



2012



With you at every stage of life



ANNUAL REPORT

Fulford (India) Limited

www.fulfordindia.com



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, N.J., USA. Merck known as MSD across the world (except in the US and Canada), operates in India via three separate 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 in total.

For more information visit, www.fulfordindia.com

CONTENTS

Company Overview

Financial Performance - Ten Year Highlights	02
Company Information	03

Business Review

Notice	04
Directors' Report	11
Corporate Governance Report	21
Auditors' Report	32

Financials-Standalone

Balance Sheet	36
Statement of Profit and Loss	37
Cash Flow Statement	38
Notes to Financial Statements	39

Subsidiary Company

Schering-Plough (India) Private Limited

Statement relating to Subsidiary Company	58
Directors' Report	59
Auditors' Report	62
Financials	64
Consolidated Auditors' Report	69

Financials-Consolidated

Balance Sheet	70
Statement of Profit and Loss	71
Cash Flow Statement	72
Notes to Financial Statements	74

FINANCIAL PERFORMANCE

TEN YEARS HIGHLIGHTS

(₹ in million)

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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PROFIT & LOSS ACCOUNT

Gross Sales*	1,305.05	1,317.95	1,518.75	1,546.59	1,738.78	1,901.34	1,844.81	1,905.13	2,145.64	2,152.81
Other Income	5.36	22.17	13.37	25.53	72.74	76.90	68.13	78.83	93.73	99.98
Interest Expenses	(15.68)	(3.97)	(0.65)	(0.48)	(0.15)	(0.01)	(0.09)	(2.94)	(0.66)	(0.44)
Profit/(Loss) before Taxation	59.19	187.36	243.98	197.53	338.81	315.90	223.14	173.93	27.01	(72.49)
Profit/(Loss) after Taxation**	61.47	117.58	150.40	127.46	218.15	197.27	134.64	120.56	18.39	(49.91)
Earnings per Share of ₹ 10	19.21	36.74	47.00	39.01	55.94	50.58	34.52	30.91	4.71	(12.80)
Dividend per share of ₹ 10	2.00	2.50	3.00	3.66	4.00	2.00	4.50	4.50	3.50	1.00

Balance Sheet

Fixed Assets	24.59	31.96	41.01	38.54	34.38	29.37	55.74	55.22	41.59	26.76
Investments	0.15	0.15	171.30	190.69	134.85	144.06	149.94	—	—	—
Net Deferred Tax	15.69	10.45	8.82	6.25	6.45	14.21	12.04	26.67	37.05	59.62
Net Non-Current Assets	—	—	—	—	—	—	—	—	117.46	152.03
Net Current Assets	163.37	208.08	168.69	664.01	920.52	1,096.70	1,180.73	1,416.60	1,304.96	1,208.20
	203.80	250.64	389.82	899.49	1,096.20	1,284.34	1,398.45	1,498.49	1,501.06	1,446.61
Share Capital	32.00	32.00	32.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00
Reserve & Surplus	101.08	209.61	351.04	860.01	1,057.20	1,245.34	1,359.45	1,459.49	1,462.06	1,407.61
Loan Funds	70.72	9.03	6.78	0.48	—	—	—	—	—	—
	203.80	250.64	389.82	899.49	1,096.20	1,284.34	1,398.45	1,498.49	1,501.06	1,446.61

* Sales before Excise Duty Charged

** After prior year tax and other adjustment

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
MR. CHRISTOPHER McNAMARA
MS. HWEE PING CHUA

COMPANY SECRETARY

MS. ANUPAMA D. PAI

COUNTRY LEADERSHIP TEAM

MR. RAJESH MARWAHA, Finance & Administration
MR. SAMEER TAMHANE, Human Resources
MR. P. SURESH, Sales & Marketing
MS. MONICA CHAUDHARI, Sales & Marketing
MS. ANNAPURNA DAS, Sales & Marketing
MR. GAURAV LAROI, Sales & Marketing
MR. VIVEK KAMATH, Sales & Marketing
MR. ASHIS MUKHERJEE, Public Market Initiatives
MS. NEELIMA DWIVEDI, Corporate Affairs
DR. SWASHRAYA SHAH, Medical Affairs
MR. ANJAN SEN, Strategy & Commercial Operations

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, Noida

SUPER DISTRIBUTORS

Cuttack, Ranchi, Goa

BANKERS

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

LEGAL ADVISORS

CLG LAW

AUDITORS

LOVELOCK & LEWES

REGISTRARS 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 Registrars 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 Registrars and Share Transfer Agents at rnt.helpdesk@linkintime.co.in or to our Compliance Officer at anupama.pai@merck.com.

NOTICE

NOTICE is hereby given that the Sixty-Fifth 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, May 8, 2013 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, 2012 and the Statement of Profit & Loss for the year ended on that date together with the Directors' and the Auditors' Reports thereon.
2. To declare Dividend for the year 2012.
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 Khusrokhan, 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 a Director in place of Mr. Kevin Ali, who retires and being eligible, offers himself for re-appointment.
11. 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 authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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 ("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 the Special Resolution passed at the Annual General Meeting of the Company held on April 25, 2012 with respect to re-appointment and payment of remuneration to Mr. K.G. Ananthakrishnan as President and Managing Director, consent of the Company, be and is hereby accorded to effect a partial modification with regard to payment of House Rent Allowance to Mr. K.G. Ananthakrishnan as mentioned in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the aforesaid amendment shall be effective April, 1, 2013.

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

RESOLVED FURTHER THAT the Remuneration Committee and the Board of Directors are authorized to make such changes in remuneration to the extent approved by the Members as may be considered by them to be in the best interest of the Company and the Members”.

By Order of the Board of Directors

Anupama D. Pai
Company Secretary

Mumbai, February 25, 2013

Registered Office:

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

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 May 1, 2013 to May 8, 2013, both days inclusive.
3. Dividend, if approved by the Members at the Annual General Meeting will be paid on or before June 1, 2013 to the Members whose names appear as beneficial owners as at the close of business on April 30, 2013 and whose names appear on the Register of Members of the Company on May 8, 2013 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 BSE Limited, additional information pertaining to Directors proposed for 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 pay orders 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 pay orders. 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/pay orders for the years 2005, 2006, 2007, 2008, 2009, 2010 and 2011 are requested to contact the Company's Registrar and Share Transfer Agents. Outstanding Dividend for the year 2005 shall be transferred to the Investor Education and Protection Fund in the year 2013.

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 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 be sent to the Members, requesting for the same.

ANNEXURE TO NOTICE

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

Item No.: 12 – Revision in remuneration payable to Mr. K.G. Ananthakrishnan, President & Managing Director:

The Members of the Company at the Annual General Meeting of the Company held on April 25, 2012 had approved the overall limits of the Managerial Remuneration payable to Mr. K.G. Ananthakrishnan, President & Managing Director of the Company. It is proposed to revise the remuneration of Mr. K.G. Ananthakrishnan as reproduced below:

Existing – Allowances and Perquisites	Revised – Allowances and Perquisites
Mr. K.G. Ananthakrishnan shall be entitled to allowances and perquisites like Company leased accommodation up to a maximum rental of ₹ 75,000/- per month with a refundable deposit of ₹ 70,00,000/- or House Rent Allowance in lieu thereof, gas, electricity and water to the extent approved by the Remuneration Committee and the Board of Directors.	Mr. K.G. Ananthakrishnan shall be entitled to allowances and perquisites like Company leased accommodation up to a maximum rental of ₹ 5,00,000/- per month with a refundable deposit of ₹ 70,00,000/- or House Rent Allowance in lieu thereof, gas, electricity and water to the extent approved by the Remuneration Committee and the Board of Directors.

No changes except as mentioned above are proposed with regard to the remuneration of Mr. K.G. Ananthakrishnan as approved by the Members at the Annual General Meeting of the Company held on April 25, 2012.

This particular item of notice be treated as the abstract and memorandum of interest under section 302 of the Companies Act, 1956.

The Agreement entered into by the Company with Mr. K.G. Ananthakrishnan shall be open for inspection by Members at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on all working days except Saturdays & Sundays.

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.

Statement Containing Required Information as per Category C of Part II of Section II of Schedule XIII of the Companies Act, 1956 for Item No. 12:

I. General Information:

- (1) Nature of Industry: Production, Marketing and Distribution of Pharmaceutical products.
- (2) Date of commencement of Commercial production: The Company was incorporated on March 2, 1948. The Company is engaged in the pharmaceutical business since then.
- (3) Financial performance based on given indicators:

(₹ in Millions)

Particulars	2012	2011	2010	2009
Gross Sales	2,152.81	2,145.64	1,905.13	1,844.81
(Loss)/Profit before Tax	(72.49)	27.01	173.93	223.14
Net Worth	1,446.61	1,501.06	1,498.49	1,398.45
Dividend on Equity (%)	10%	35%	45%	45%

- (4) Export performance and net Foreign Exchange collaborations: Presently, the Company does not export any of the products and there are no significant foreign exchange earnings.
- (5) Foreign Investments or collaborators, if any: Dashtag, U.K. holds 2,923,237 number of shares in the Company and the total percentage is 74.95%

Out of 2,923,237 number of shares held by Dashtag, U.K. 809,717 shares are lying in "LIPL Fulford India Open offer Escrow Demat Account" and are in the process of being transferred to Dashtag, U.K.

II. Information about Mr. K.G. Ananthakrishnan:

- (1) Background details: Mr. K.G. Ananthakrishnan was appointed by the Board of Directors of the Company, as the Chief Operating Officer of the Company on December 8, 2006 and on March 26, 2007 he was appointed as the President & Managing Director of the Company. He was re-appointed as the President & Managing Director of the Company for a further period of five years on March 26, 2012.

Age: 56 years.

Qualifications: Mr. K.G. Ananthakrishnan is a post-graduate in Marketing Management from Jamnalal Bajaj Institute of Management Studies, Bombay University, and holds a Bachelor of Science degree from Osmania University, Hyderabad. He has done a program in Finance from Insead, France and an Executive Development Program at the Wharton Business School, USA.

- (2) Past remuneration: Mr. K.G. Ananthakrishnan was drawing an annual remuneration of ₹ 7.20 million.

- (3) Job profile and suitability: Mr. K.G. Ananthakrishnan started his career with Novartis (and its former companies) as a medical representative in 1976, progressing through various commercial roles and was named as Head of Sales & Marketing of one of the Business Units. He then moved to Pharmacia India, Pfizer and Schering-Plough in various senior management positions. Mr. K.G. Ananthakrishnan has extensive experience of over 31 years in the Indian Pharmaceutical Industry. He is currently responsible for South Asia Region operations.

Mr. K.G. Ananthakrishnan is a member of the Executive Committee of the Organisation of Pharmaceutical Producers of India. He is also the Managing Director of Organon (India) Private Limited and MSD Pharmaceuticals Private Limited.

- (4) Remuneration proposed: The terms of proposed revision in the remuneration are detailed in the Explanatory Statement.
- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The proposed revision in remuneration is below the Industry standards.
- (6) Pecuniary relationship directly/indirectly with the Company or managerial personnel if any: Mr. K.G. Ananthakrishnan has no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than receiving his remuneration in the capacity of President & Managing Director.

III. Other Information:

- (1) Reasons of loss: The Company incurred loss during the year 2012 due to certain adverse factors such as relinquishment of exclusive marketing rights for Remicade, exchange impact due to extreme volatility of dollar and inflationary increase in expenses. The Company incurred a loss of ₹ 49.91 million for the period ended December 31, 2012.
- (2) Steps taken or proposed to be taken for improvement: The Company has initiated several actions to accelerate the growth and the results of these new initiatives would be visible in the years to come. Some of these initiatives are:
- driving the growth of existing products;
 - launching new products and line extensions;
 - strong expense management
 - prioritizing the investments
- (3) Expected increase in productivity and profits in measurable terms: The Management is cautiously optimistic about 2013 and is taking various steps to improve its profitability and operational performance during the year.

By Order of the Board of Directors

Anupama D. Pai
Company Secretary

Mumbai, February 25, 2013

Registered Office:

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