30, 2005, on a going concern basis.

Fixed Deposits

No fixed deposits were accepted during the year.

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 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 Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company at its Registered Office.

Directors

Mr Thomas Chen resigned as Director of the Company with effect from September 21, 2005. The Board placed on record its sincere appreciation for his guidance and services rendered by him.

At a meeting of the Board of Directors held on September 21, 2005, Mr Mark Masterson was appointed as additional director. Mr Mark Masterson 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 Mark Masterson as candidate for the office of director of our Company. Your Directors have pleasure in recommending his appointment.

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.

Auditors

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

Health, Safety and Environment

The Company continues to accord utmost priority to the areas of health, safety and environment. Compliance with relevant regulation on these issues is an integral part of the Company's operating philosophy.

i. Environment

The Goa Plant has obtained Hazardous Waste authorization from the State Pollution Control Board and is treating its wastes as per the directives of the authorization. A modern effluent treatment plant is operational at the Plant, treating and discharging wastewater with parameters of treated effluent well below the limits set by the local Pollution Control Board. The treated effluent is recycled for horticulture within the site. Water recycling activities have been encouraged and implemented. The emissions from boiler and generator stacks are monitored regularly and are well below the limits set by the State Pollution Control Board.

ii. Health and Safety

As part of its social responsibility towards promoting health and safety, the Company has formed a Safety Committee which includes representation from workmen and meets regularly to review issues impacting plant safety and employee health. Training programmes are conducted regularly on various health and safety issues including dealing with epidemics, work safety, road safety, first-aid, etc. An Automatic External Defibrillator is installed at the Plant and employees have been trained in its use. Detailed first-aid training has been imparted to about 25% of employees.

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Routine audits for Environment, Health and Safety compliance are conducted with the assistance of personnel from Abbott's global team.

Technology Absorption and Development

Development of new formulations and dosage forms and modification of existing ones for lifecycle management, 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, which is approved by the Department of Scientific and Industrial Research, has made significant contributions towards its assigned goals of product and process development and cost reduction through import substitution and vendor development.

Employees

Relations with the employees remained cordial and your Directors would like to place on record their appreciation for the dedication and commitment shown by them.

Reports on Corporate Governance and Management Discussion & Analysis

A Report on Corporate Governance along with 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

Vivek Mohan	R A Shah
Managing Director	Director

Mumbai : March 7, 2006



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 packaged 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 maximum demand for power.

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

A. Power & Fuel Consumption

	2005	2004
(a) Electricity		
(i) Purchased (Unit Millions)	3.0	1.8
Total amount (Rs Millions)	20.1	9.1
Rate/Unit (Rs)	6.63	5.18
(ii) Own Generation Through Diesel Generator	Cost of 'own generation' is not comparable as the generator sets were operated for trial runs.	
Through Steam turbine/Generator	N.A.	N.A.

	2005	2004
(b) Coal	N.A.	N.A.
(c) Furnace Oil		
Quantity (kilo ltrs)	40.50	58.31
Total amount (Rs Millions)	0.6	0.8
Average rate (Rs)	15.65	13.09
(d) Others/Internal Generation	N.A.	N.A.

B. Consumption per Unit of Products

Since the Goa Plant manufactures different dosage forms it is not practical to apportion utility cost based on available records.

2. Technology Absorption

A. Efforts made in technology absorption.

Following were the achievements of the Company's R&D Centre at Goa:

1. Development of new Pharmaceutical Products.
2. Establishing new technical capabilities.
3. Import substitutions and new vendor development.
4. Optimization, standardization and improvement of products and manufacturing processes.

The R&D Centre developed new pharmaceutical products in the areas of liquid orals, tablets, capsules and topical preparations. It also undertook the quality improvement of existing products and manufacturing processes to meet ever-changing regulatory and quality requirements.

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

A well focused R&D effort has helped the company in launching a number of new products in the Indian market. Manufacturing process optimization helped to bring in improved quality and efficiency and substitution of imported materials helped to reduce cost and to improve the efficiency of supply chain. R&D work has also resulted in improving the stability of some of the products.

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C. Future plan of action.

R&D activities will continue to focus on new product development, improvement in the existing formulations/process and improving operational efficiencies.

D. Expenditure on R&D.

	Rs in Million
(a) Capital	0.5
(b) Recurring	15.1
(c) Total	15.6
(d) Total R&D expenditure as a percentage of total turnover	0.4 %

E. Technology absorption, adaptation and innovation.

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

The Company on an ongoing basis interacts with Abbott, USA, for technical expertise for products of high technology and pharmaceutical formulations.

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

The Company has benefited substantially as a result of the emphasis on innovation. Reduction in energy consumption and improvement in product quality are some of the benefits achieved in the current year.

(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 35.3 million, which includes a consideration of Rs 1.7 million towards sales promotion and Rs 33.6 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	113.4
(b) Expenditure in foreign currencies for technical support charges, data center charges, business travel, subscription, commission on export sales, registration fees, etc.	10.1

(c) Remittance during the year in foreign currency on account of dividend	330.0
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B. Total foreign exchange earned 35.3

For and on behalf of the Board

Vivek Mohan	R A Shah
Managing Director	Director

Mumbai : March 7, 2006

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company's philosophy on corporate governance is to conduct its affairs in a manner which is transparent, clear and evident to those having dealings with or having a stake in the Company, namely shareholders, lenders, creditors and employees. 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 present strength of the Board is six directors (1 executive director and 5 non-executive directors, of which two are independent directors) who are professionals and have expertise in their respective functional areas.
- (b) The attendance at Board Meetings and the last Annual General Meeting of each of the directors during the financial year of the Company was as under:

Name of Directors	Category: Executive/ Non-Executive/ Independent	Attendance at		Membership of other Board(s) (including alternate directorships and directorships in private companies)	Membership/ Chairmanship of other Board Committees
		Board Meetings	Annual General Meeting (April 26, 2005)		
Mr Munir Shaikh Chairman of the Board	Non-Executive Director	7	Yes	3*	–
Mr Vivek Mohan Managing Director	Executive Director	7	Yes	–	–
Mr R A Shah	Non-Executive, Independent Director	6	Yes	23*	10 (includes Chairmanship of 4 companies)
Mr Ashok Dayal	Non-Executive, Independent Director	5	Yes	4	1
Mr Thomas Chen (Resigned with effect from 21.09.2005)	Non-Executive Director	1	No	1*	–
Mr David Wardell	Non-Executive Director	1	No	3*	–
Mr Mark Masterson (Appointed as Additional Director with effect from 21.09.2005)	Non-Executive Director	1	No	3*	–

* including directorships of companies incorporated outside India.

- (c) During the financial year 7 Board Meetings were held on the following dates:

December 8, 2004, January 25, 2005, March 22, 2005, April 26, 2005, June 28, 2005, August 3, 2005, and September 21, 2005.

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3. Audit Committee

The Audit Committee of members of the Board comprises of three non-executive directors of which, Mr Ashok Dayal, who is Chairman of the Audit Committee and Mr R A Shah, are independent directors. Mr Munir Shaikh is the other member of the Audit Committee. Mr G S Kurmi, Company Secretary, was the Secretary of the Audit Committee until his resignation on February 28, 2006.

The role of the Audit Committee and its terms of reference are in accordance with the provisions of Clause 49 of the Listing Agreement and include oversight of the company's financial reporting process, reviewing the financial statements, reviewing the adequacy of internal audit function, discussions with internal and statutory auditors periodically about their scope of audit and adequacy of internal control systems, discussing with internal auditors on any significant findings. The Audit Committee also acts as a link between the Board of Directors and the internal and statutory auditors.

The duly constituted Committee met five times during the financial year on January 25, 2005, March 22, 2005, April 26, 2005, June 28, 2005 and September 21, 2005 and these meetings were attended by all the members.

4. Shareholders'/Investors' Grievance Committee

This Committee comprises of Mr Ashok Dayal, who is a non-executive independent director and Chairman of the Committee. Mr Vivek Mohan, the Managing Director, is the other member of the Shareholders'/Investors' Grievance Committee. Mr G S Kurmi, Company Secretary, was the Compliance Officer until his resignation on February 28, 2006.

During the financial year, the Committee held 4 meetings on January 25, 2005, March 22, 2005, June 28, 2005 and September 21, 2005.

A summary of complaints received and resolved by the Company during the year ended November 30, 2005 is given below:

	Received	Cleared
Non-receipt of share certificates duly transferred	13	13
Non-receipt of dividend warrants	43	43
Miscellaneous	58	58
Letters from SEBI, Stock Exchanges and Department of Company Affairs	2	2

As on November 30, 2005, there were no pending share transfers. Barring certain cases pending 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

The remuneration of the directors during the financial year was as follows:

A. Executive Directors

All elements of remuneration package i.e. salary, benefits, bonuses etc. paid to the Executive Director, Mr Vivek Mohan, amount to Rs 20.3 million.

- The above remuneration includes commission/performance linked incentive or bonus of Rs 2.1 million, based on certain pre-agreed criteria.
- The Agreement with Mr Vivek Mohan is for a period of 5 years from November 1, 2004 and terminable by 6 months' notice on either side as per the approval dated July 25, 2005 received from the Central Government, however, the Company may opt to pay 6 months' remuneration including salary, allowances, benefits/perquisites in lieu of notice.
- Presently, the Company does not have a Scheme for grant of Stock Options to the Directors.

B. Non-executive Directors

Two of the Non-Executive Directors, Mr R A Shah and Mr Ashok Dayal were paid sitting fees totaling Rs 55,000/- and Rs.70,000/- respectively for attending Board meetings and various Committee meetings of the Company.

The Company paid fees amounting to Rs 0.4 million to its Solicitors, M/s Crawford Bayley & Co., of which Mr R A Shah is a partner, for professional services rendered to the Company. 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.

- None of the Non-Executive Directors and relatives is holding any shares of the Company except for Mr R A Shah who through relatives holds 5098 shares.

6. General Body Meetings

Financial Year	Date	Time	Location
2002	April 29, 2003	3.00 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021
2003	April 27, 2004	3.00 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021
2004	April 26, 2005	3.30 p.m.	Y B Chavan Auditorium General Jagannath Bhosale Marg Mumbai 400 021

At present, no special resolutions are proposed to be conducted through postal ballot.