

With you at every
stage of life.



From developing new therapies that treat and prevent disease to helping people in need, we're committed to improving health and well-being around the world.



Fulford (India) Limited, is the subsidiary of Merck & Co., Inc., Whitehouse Station, NJ, USA. Merck known as MSD across the world (except in the US and Canada), operates in India via three separate legal entities MSD Pharmaceuticals Private Limited, Organon (India) Private Limited and Fulford (India) Limited.

Since its existence in India, the Company has moved quickly in laying the foundation for a business that is differentiated by its focus on putting patients first and through launching innovative products relevant to India. MSD in India currently operates in various therapeutic areas in human health, including Metabolics, Cardiovascular, Vaccines, Critical Care, Immunology, Virology, Oncology, Women's Health, Dermatology, Respiratory, Musculoskeletal and Primary Care, and offers a strong and diversified product portfolio of over 75 brands. For more information on MSD India, visit www.msdingia.in.

CONTENTS

Company Overview

About MSD	02
Company Information	03

Business Review

Financial Performance - Ten Years Highlights	04
Notice	05
Directors' Report	15
Corporate Governance Report	26
Auditors' Report	36

Financials-Standalone

Balance Sheet	40
Profit & Loss Account	41
Cash Flow Statement	42
Schedules	44
Balance Sheet Abstract	62

Subsidiary Company

Schering-Plough (India) Private Limited (SPIPL)

Statement relating to Subsidiary Company	63
Directors' Report of SPIPL	64
Auditors' Report of SPIPL	67
Financials of SPIPL	69
Balance Sheet Abstract of SPIPL	74

Financials-Consolidated

Consolidated Auditors' Report	75
Balance Sheet	76
Profit & Loss Account	77
Cash Flow Statement	78
Schedules	80



MSD IN INDIA

MSD operates its human health business in India through three separate legal entities: MSD Pharmaceuticals Private Limited, Organon (India) Private Limited, and Fulford (India) Limited, which are subsidiaries of Merck & Co. Inc., Whitehouse Station, NJ, USA.

Since its existence in India, the Company has moved quickly in laying the foundation for a business that is differentiated by its focus on putting patients first and through launching innovative products relevant to India.

MSD India currently operates in various therapeutic areas in human health, including Metabolics, Cardiovascular, Vaccines, Critical Care, Immunology, Virology, Oncology, Women's Health, Dermatology, Respiratory, Musculoskeletal and Primary Care, and offers a strong and diversified product portfolio of over 75 brands. For more information on MSD India, visit www.msdiindia.in.

KEY THERAPEUTIC AREAS

MSD has a broad portfolio of medicines - the Company's diverse portfolio of adult, adolescent and pediatric vaccines and medicines spans important therapeutic areas, including cardiovascular, diabetes, obesity, bone, respiratory, immunology, dermatology, infectious disease, oncology, neurosciences, ophthalmology, women's health and endocrinology. This is in addition to a late stage global pipeline of 20 late-stage compounds.

COMMITMENT TO INDIA

MSD has a long term commitment to India both in terms of bringing the best in class products and also making necessary investments to serve the Indian patients. MSD will continue in its endeavor to shape the healthcare paradigms in India via initiatives like responsible pricing, integrated Disease Management Programmes; amongst others.

In addition to setting up a sales and marketing structure to market its best in class products in India, MSD is also co-ordinating research projects with clinical investigators in India's leading hospitals and universities, for development of new drugs to address unmet medical needs for Indian patients.

CARING FOR THE SOCIETY WE SERVE

MSD embraces a commitment to its stakeholders, employees, neighbours, and others in the global communities where it lives and works. Its commitment is demonstrated by its work in more than 140 countries worldwide, through its philanthropic initiatives and ethical business practices. Two of MSD's major initiatives include the Mectizan Programme for river blindness and the recently announced MSD for Mothers Initiative to fight maternal mortality.

For over 100 years MSD has produced The Merck Manual, one of many initiatives to inform health related decision making that also include the Merck Institute of Aging & Health and the Merck Vaccine Network. MSD builds high environmental and safety standards into all of its processes and activities and promotes continuous improvement.

MSD Wellcome Trust Hilleman Laboratories - a joint venture between MSD and Hilleman Laboratories is a first of its kind research and development joint venture with a not-for-profit mission to focus on developing affordable vaccines to prevent diseases that commonly affect low income countries.

Key CSR projects implemented by MSD in India include:

Join My Village

Join My Village is an innovative click-to-commit social change initiative that gives individuals the power to unlock charitable donations from companies like General Mills and MSD to women and girls in Malawi, and now India, through CARE. Every "Like" on the Join My Village Facebook page will trigger a \$1 donation from General Mills and The Merck Company Foundation to CARE's programs supporting women and girls in India and Malawi. Together, the companies will donate a total of US\$1.5 million to CARE by the end of 2012.

Support My School Campaign

The Support My School Campaign, a demonstration of MSD India's corporate responsibility initiative, was jointly launched by MSD India and Coca-Cola on 9 September 2011 at the first school in Bhopal, Madhya Pradesh. Also as part of this campaign, MSD India participated, as partners, in a live fund-raising telethon with Indian cricketing legend Sachin Tendulkar, the brand ambassador of the Support My School Campaign in Mumbai on 18 September 2011.

Eradicating Malnutrition in Madhya Pradesh Tribal Regions

The Real Medicine Foundation (RMF) and MSD India have come together to execute this programme, with MSD India. Within the first year of the programme, RMF reached to over 80,000 children and successfully treated over 4,000 children with severe acute malnutrition.

LV Prasad: Building Human Resources for Eye Care

MSD India has partnered with LV Prasad to support the human resource demands at the village level to assure that all of the rural population in Andhra Pradesh has access to the eye services necessary to avoid preventable blindness.

COMPANY INFORMATION

BOARD OF DIRECTORS

DR. AJIT DANGI, *Chairman*
 MR. K.G. ANANTHAKRISHNAN, *President & Managing Director*
 DR. V.S. SOHONI
 MR. M.K. SHARMA
 MR. HOMI KHUSROKHAN
 MR. KEVIN ALI (*Appointed w.e.f. September 7, 2011*)
 MR. CHRISTOPHER McNAMARA
 MS. HWEE PING CHUA
 MR. RAMESH SUBRAHMANYAN (*Resigned w.e.f. May 31, 2011*)

COMPANY SECRETARY

MR. BHAVIK DESAI (*Resigned w.e.f. November 24, 2011*)
 MS. ANUPAMA D. PAI (*Appointed w.e.f. February 14, 2012*)

COUNTRY LEADERSHIP TEAM

MR. RAJESH MARWAHA, *Finance & Administration*
 MR. SAMEER TAMHANE, *Human Resources*
 MR. SANJIV NAVANGUL, *Sales & Marketing – Chronic Care, Specialty Care & Disease Management*
 MR. P. SURESH, *Sales & Marketing – Primary Care*
 MS. MONICA CHAUDHARI, *Sales & Marketing – Women's Health, Vaccines and Business Support*
 MR. ASHIS MUKHERJEE, *Public Health Initiatives*
 MS. ANNAPURNA DAS, *Business Development & New Product Planning*
 MR. A.S. KRISHNA, *External Affairs*
 DR. SWASHRAYA SHAH, *Medical Affairs*

REGISTERED OFFICE

Platina, 8th Floor
 Plot No. C-59, G-Block
 Bandra-Kurla Complex
 Bandra(East)
 Mumbai: 400098, India
 Tel: 022-67898888
 Fax: 022-67898889

CARRYING AND FORWARDING AGENTS

Ahmedabad, Ambala, Kolkata, Chennai, Delhi, Guwahati, Bangalore, Hyderabad, Indore, Jaipur, Lucknow, Patna, Cochin, Bhiwandi, Coimbatore, Zirakpur, Cuttack, Ranchi, Goa

BANKERS

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

LEGAL ADVISORS

CLG LAW

AUDITORS

PRICE WATERHOUSE

REGISTRAR AND SHARE TRANSFER AGENTS

LINK INTIME INDIA PVT. LTD.
 C/13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (West),
 Mumbai – 400 078
 Tel: 022 -25963838
 Fax: 022-25946969

REQUEST TO MEMBERS

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

Members are requested to bring their copy of 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 Share Transfer Agents at helpline@linkintime.co.in and to our Compliance Officer at anupama.pai@merck.com

TEN YEARS HIGHLIGHTS

(₹ in Million)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PROFIT & LOSS ACCOUNT										
Gross Sales*	946.97	1,305.05	1,317.95	1,518.75	1,546.59	1,738.78	1,901.34	1,844.81	1,905.13	2,132.35
Other Income	53.56	5.36	22.17	13.37	25.53	72.74	76.90	68.13	78.83	97.73
Interest Expenses	(21.06)	(15.68)	(3.97)	(0.65)	(0.48)	(0.15)	(0.01)	(0.09)	(2.94)	(0.10)
Profit before Taxation	(75.96)	59.19	187.36	243.98	197.53	338.81	315.90	223.14	173.93	27.01
Profit after Taxation**	(76.06)	61.47	117.58	150.40	127.46	218.15	197.27	134.64	120.56	18.39
Earnings per Share of ₹ 10	(23.77)	19.21	36.74	47.00	39.01	55.94	50.58	34.52	30.91	4.71
Dividend per share of ₹ 10	—	2.00	2.50	3.00	3.66	4.00	2.00	4.50	4.50	3.50
Balance Sheet										
Fixed Assets	26.39	24.59	31.96	41.01	38.54	34.38	29.37	55.74	55.22	41.59
Investments	0.15	0.15	0.15	171.30	190.69	134.85	144.06	149.94	—	—
Net Deferred Tax	7.53	15.69	10.45	8.82	6.25	6.45	14.21	12.04	26.67	37.05
Net Current Assets	201.88	163.37	208.08	168.69	664.01	920.52	1,096.70	1,180.73	1,416.65	1,422.42
Misc. Expenditure	—	—	—	—	—	—	—	—	—	—
	235.95	203.80	250.64	389.82	899.49	1,096.20	1,284.34	1,398.45	1,498.54	1,501.06
Share Capital	32.00	32.00	32.00	32.00	39.00	39.00	39.00	39.00	39.00	39.00
Reserve & Surplus	46.83	101.08	209.61	351.04	860.01	1,057.20	1,245.34	1,359.45	1,459.54	1,462.06
Loan Funds	157.12	70.72	9.03	6.78	0.48	—	—	—	—	—
	235.95	203.80	250.64	389.82	899.49	1,096.20	1,284.34	1,398.45	1,498.54	1,501.06

* Sales before Excise Duty Charged

** After prior year tax and other adjustment

NOTICE

NOTICE is hereby given that the Sixty-Fourth Annual General Meeting of FULFORD (INDIA) LIMITED will be held at Exchange Plaza, NSE Auditorium, Ground Floor, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 on Wednesday, April 25, 2012 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at December 31, 2011 and the Profit & Loss Account for the year ended on that date together with the Directors' and the Auditors' Reports thereon.
2. To declare Dividend for the year 2011.
3. To appoint a Director in place of Mr. K.G. Ananthakrishnan who retires and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Ajit Dangi, who retires and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. V.S. Sohoni, who retires and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. M.K. Sharma, who retires and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. Homi Khusrookhan, who retires and being eligible, offers himself for re-appointment.
8. To appoint a Director in place of Ms. Hwee Ping Chua, who retires and being eligible, offers herself for re-appointment.
9. To appoint a Director in place of Mr. Christopher McNamara, who retires and being eligible, offers himself for re-appointment.
10. 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.

(The retiring Auditors M/s. Price Waterhouse, Chartered Accountants, Firm Registration No. 301112E, have informed the Company that they do not wish to seek re-appointment as Auditors at the ensuing Annual General Meeting. The Company has received a notice from a Member proposing the appointment of M/s. Lovelock & Lewes, Chartered Accountants, Firm Registration No. 301056E as Auditors for the year 2012 in place of the retiring Auditors).

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Kevin Ali, who was appointed as an Additional Director of the Company with effect from September 7, 2011, 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 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 together with requisite deposit, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire at each Annual General Meeting".

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as in its absolute discretion, may consider necessary, expedient or desirable, in order to give effect to this Resolution".

12. 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 Sections 198, 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act (including any statutory modification or re-enactment thereof for the time being in force) consent of the Company, be and is hereby accorded to payment of remuneration to Mr. K.G. Ananthakrishnan, President & Managing Director of the Company in excess of 5% of the net profits of the Company in the absence of adequate profits in the year 2011 and consequent waiver of recovery of such excess remuneration paid for the period from January 1, 2011 to December 31, 2011 as set out below:

Total remuneration paid to Mr. K.G. Ananthakrishnan from January 1, 2011 to December 31, 2011	₹ 62,19,105/-
Remuneration paid in excess of 5% of net profits of the Company to Mr. K.G. Ananthakrishnan	₹ 44,96,848/-

RESOLVED FURTHER THAT the Remuneration Committee and the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things, as in its absolute discretion, may consider necessary, expedient or desirable, in order to give effect to this Resolution”.

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

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act (including any statutory modification or re-enactment thereof for the time being in force) consent of the Company, be and is hereby accorded for the re-appointment of Mr. K.G. Ananthakrishnan as President & Managing Director of the Company for a period of five years with effect from March 26, 2012 on the terms and conditions set out in the Explanatory Statement, which are proposed to be incorporated into a formal Agreement to be entered into between the Company and Mr. K.G. Ananthakrishnan.

RESOLVED FURTHER THAT in case of absence or inadequacy of profit in any year, the aforesaid remuneration shall be paid as minimum remuneration.

RESOLVED FURTHER THAT the Remuneration Committee and the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things, as in its absolute discretion, may consider necessary, expedient or desirable, in order to give effect to this Resolution”.

By Order of the Board of Directors

Anupama D. Pai
Company Secretary

Mumbai, February 17, 2012

Registered Office:

8th Floor, Platina, Plot No. C-59,
G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai: 400 098.

NOTES:

- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed from April 18, 2012 to April 25, 2012, both days inclusive.
- Dividend, if approved by the Members at the Annual General Meeting will be paid on or before May 17, 2012 to the Members whose names appear as beneficial owners as at the close of business on

- April 17, 2012 and whose names appear on the Register of Members of the Company on April 25, 2012 as per details to be furnished by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited.
4. Members are requested to notify any change in their address immediately to the Company or to Link Intime India Private Limited, Mumbai the Company's Registrar and Share Transfer Agents.
 5. In view of Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, additional information pertaining to Directors proposed for appointment/re-appointment at the Annual General Meeting is annexed hereto.
 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/demand drafts for the years 2004, 2005, 2006, 2007, 2008, 2009 and 2010 are requested to contact the Company's Registrar and Share Transfer Agents. Outstanding Dividend for the year 2004 shall be transferred to the Investor Education and Protection Fund in the year 2012.
 8. Section 109A of the Companies Act, 1956 provides for Nomination by individuals, who are Members 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 Registrar and Share Transfer Agents 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 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) and Link Intime India Private Limited, the Company's Registrar and Share Transfer Agents. 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.
 10. The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in Corporate Governance" allowing paperless compliances through electronic mode. Companies are now permitted to send various notices/documents to its Members through electronic mode to their registered email addresses. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. We propose to send all documents to Members like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. in electronic form, to the email address provided by them and made available to us by the Depositories. The physical copies of the Annual Report will also be available at our Registered Office in Mumbai for inspection during office hours and the same is also displayed on the website of the Company www.fulfordindia.com.

ANNEXURE TO NOTICE

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

Item No.: 11 – Appointment of Mr. Kevin Ali as Director

Mr. Kevin Ali was appointed as an Additional Director on the Board of the Company with effect from September 7, 2011, and accordingly holds office up to the date of this Annual General Meeting of the Company. The Company has received a notice in writing from a Member along with requisite deposit of ₹ 500/-, proposing the candidature of Mr. Kevin Ali for the office of Director of the Company under Section 257 of the Companies Act, 1956.

The Board recommends the appointment of Mr. Kevin Ali.

Except Mr. Kevin Ali, no other Director is concerned or interested in the said Resolution.

Item No.: 12 – Approval for excess remuneration paid to Mr. K.G. Ananthakrishnan, President & Managing Director

Mr. K.G. Ananthakrishnan was appointed by the Board as the President & Managing Director on March 26, 2007. At the Annual General Meeting held on April 30, 2007, the Members had approved the appointment and overall limits of his remuneration. On April 27, 2009, the Members had approved partial modification for increasing the remuneration payable to Mr. K.G. Ananthakrishnan and the Board of Directors was authorised to decide the said remuneration within the overall limits. As prescribed under Sections 198, 269, 309, 310 of the Companies Act, 1956 read with Schedule XIII of the said Act, the remuneration payable to Mr. K.G. Ananthakrishnan, President & Managing Director for any year was restricted to an overall limit of 5% of the net profits of the Company.

The Company's profitability during the year 2011 was impacted due to certain adverse factors such as relinquishment of Exclusive Marketing Rights for Remicade and Caelyx, foreign exchange impact due to extreme volatility of dollar, implementation of a new distribution system and increased promotional investments to support existing key products and new launches. The net profit of the Company for the period ended December 31, 2011 stood at ₹18 million.

MCA vide General Circular No. 46/2011 dated July 14, 2011 amended the Schedule XIII of the Companies Act, 1956 and waived the requirement of approval of Central Government for payment of remuneration to professional managerial person by companies having no profits or inadequate profits. Accordingly, the Company may pay remuneration to a managerial person by way of salary, dearness allowance, perquisites and any other allowances subject to:

- (i) payment of remuneration being approved by the Remuneration Committee; and
- (ii) the approval of the Members being sought through a Special Resolution.

The Remuneration Committee and the Board of Directors of the Company, at their respective Meetings held on February 17, 2012, approved the amounts paid in excess of the overall limit specified under the Companies Act, 1956, subject to the approval of the Members of the Company.

The approval of the Members is being sought with regard to the payment of remuneration in excess of 5% of the net profits of the Company as computed under Section 349 of the Companies Act, 1956 to Mr. K.G. Ananthakrishnan, President & Managing Director, in the form of salary, allowances, incentive and also for the payment of perquisites and other benefits as per the terms of his appointment and consequent waiver of recovery of such excess remuneration paid for the period January 1, 2011 to December 31, 2011.

The Board recommends this Special Resolution for your approval.

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