

Fulford (India) Limited



# Annual Report 2008

# Our Vision:

## **To Earn Trust, Every Day.**

We aspire to earn the trust of doctors, patients, customers and other stakeholders as a champion for them and as a company that provides them with a steady flow of science-based medicines and services.

By earning trust, we will build growth.

Report  Junction.com

# Our Mission:

## **Delivering the vision**

- The innovation, quality and service leader
- The most effective company in our industry at managing product flow
- The best-managed company
- The most improved company in our industry
- Known for our leadership edge achieved by our passion for excellence

## Board of Directors

DR. AJIT DANGI, Chairman (w.e.f. July 25, 2008)  
 MR. K.G. ANANTHAKRISHNAN, President & Managing Director  
 MR. V.G. ATHAVALE (upto July 25, 2008)  
 MR. M.K. SHARMA (w.e.f. July 25, 2008)  
 DR. S.H. ADVANI  
 MR. RODNEY UNSWORTH (w.e.f. March 23, 2009)  
 DR. V.S. SOHONI (ceased to be Chairman w.e.f. July 25, 2008)  
 MR. ROHAN ABAYASEKARA  
 MR. ASHLEY MORRIS

### COMPANY SECRETARY

MR. BHAVIK DESAI (w.e.f. March 17, 2008)

### EXECUTIVE COMMITTEE

MR. SURESH PATTATHIL	Sales & Marketing – Business Unit I
MR. CHANDRAHAS KUTTY	Finance
MR. NILADRI BISWAS	Commercial
MR. RAJENDER RUSTAGI	Government Affairs/Liaison
DR. RAJIVA KOTHURKAR	Technical
MR. SAMEER TAMHANE	Human Resources and Administration
DR. NITIN MULGAONKAR	Medical Affairs
DR. PRASANNA BANGALE	Regulatory Affairs
MR. SREERAJ ROY	Sales & Marketing – Business Unit II
MR. SHAILESH RAU	Sales & Marketing – Business Unit III
MS. ANNAPURNA DAS	Strategy & Business Development
MR. PANKAJ SINDHU	Information Technology

### REGISTERED OFFICE

EUREKA TOWERS, B-WING,  
 8TH FLOOR, MINDSPACE, LINK ROAD,  
 MALAD (WEST), MUMBAI – 400 064

### C&F AGENTS

Ahmadabad, Ambala, Kolkata, Chennai, Cuttack, Delhi,  
 Dehradun, Goa, Guwahati, Bangalore, Hyderabad, Indore, Jaipur,  
 Lucknow, Ludhiana, Patna, Raipur, Ranchi, Trivandrum, Cochin.

### BANKERS

STATE BANK OF INDIA  
 CANARA BANK  
 HDFC BANK LIMITED  
 CITIBANK N A

### LEGAL ADVISORS

CRAWFORD BAYLEY & CO  
 AM LAW

### AUDITORS

DELOITTE HASKINS & SELLS

### REGISTRARS AND SHARE TRANSFER AGENTS

LINK INTIME INDIA PRIVATE LIMITED  
 (Formerly known as Intime Spectrum Registry Ltd.)  
 L.B.S. Marg, Bhandup (West), Mumbai – 400 078

### REQUESTS TO MEMBERS

All correspondence regarding transfer and demat 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. Members can address their grievance to our Registrar and Transfer agents at [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in) and to our compliance officer at [bhavik.desai@spcorp.com](mailto:bhavik.desai@spcorp.com).

Contents	Page No
• Notice	4
• Director's Report	10
• Corporate Governance Report	18
• Shareholder Information	27
• Auditor's Report	30
• Financials-Standalone	34
• Subsidiary Company	63
• Auditor's Report on Consolidated Financial Statements	77
• Financials-Consolidated	78

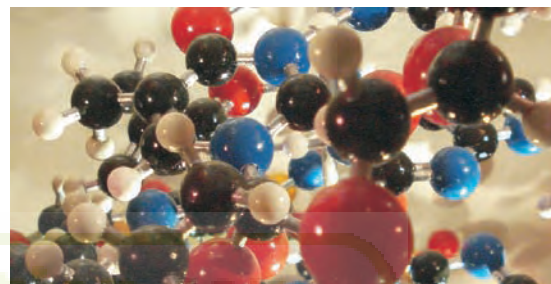


## Beginning with people

We believe that we can deliver our vision through our people, imbibing a high-performance culture. Our leader behaviors of shared accountability and transparency and cross-functional teamwork and collaboration steer our people to explore newer horizons and greater heights. We believe and practice listening and learning to cultivate leadership across all spheres of the organization. Leadership workshops have been held with front-line managers, who lead the sales team interfacing with the customer. We focus on unlocking the potential of people through intense training and development.

## Improving, Extending and Saving Lives with science

We see our work as the science of life. We put patients' interest first and do what is best for the patient. Our medical team provides exhaustive scientific evidence and maintains the highest level of discipline for scientific communication. Our sales force is trained to act as knowledge service providers to the physicians. We engage our customer through high-science activities and work with physicians to build high-science based interfaces.



## Harnessing opportunities to grow the business

Engaging in developing strengths and capabilities to explore new business opportunities is a key organizational priority. We pool cross-functional expertise and experience to develop a blueprint to leverage emerging opportunities in the pharmaceutical landscape. Investment in areas to build long-term growth is critical to sustain the organizational growth.

## Leveraging advancements to drive value

While quality remains at the core of our business, system and process enhancement act as a continuous booster. A major milestone has been accomplished in 2008 with implementation of SAP within a stipulated time. We have successfully migrated key users to SAP.

Driving sales force productivity continues to be critical success factor. Sales force automation has been upgraded to support a faster flow of information and decision making.

Critical activities impacting day-to-day operations would be automated to increase operational efficiency.



## Focus Therapeutic Areas

### Hepatitis:

Hepatitis is caused by several types of viruses including types A, B, C, D, E, F and G. Types A, B, and C are the most common. All hepatitis viruses can cause acute hepatitis. Viral hepatitis types B and C can cause chronic hepatitis (lasts longer than 6 months). The symptoms of chronic viral hepatitis often are mild and nonspecific, and the diagnosis of chronic hepatitis often is delayed. Chronic viral hepatitis often requires treatment in order to prevent progressive liver damage, cirrhosis, liver failure, and liver cancer. Treatment of chronic infection with hepatitis B and hepatitis C usually involves medication or combinations of medications to eradicate the virus. Fulford has actively participated in the 16th Annual Conference of the Indian National Association for Study of the Liver and the Asia Digestive Week program.

At Fulford we have launched a comprehensive patient support program called HEP BEAT.

HEP BEAT is a unique patient-centric initiative, specifically designed to aid hepatitis patients in regaining health. HEP BEAT has been designed with the objective of assisting patients in their journey "To Beat Hepatitis" by providing assistance at every step during therapy.

HEPBEAT program offers the following key benefits to all patients on therapy

Understanding the disease and its management	Comprehensive Information on hepatitis to cope with the condition.
Access to medicine	Information on easy access to medicine.
Facilitate compliance to therapy	<ul style="list-style-type: none"> <li>■ Aid in diagnostics during therapy.</li> <li>■ Provide drug support at specific intervals per the program design during the 24 week therapy.</li> <li>■ Provide regular reminders for drug refill / dose compliance.</li> </ul>
Assistance at every step during therapy	A dedicated toll-free Helpline for resolving general queries and a dedicated counselor support is available on Helpline.

### Allergy:

An allergic reaction is an exaggerated response to an antigen (foreign body), leading to various symptoms and tissue damage. Exposure to environmental allergens (e.g. pollen, animal hair and house dust) may result in allergic reactions in the nose known as allergic rhinitis. Allergic conditions affecting the skin manifest commonly as urticaria and it may be acute or chronic (i.e. lasts more than three weeks). Allergic rhinitis and urticaria are Type 1 hypersensitivity reactions, i.e., antigen reacts with antibody bound to mast cell and basophils, causing the release of histamine and other chemical mediators which are responsible for the symptomatology. Antihistamines block the action of the histamine and are therefore considered the "mainstay of treatment".

Some of the activities that were conducted included:

1. Built evidence base for ALASPAN through effective utilization of CLEAR study in the in-clinic communication and speaker cascade programs.
2. Partnered closely with various ENT associations in their medical educational program on ENT and allergic conditions.

### Rheumatoid Arthritis (RA):

Rheumatoid arthritis (RA) is an autoimmune disease that causes chronic inflammation of the joints. It can affect persons of all ages and its cause is unknown. Rheumatoid arthritis can also cause inflammation of the tissue around the joints, as well as in other organs in the body. An autoimmune disease occurs when the body tissues are mistakenly attacked by its own immune system. Rheumatoid arthritis is a progressive illness that has the potential to cause joint destruction and functional disability. Symptoms can include fatigue, lack of appetite, low-grade fever, muscle and joint aches, and stiffness. It is a chronic disease, characterized by periods of disease flares and remissions. Chronic inflammation of rheumatoid arthritis can cause permanent joint destruction and deformity. The treatment of rheumatoid arthritis optimally involves a combination of patient education, rest and exercise, joint protection, medications, and occasionally surgery. Early treatment of rheumatoid arthritis results in better outcomes.

Fulford participated in various Rheumatology Conferences such as the 36th National Conference of Dermatology, Venerology and Leprology (DERMACON 2008) and the second national rheumatology symposium, where various issues related to the management of patients with rheumatoid arthritis and ankylosing spondylitis were discussed and debated. Fulford also supported the National Consensus Guidelines for Management of RA in close collaboration with the Indian Rheumatology Association.



## Notice

**NOTICE** is hereby given that the Sixty First Annual General Meeting of FULFORD (INDIA) LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, Kaikhushru Dubash Marg, Mumbai 400 001 on Monday, April 27, 2009 at 11.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at December 31, 2008 and the Profit & Loss Account for the year ended on that date together with the Directors' and the Auditors' Report thereon.
2. To declare Dividend for the year ended December 31, 2008.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following:  
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Articles of Association of the Company ("the Articles") be and are hereby amended, altered in the manner and to the extent as set out herein below:  
Article 110 of the Articles shall be substituted by the following Article:  
(1) All the Directors including the Managing Director shall retire at every Annual General Meeting of the Company, commencing from the Annual General meeting to be held for the financial year ending December 31, 2009, and if eligible may be re-appointed.  
(2) A Director other than a retiring Director shall be eligible for appointment to the office of the Director at any General Meeting, if he or some member intending to propose him as Director has, not less than fourteen (14) days before the meeting, submitted to the Company, a notice in writing signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office."
5. To consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following:  
"RESOLVED THAT pursuant to Section 31 read with Section 77A (2) (a) of the Companies Act, 1956, Articles of Association of the Company be and is hereby altered by way of addition of the following new Article 24A after the existing Article 24:  
**24A. Power of the Company to buy-back its own securities**– Notwithstanding anything contained in the Article 24 above, the Company shall have the power, subject to and in accordance with Sections 77A, 77B and other applicable provisions of the Act or the corresponding provisions, rules, regulations and guidelines prescribed by the Government of India, the Securities and Exchange Board of India or any other authority, to purchase any of its own fully paid shares or other specified securities whether or not they are redeemable and may make a payment out of its free reserves or securities premium account of the Company or proceeds of any shares or other specified securities."
6. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:  
"RESOLVED THAT Mr. M.K. Sharma, who was appointed as an Additional Director of the Company with effect from July 25, 2008, by the Board of Directors and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received notice in writing from a member under Section 257 of the Act, be and is hereby appointed as Director of the Company, liable to retire at each Annual General Meeting, commencing from the Annual General Meeting to be held for the financial year ending December 31, 2009."
7. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:  
"RESOLVED THAT Mr. Rodney Unsworth, who was appointed as an Additional Director of the Company with effect from March 23, 2009, by the Board of Directors and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received notice in writing from a member under Section 257 of the Act, be and is hereby

**Notice (Contd.)**

appointed as Director of the Company, liable to retire at each Annual General Meeting, commencing from the Annual General Meeting to be held for the financial year ending December 31, 2009.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions of the Companies Act, 1956 and Article 117 of the Company’s Articles of Association, the Company do hereby approve of and consent to the payment and distribution thereof of a sum not exceeding one percent of the net profits of the Company computed in accordance with the provisions of Section 198 of the Companies Act, 1956 as remuneration by way of commission over and above the sitting fees, amongst the Directors of the Company (other than Managing Director and Whole-time Directors) in such amounts or proportions and in such manner as may be decided by the Board of Directors from time to time and such payments shall be made in respect of the profit for each of the five financial years commencing from the year ending December 31, 2009.”

9. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) read with Schedule XIII of the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approval(s) of Central Government or any statutory authorities as may be required and in partial modification to Special Resolution passed at the Annual General Meeting held on April 30, 2007 with respect to appointment of Mr. K. G. Ananthakrishnan as President and Managing Director, consent of the Company be and is hereby accorded to pay to Managing Director of the Company effective from April 1, 2009 such remuneration comprising of salary, performance linked bonus, perquisites and allowances as may be determined by the Board from time to time within the maximum limits as mentioned in the explanatory statement annexed hereto.

**RESOLVED FURTHER THAT** any Director or the Company Secretary of the Company be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**RESOLVED FURTHER THAT** the Board of Directors are also authorised to make such modifications in the foregoing as may be considered by them to be in the best interest of the Company and the shareholders.”

By Order of the Board of Directors

Mumbai, March 23, 2009

**Bhavik Desai**  
Company Secretary

**Registered Office:**

8th Floor, Eureka Towers, B Wing,  
Mindspace, Link Road,  
Malad (West), Mumbai – 400 064.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. However Proxy Forms duly stamped, completed and signed, should be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from April 21, 2009 to April 27, 2009, both days inclusive.
3. In view of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, additional information pertaining to Directors proposed for appointment/reappointment at the Annual General Meeting is given in the Report on Corporate Governance.

**Notice (Contd.)**

4. Members are requested to notify any change in their address immediately to the Company or to its Registrars and Share Transfer Agents.
5. Members are requested to note that the name of the Share Transfer Agents of the Company has changed from 'Intime Spectrum Registry Limited' to 'Link Intime India Private Limited' with immediate effect.
6. Members holding shares in demat mode may please note that, the bank details as furnished by the respective Depositories to the Company will be mandatorily printed on their dividend warrants/demand drafts for the purpose of distribution of dividend through Electronic Clearing Service (ECS) as advised by the Securities & Exchange Board of India (SEBI). In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants/demand drafts. Instructions if any, given by them in respect of shares held in physical mode will not be automatically applicable to the dividend paid on shares held in demat mode. Members holding shares in demat mode must, therefore, give instructions regarding bank accounts in which they wish to receive a dividend, to their Depository Participants. The Company or the Registrar and Share Transfer Agents will not act on any direct request from these Members for change/deletion in such bank details.
7. In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund. Members shall not be able to claim any unpaid dividend from the said Fund or the Company thereafter. Members who have not encashed the dividend warrants for the years 2001, 2003, 2004, 2005, 2006 and 2007 are requested to contact the Registrar and Transfer Agents, Link Intime India Private Ltd. formerly known as Intime Spectrum Registry Ltd. Mumbai. Outstanding dividend for the year's prior to 1995 has been transferred to the General Revenue Account of the Central Government. Outstanding dividends for the years 1995, 1996, 1997 and 1998 have been transferred to the Investor Education and Protection Fund. Outstanding dividend for the year 2001 shall be transferred to the Investor Education and Protection Fund by July 2009.
8. Section 109A of the Companies Act, 1956 provides for Nomination by individuals, who are shareholders of the Company in the prescribed Form No. 2B. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them by filling the prescribed form. Blank forms will be supplied by the Company's Registrars and Share Transfer Agents, Link Intime India Private Limited formerly known as Intime Spectrum Registry Ltd. on request. Members holding shares in the dematerialized form may contact their Depository Participant for recording nomination in respect of their shares.
9. Members are requested to note that as prescribed by the Securities and Exchange Board of India (SEBI), trading in securities of the Company is compulsorily in dematerialized form. The Company has already executed tripartite agreements with both the depositories viz. Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL), Intime Spectrum Registry Limited (now known as Link Intime India Private Limited), the Company's Share Transfer Agent. Accordingly, the equity shares of the Company can be held in an electronic form with any Depository Participant (DP) with whom the Members have their Depository Account. The ISIN No. allotted to the equity shares of the Company is INE521A01017. In view of the numerous advantages offered by the Depository System, members who are yet to dematerialize their shares are requested to avail of the facility of dematerialization.



## Annexure to Notice

### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

#### Item No. 4

Presently, Article 110 provides for the appointment of the Directors by the system of proportional representation once in every three years pursuant to the provisions of Section 265 of the Companies Act, 1956. To align with our global policy of Corporate Governance, it is imperative to provide flexibility to the Members to decide the structure of management on yearly basis and Annual re-election of directors represents best global corporate governance practice by maximizing the responsiveness of directors toward the Members.

Accordingly, the Board of Directors recommends the Resolution for your approval.

None of the Directors is concerned or interested in the Resolution.

#### Item No.5

Section 77A of the Companies Act, 1956 provides inter-alia, that a buy-back of shares by a Company beyond certain limit must be authorized by its Articles of Association. The Company may at an appropriate time in future, buy-back its shares subject to the applicable regulatory provisions. Since such a step requires the authorization by the Articles of Association, the proposed amendment to the Articles of Association in Item no. 5 is proposed for your consideration.

None of the Directors is concerned or interested in the Resolution.

#### Item No. 6

Mr. M.K. Sharma, was appointed as an Additional Director with effect from July 25, 2008, and accordingly holds office upto the date of this Annual General Meeting of the Company. Notice has been received from a shareholder of the Company proposing the candidature of Mr. M.K. Sharma.

Mr. Sharma holds Bachelors Degree in Arts and Bachelors of Law Degree from Canning College University of Lucknow. He has also completed a Post-Graduate Diploma in Personnel Management and Diploma in Labour Law. Mr. M.K. Sharma is a former Vice-Chairman of Hindustan Unilever Limited. He has also served as the President of Trademarks, Patents, Designs and Copyright Owners' Association of India and is the past President of Indian Soaps & Toiletries Manufacturers Association. Mr. Sharma has served as a member of the 7 member Corporate Law Committee formed by the Ministry of Company Affairs, Government of India to comprehensively redraft the Companies Act.

Mr. Sharma displays passion for ensuring highest standards of Corporate Governance and adherence to responsible and ethical conduct in all aspects of business operations.

The Board recommends the appointment of Mr. M.K. Sharma.

Except Mr. M K Sharma, no other Director is concerned or interested in the said Resolution.

#### Item No. 7

Mr. Rodney Unsworth, was appointed as an Additional Director with effect from March 23, 2009, and accordingly holds office upto the date of this Annual General Meeting of the Company. Notice has been received from a shareholder of the Company proposing the candidature of Mr. Rodney Unsworth.

Mr. Rodney Unsworth holds a Degree in pharmacy from the Victorian College of Pharmacy, Australia. He is a highly experienced senior international management executive and has held various international management roles in the pharmaceutical industry with Asia Pacific and Australian Companies. Presently he is the Group Vice-President and President, Asia-Pacific Region with Schering-Plough Corporation and serves on the Global Operational Management Team of the Corporation. He is on the Board of several Schering-Plough Group companies abroad.

The Board recommends the appointment of Mr. Rodney Unsworth.

## Annexure to Notice (Contd.)

Except Mr. Rodney Unsworth, no other Director is concerned or interested in the said Resolution.

### Item No. 8

In the changing scenario of globalization and highly competitive environment, the Company looks forward to the valuable guidance and immense benefit which it can derive from the experience of the non whole-time Directors.

In appreciation of the various services rendered by the non whole-time Directors of the Company and with the increasing activities of the Company and additional work involved, it is considered desirable to pay them remuneration by way of commission not exceeding the limits laid down under the provisions of Section 309(4) and other applicable provisions of the Companies, Act, 1956 and Article 117 of the Articles of Association of the Company. This would be in addition to the sitting fees paid for each meeting of the Board or committee thereof, attended by them.

It is proposed that the Board of Directors be authorised to pay them Commission upto 1% of the net profits of the Company as mentioned in the Resolution, for a further period of five years commencing from financial year ending December 31, 2009.

All the Directors, except Mr. K. G. Ananthakrishnan, President and Managing Director may be deemed to be concerned or interested in this Resolution to the extent that Commission may be paid to them.

### Item No. 9

The members of the Company in the Annual General Meeting held on April, 30, 2007 had approved the overall limits of the Managerial Remuneration for Managing Director of the Company. In view of the appointment of Mr. K. G. Ananthakrishnan as a Managing Director in Organon (India) Limited, it is proposed to revise the structure for remuneration of Managing Director as under:

Terms of Remuneration	Existing limit	Proposed limit
Salary	Rs. 373,333/-* per month in the scale of Rs. 350,000/- to Rs. 800,000/- per month. The increment will be decided by the Board of Directors or its Committee. (* Amount revised to Rs. 391,563/- per month vide a resolution passed in the meeting of the Board of Directors held on April 16, 2008).	Rs. 234,937/- per month in the scale of Rs. 200,000/- to Rs. 800,000/- per month. The revision will be decided by the Board of Directors or its Committee.
Education Allowance	Rs. 10,000/- per month in the scale of Rs. 10,000/- to Rs. 20,000/- per month. The increments will be decided by the Board of Directors or its Committee.	Rs. 6,000/- per month in the scale of Rs. 5,000/- to Rs. 20,000/- per month. The revision will be decided by the Board of Directors or its Committee.
Leave Travel Allowance	Rs. 200,000/- per annum in the scale of Rs. 200,000/- to Rs. 500,000/- per annum. The increments will be decided by the Board of Directors or its Committee.	Rs. 120,000/- per annum in the scale of Rs. 100,000/- to Rs. 500,000/- per annum. The revision will be decided by the Board of Directors or its committee.