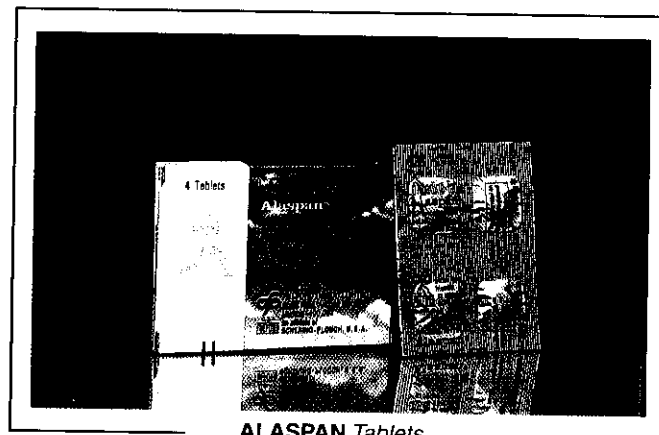




# FULFORD (INDIA) LIMITED

## ANNUAL REPORT 2000

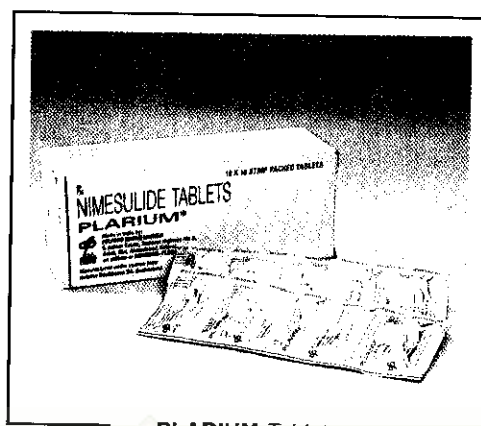
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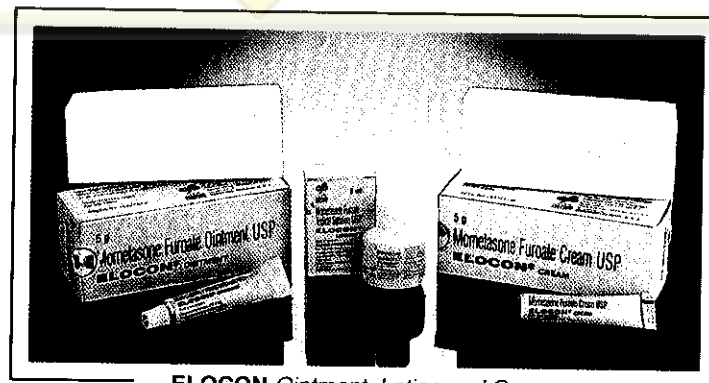
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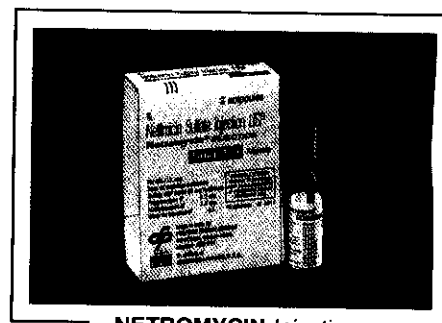
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ELOCON Ointment, Lotion and Cream



EMOLENE Cream



NETROMYCIN Injection

**FULFORD (INDIA) LIMITED****Board of Directors**

MR. R. A. SHAH, *Chairman* (Alternate to Mr. A. M. Blanco)  
 MR. R. D. THAPAR  
 MR. D. C. SHROFF (Alternate to Mr. R. Kapur)  
 MR. A. M. BLANCO  
 MR. I. L. PRICE  
 MR. V. G. ATHAVALE  
 MR. R. KAPUR, *Vice Chairman*  
 MR. K. D. SHAH, *President & Managing Director*  
 MR. K. J. KAUL, (Alternate to Mr. I. L. Price and Whole-time Director)

**COMPANY SECRETARY**

MR. AJAY NAGLE

**FUNCTIONAL HEADS**

MR. S. BASU, Vice President — Human Resources  
 MR. K. J. KAUL, Vice President — Technical  
 MR. M. K. RAJAN, Vice President — Marketing & Sales  
 DR. S. MENON, Sr. Director — Medical  
 MR. K. VENKATRAMAN, Sr. Commercial Director  
 MR. A. V. SAPRE, Sr. Director — Finance  
 MR. R. K. RUSTAGI, Sr. Director — Corporate Affairs  
 MRS. R. CHANDRACHUD, Sr. Director — Oncology & Virology  
 MR. VINI SAHAI — Business Unit Manager

**REGISTERED OFFICE**

Oxford House, 2nd Floor,  
 Nawroji Ferdonji Road,  
 Apollo Bunder,  
 Mumbai 400 001.

**REGIONAL OFFICES\*/C&F AGENTS**

Ahmedabad, Ambala, Calcutta\*, Chennai\*, Coimbatore, Cuttack,  
 Daman, Delhi\*, Dehradun, Guwahati, Hubli, Hyderabad, Indore, Jaipur,  
 Kanpur, Lucknow, Ludhiana, Mumbai\*, Nagpur, Patna, Pune, Raipur, Ranchi  
 Trivandrum, Varanasi, Vijayawada.

**BANKERS**

STATE BANK OF INDIA  
 CANARA BANK  
 THE HONGKONG AND SHANGHAI BANKING CORPORATION

**LEGAL ADVISORS**

CRAWFORD BAYLEY & CO.

**AUDITORS**

DELOITTE HASKINS & SELLS

**REGISTRARS AND SHARE TRANSFER AGENTS**

INTIME SPECTRUM REGISTRY PVT. LTD.  
 260, Shanti Industrial Estate,  
 Sarojini Naidu Road,  
 Mulund (W), Mumbai 400 080.

**REQUESTS TO MEMBERS**

*All correspondence regarding transfer of shares may be addressed to our Registrars and Share Transfer Agents.*

*Members are requested to bring their copy of the Annual Report to the Meeting.*

*Members requiring any information about the accounts are requested to write to the Company at least one week before the date of the meeting so that the information may be made available at the meeting.*



**FULFORD (INDIA) LIMITED****Notice**

NOTICE is hereby given that the Fifty-third Annual General Meeting of FULFORD (INDIA) LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 on Friday, June 15, 2001 at 11.00 a.m. to transact the following business:

**ORDINARY BUSINESS**

1. To consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following:

"RESOLVED THAT the Balance Sheet as at December 31, 2000 and the Profit & Loss Account for the year ended on that date together with the Directors' and the Auditors' Report thereon be and are hereby approved and adopted."

2. To appoint Directors in place of Messrs. I.L. Price, R.D. Thapar, R. Kapur and V.G. Athavale who retire under Article 110 and being eligible offer themselves for re-appointment and in respect of whom notices have been received in writing, under Section 257 of the Companies Act, 1956, from some members expressing their intention of proposing their candidature for the office of Directors.

3. To consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following:

"RESOLVED THAT Messrs Deloitte Haskins & Sells, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company for the financial year ending December 31, 2001 and they shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company."

**SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following:

"RESOLVED THAT in partial modification of the resolution passed by the Shareholders at their Annual General Meetings held on April 4, 1997, March 31, 1998 and March 24, 1999 and subject to the approval of the Central Government, and such other sanctions and approvals as may be required, the consent of the Company be and is hereby accorded to ratify, confirm and approve the remuneration paid amounting to Rs. 42,07,690/- plus perks (excluding the payment towards Provident Fund, Gratuity & Superannuation Fund) to Mr. K.D. Shah, President & Managing Director of the Company, for the period from January 1, 2000 to December 31, 2000".

By Order of the Board of Directors

Mumbai, March 28, 2001  
Registered Office:  
Oxford House, Nawroji Ferdonji Road,  
Apollo Bunder,  
MUMBAI 400 001.

AJAY NAGLE  
Company Secretary

- NOTES:**
1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
  2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
  3. Members are requested to notify any change in their address immediately to the Company or to its Registrars and Share Transfer Agents.
  4. Those members who have so far not encashed their Dividend Warrants for the year ended 31st December, 1995; 31st December, 1996; 31st December, 1997 and 31st December, 1998 may immediately approach the Company with their Dividend Warrants for revalidation.
  5. The Register of Members and the Share Transfer Books of the Company will remain closed from June 12, 2001 to June 15, 2001, both days inclusive.

**FULFORD (INDIA) LIMITED****Annexure to Notice**

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

**Item No. 3**

The shareholders will recall the resolutions passed at the Annual General Meetings of the Company held on April 4, 1997, March 31, 1998 and March 24, 1999 approving the appointment and terms of remuneration payable to Mr. K.D. Shah, President & Managing Director of the Company. The resolutions also approved that the remuneration be paid and perquisites be provided to Mr. K.D. Shah, as specified, in the said resolutions, notwithstanding that the Company may incur a loss or earn inadequate profit. The resolutions also stipulated that such remuneration and perquisites may exceed the limits prescribed in Section 2 of Part II of Schedule XIII subject however to the approval of the Department of Company Affairs, Government of India, be obtained.

For the reasons already explained, the Company has earned inadequate profits for the year 2000. The Company has now obtained approval of the Department of Company Affairs for the following remuneration paid to Mr. K.D. Shah and the perquisites provided to him, excluding the contribution towards Provident Fund, Gratuity & Superannuation Fund, notwithstanding that they exceed the limits prescribed in Section 2 of Part II of Schedule XIII.

Salary	41,60,000
Allowances & Perks	47,690
<b>TOTAL</b>	<b>42,07,690</b>

A copy of the approval dated March 23, 2001 received from Department of Company Affairs is open for inspection between 11.00 a.m. to 1.00 p.m. at the Registered Office of the Company to any shareholder interested in such inspection.

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By Order of the Board of Directors

Mumbai, March 28, 2001  
Registered Office:  
Oxford House, Nawroji Ferdonji Road,  
Apollo Bunder,  
MUMBAI 400 001.

AJAY NAGLE  
Company Secretary

**FULFORD (INDIA) LIMITED****Directors' Report**

The Directors present the Fifty-third Annual Report together with the audited accounts of the Company for the year ended December 31, 2000.

**FINANCIAL RESULTS**

	January 1, 2000 to December 31, 2000 Rupees	January 1, 1999 to December 31, 1999 Rupees
Profit/(Loss) before tax for the period amounted to .....	<b>68,34,606</b>	(3,29,13,148)
Profit/(Loss) after tax for the period amounted to .....	<b>61,49,606</b>	(3,30,23,148)
Tax Adjustments for prior years .....	—	39,00,000
Balance in Profit and Loss Account .....	—	87,57,773
Amount transferred from General Reserve .....	—	2,03,65,375
Amount available for appropriation .....	<b>61,49,606</b>	—
Out of which the following sums have been appropriated:		
Proposed Dividend .....	—	—
Tax on Dividend .....	—	—
General Reserve .....	—	—
Balance carried to Balance Sheet .....	<b>61,49,606</b>	—

**DIVIDEND**

The Directors do not recommend any dividend for the year ended December 31, 2000.

**OPERATIONS**

Sales for the year 2000 increased to Rs. 134.49 crores from Rs. 122.70 crores in 1999, recording a growth of 9.6%. The Profit Before Tax was Rs. 68.34 lakhs as against a loss of Rs. 3.29 crores during the previous year. The Profit Before Tax has been arrived at after providing for an extraordinary item of one third charge amounting to Rs. 1.06 crores of the Voluntary Retirement Scheme implemented during the year, but for this charge the profits before tax would have been Rs. 1.74 crores. The improvement in the profitability was achieved through increasing the volume as well as rigorous cost monitoring.

After suffering a setback during the year 1999, resulting from write-off of certain products, the major objective was to recapture the lost market of our major brands. The recovery of sales of these brands was slow but consistent. To accelerate growth, the Company also launched five new products, most of these, in the latter part of 2000. These are as follows:

- 'REMICADE' - Monoclonal anti-body for treatment of moderate to severe and fistulizing Crohn's disease.
- 'PLARIUM' - Non-steroidal anti-inflammatory analgesic with an additional benefit of antipyretic.
- 'CAELYX' - It is a pegylated Liposomal Doxorubicin used for treatment of advanced ovarian cancer.
- 'INTEGRILIN' - GP II b/III a receptor inhibitor for acute Cardiovascular complications.
- 'TEMODAL' - Used for the treatment of brain tumours.

Concurrently with the investment in launch of new products, productivity improvement measures were also identified. As a part of this review, it was decided to discontinue manufacturing operations at the Plant in Mumbai consequent upon the successful implementation of the Voluntary Retirement Scheme and move production of these products to third party under loan licence. The Company continues to have a technical team which supervises and monitors manufacturing as well as Quality Control operations carried out in the facility of third parties.

The Auditors' comment as referred to in para 2 (f) of the Auditors' Report is dealt with in Note No. 1(e) annexed to the Accounts, which is self explanatory.

**FULFORD (INDIA) LIMITED**

## Directors' Report *(Contd.)*

### DIRECTORS

Under Article 110 of the Articles of Association of the Company, the following Directors will retire at the forthcoming Annual General Meeting:

Mr. R.D. Thapar, Mr. I.L. Price, Mr. R. Kapur and Mr. V.G. Athavale.

Being eligible they offer themselves for re-appointment.

### FIXED DEPOSITS

All Fixed Deposits, outstanding as on December 31, 2000 amounting to Rs. 3.61 lakhs have matured as on December 31, 2000 but remain unpaid for want of requisite instructions from the Depositors concerned.

### DEPOSITORY SYSTEM

During the year under review, the Company signed an agreement with National Securities Depository Limited and Central Depository Services (India) Limited for joining the Depository system. With this, the members have the option to hold their shares in a dematerialised form.

### INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956 (the Act)

Information in accordance with clause (e) of sub-section (1) of Section 217 of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended December 31, 2000 is given in Annexure I of this Report.

Information in accordance with sub-section (2A) of Section 217 of the Act read with the Companies (Particulars of Employees) Rules, 1975 forms part of the Directors' Report for the year ended December 31, 2000. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all 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 Statement, may write to the Secretary at the Registered Office of the Company.

In accordance with the sub-section (2AA) of Section 217 of the Companies (Amendment) Act, 2000 concerning 'Directors Responsibility Statement', your Directors confirm that:

- i) in the preparation of Annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they 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 at the end of the financial year and of the profit of the Company for that period;
- iii) they have exercised proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts are prepared on a going concern basis.

### AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and according to a Certificate received from them under Section 224(1B) of the Companies Act, 1956, they are eligible for re-appointment.

### CORPORATE GOVERNANCE

Your Company has been practising the principles of good Corporate Governance over the years and it is committed to follow sound systems to support healthy business growth.

## FULFORD (INDIA) LIMITED



### Directors' Report

Members are aware that the Listing Agreement with the Mumbai Stock Exchange has been amended by the insertion therein of Clause 49, which require the Company to implement the Code of Corporate Governance more fully, described therein. Since your Company is listed in Group 'B-1' of the Mumbai Stock Exchange, your Company is required to comply with the said code not later than March 31, 2003. Your Directors will take necessary steps to ensure compliance well within the stipulated period.

#### SUBSIDIARY COMPANIES

Pursuant to Section 212 of the Companies Act, 1956 the annual accounts for the year ended December 31, 2000 as also the Auditors' and Directors' Report in respect of (i) Schering-Plough (India) Limited, and (ii) Wellnex Pharmaceuticals Limited, are attached to the accounts of the Company.

#### ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the contribution made by the employees at all levels for their dedication and commitment to the Company throughout the year.

Your Directors take this opportunity to thank Schering-Plough Corporation, U.S.A. for their valuable guidance and support throughout the year.

For and on behalf of the Board of Directors

Mumbai, March 28, 2001

R. A. SHAH  
Chairman

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**FULFORD (INDIA) LIMITED**

## Annexure I to the Directors' Report

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

### 1. Conservation of Energy

(I) Energy conservation measures taken in the recent past:

Installation and use of additional smaller size equipment to provide for choice to meet specific demands.

(II) Additional investments and proposals for reduction of energy consumption being implemented:

Nil

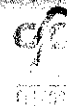
(III) Impact of measures (I) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The impact of measures (I) above is already reflected in the cost of production.

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

#### A. Power and Fuel Consumption

	1-1-2000 to 31-12-2000	1-1-1999 to 31-12-1999
1. Electricity		
(a) Purchased		
Units (in '000 kwh)	521	585
Total Amount (Rs. '000)	3,345	3,433
Rate/Unit (Rs.) average	6.42	5.87
(b) Own Generation (For emergency use only)		
(i) Through Diesel Generator		
Units (kwh)	1,676	865
Units per Ltr. of Diesel Oil	3.50	3.50
Cost/Unit (Rs.)	4.56	3.73
(ii) Through Steam Turbine/Generator		
Units	Nil	Nil
Units per Ltr. of Fuel Oil/Gas	Nil	Nil
Cost/Fuel	Nil	Nil
2. Coal		
Qty. (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil



## FULFORD (INDIA) LIMITED

### Annexure to the Directors Report

3. Furnace Oil		
Qty. (K. Ltrs.)	Nil	Nil
Total Amount	Nil	Nil
Average Rate (Rs.)	Nil	Nil
4. Other/Internal Generation		
Steam by LDO		
Quantity (in '000 kgs.)	377	305
Total Cost (Rs. '000)	410	264
Rate per kg. (Rs.)	0.92	0.87

#### B. Consumption per unit of production

On an overall basis, per unit energy consumption during the year was marginally higher than that in the previous year.

#### 2. Technology absorption

The Company through Technical know-how Agreement with Schering-Plough Corporation, U.S.A. (S-P) gets the benefits of the research and development efforts of S-P. Most of the products introduced by the Company in India are original research products of S-P.

The Company has also benefitted from the supply of technology from S-P. This includes training of our personnel by S-P during short and long-term assignments and deputation of technical experts. The said technology has been fully absorbed.

#### 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 Company continues to explore various export markets.

(II) Total Foreign exchange earned and used		Rs. in lakhs
(A) Total Foreign exchange earned		Nil
(B) Total Foreign exchange used:		
(i) On import of raw materials/finished goods	3983.92	
(ii) On import of capital goods, spares and components	Nil	
(iii) Expenditure in foreign currencies for business travels, subscription, commission on exports etc.	35.53	
(iv) Remittance during the year in foreign currency on account of dividend	—	
(v) Royalty and Technical know-how	—	4019.45

For and on behalf of the Board of Directors

Mumbai, March 28, 2001.

R. A. SHAH  
Chairman