

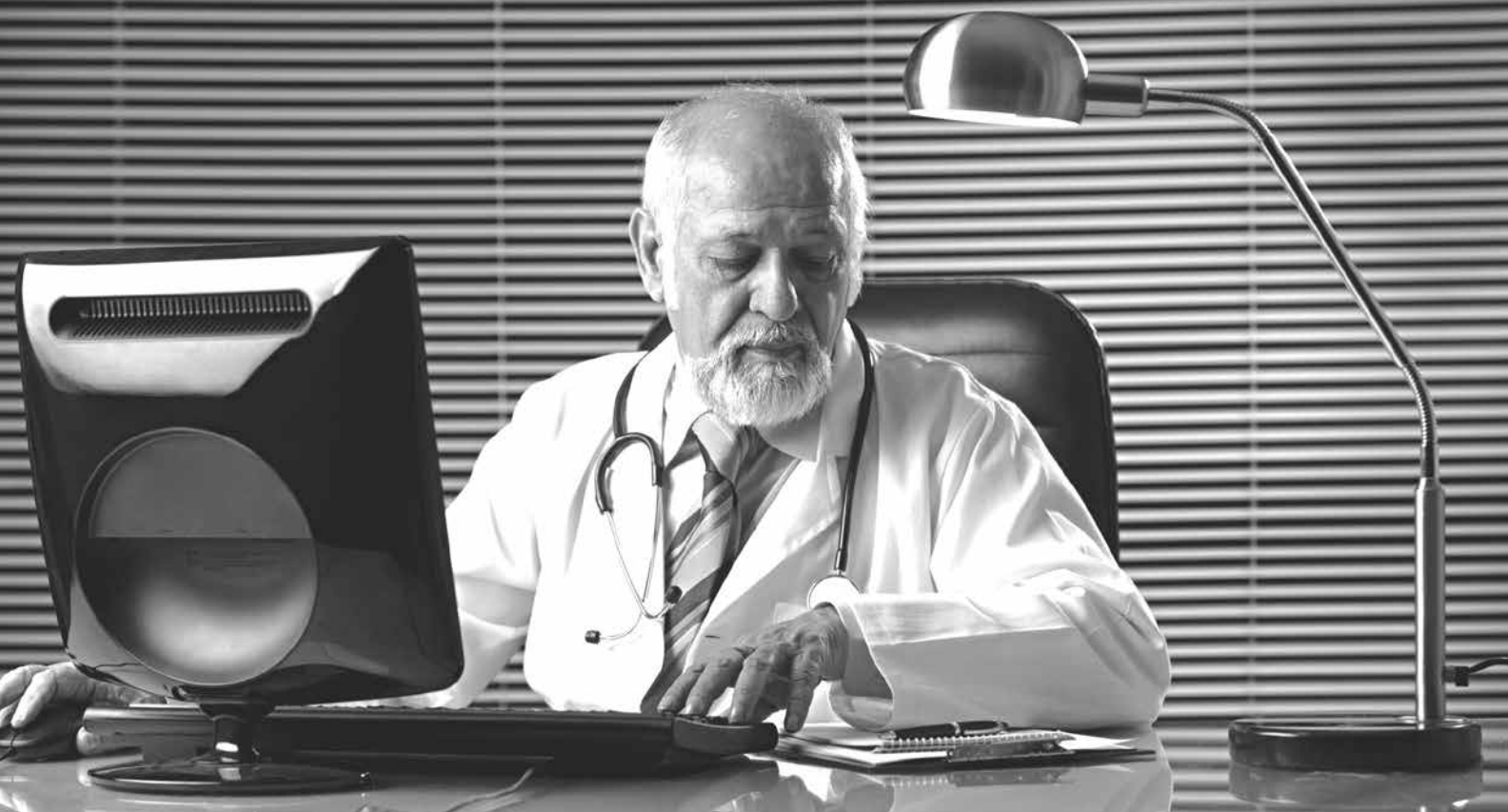
Committed to improving health and
well-being around the world.



Fulford (India) Limited

ANNUAL REPORT 2014-15





MSD

Fulford (India) Limited

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., Kenilworth, N.J., USA. Merck knows 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	41
Auditors' Report	54

Financials – Standalone

Balance Sheet	58
Statement of Profit and Loss	59
Cash Flow Statement	60
Notes to Financial Statements	61

Subsidiary Company

Schering-Plough (India) Private Limited (SPIPL)

Directors' Report	81
Auditors' Report	88
Financials	90
Consolidated Auditors' Report	95

Financials – Consolidated

Balance Sheet	100
Statement of Profit and Loss	101
Cash Flow Statement	102
Notes to Financial Statements	104

FINANCIAL PERFORMANCE

TEN YEARS HIGHLIGHTS

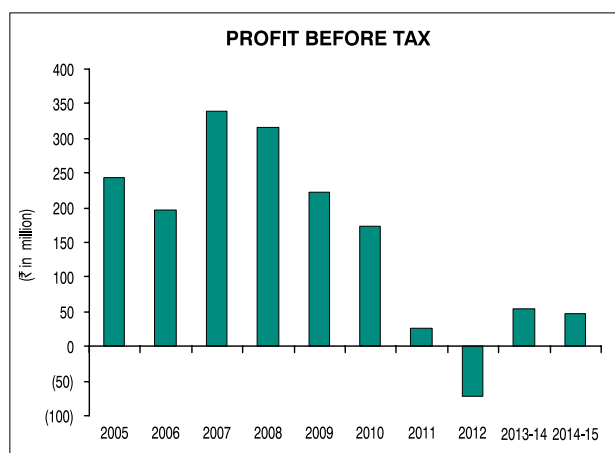
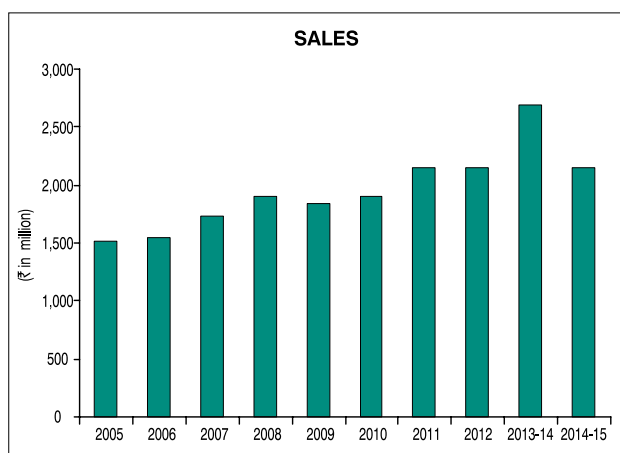
(₹ in million)

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013-14 [@]	2014-15
Profit & Loss Account										
Gross Sales*	1,518.75	1,546.59	1,738.78	1,901.34	1,844.81	1,905.13	2,145.64	2,152.81	2,696.18	2,154.99
Sale of Service	—	—	—	—	—	—	—	—	2.10	16.89
Other Income	13.37	25.53	72.74	76.90	68.13	78.83	93.73	99.98	125.45	142.28
Interest expenses	(0.65)	(0.48)	(0.15)	(0.01)	(0.09)	(2.94)	(0.07)	(0.04)	(9.49)	(1.86)
Profit/(Loss) before Taxation	243.98	197.53	338.81	315.90	223.14	173.93	27.01	(72.49)	54.30	47.88
Profit/(Loss) after Taxation**	150.40	127.46	218.15	197.27	134.64	120.56	18.39	(49.91)	44.66	23.12
Earnings per Share of ₹ 10	47.00	39.01	55.94	50.58	34.52	30.91	4.71	(12.80)	11.45	5.93
Dividend per share of ₹ 10	3.00	3.66	4.00	2.00	4.50	4.50	3.50	1.00	2.00	1.50
Balance Sheet										
Fixed Assets	41.01	38.54	34.38	29.37	55.74	55.22	41.59	26.76	11.93	6.22
Investments	171.30	190.69	134.85	144.06	149.94	—	—	—	—	—
Net Deferred Tax	8.82	6.25	6.45	14.21	12.04	26.67	37.05	59.62	46.76	61.99
Other Assets & Liabilities-Net	—	—	—	—	—	—	117.46	149.03	232.02	295.99
Net Current Assets	168.69	664.01	920.52	1,096.70	1,180.73	1,416.65	1,304.96	1,211.20	1,191.43	1,134.03
Misc Expenditure	—	—	—	—	—	—	—	—	—	—
	389.82	899.49	1,096.20	1,284.34	1,398.45	1,498.54	1,501.06	1,446.61	1,482.14	1,498.23
Share Capital	32.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00
Reserves & Surplus	351.04	860.01	1,057.20	1,245.34	1,359.45	1,459.54	1,462.06	1,407.61	1,443.14	1,459.23
Loan Funds	6.78	0.48	—	—	—	—	—	—	—	—
	389.82	899.49	1,096.20	1,284.34	1,398.45	1,498.54	1,501.06	1,446.61	1,482.14	1,498.23

* Sales before Excise Duty Charged

** After prior year tax and other adjustment

@ Fifteen months period



COMPANY INFORMATION

BOARD OF DIRECTORS

DR. AJIT DANGI, Chairman
MR. K.G. ANANTHAKRISHNAN, President & Managing Director
DR. V.S. SOHONI
MR. HOMI KHUSROKHAN
MR. KEVIN ALI (Resigned w.e.f. January 2, 2015)
MR. SANDEEP SHARMA
MR. GIRIDHAR SANJEEVI (Appointed w.e.f. August 8, 2014)
MS. HWEE PING CHUA (Appointed w.e.f. January 29, 2015)

COMPANY SECRETARY

MR. SACHIN GAIKWAD

COUNTRY LEADERSHIP TEAM

MR. GIRIDHAR SANJEEVI – Finance
MR. SAMEER TAMHANE – Human Resources
MR. SHASHANK SHANBHAG – Sales & Marketing – Hospitality & Specialty FHC
MR. VIVEK KAMATH – Sales & Marketing – CVM, PHI & Market Access
MS. ANNAPURNA DAS – Vaccines & Neighbouring Markets
MS. NEELIMA DWIVEDI – Public Policy, Government Affairs & Corporate Social Responsibility
DR. SWASHRAYA SHAH – Medical Affairs
MR. ANJAN SEN – DVB, 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

CIN : L99999MH1948PLC006199

CARRYING & FORWARDING AGENTS

Ahmedabad, Ambala, Kolkata, Chennai, Delhi, Guwahati,
Bangalore, Hyderabad, Indore, Jaipur, Lucknow, Patna, Cochin,
Bhiwandi, Coimbatore, Zirakpur, Noida.

DISTRIBUTORS

Cuttack, Ranchi, Goa, Nagpur, Mumbai, Uttaranchal, Jammu & Kashmir,
Vijaywada

BANKERS

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

LEGAL ADVISORS

CORPORATE LAW GROUP (CLG)

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: 022-25946970-78
Fax: 022-25946969

REQUESTS 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 rnt.helpdesk@linkintime.co.in and to our Compliance Officer at sachin.gaikwad@merck.com

NOTICE

NOTICE is hereby given that the Sixty-Seventh 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 Monday, August 10, 2015 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements (including consolidated financial statements) of the Company for the Financial Year ended March 31, 2015, the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended March 31, 2015.
3. To appoint a Director in place of Mr. K. G. Ananthakrishnan (holding DIN 00019325), who retires and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sandeep Sharma (holding DIN 06606251), who retires and being eligible, offers himself for re-appointment.
5. 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 Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Lovelock & Lewes, Chartered Accountants (Firm Registration No. 301056E), be and are hereby appointed as Auditors of the Company, to hold office for a period of five years commencing from the Financial Year 2015-16 subject to ratification of appointment by members at every Annual General Meeting (AGM) held after this AGM, at a remuneration to be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, as an ordinary resolution, the following:

“RESOLVED THAT Mr. Giridhar Sanjeevi (holding DIN 06648008), who was appointed as an Additional Director of the Company with effect from August 8, 2014 in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member 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.”

7. To consider and, if thought fit, to pass with or without modification, as an ordinary resolution, the following:

“RESOLVED THAT Ms. Hwee Ping Chua (holding DIN 02930545), who was appointed as an Additional Director of the Company with effect from January 29, 2015 in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her 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.”

8. 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 Section 148 (3) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 (including any statutory modification/(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 80,000/- (Rupees Eighty Thousand Only) plus applicable service tax and reimbursement of out of pocket expenses for the Financial Year ending March 31, 2016, as approved by the Board of

Directors of the Company payable to Mr. Vishesh Naresh Patani, Cost Accountant (Firm Registration No. 101108) for conducting the Cost Audit of the records maintained by the Company, be and is hereby ratified.

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

By Order of the Board of Directors

Sachin Gaikwad
Company Secretary

Mumbai, May 25, 2015

Registered Office:

8th Floor, Platina, Plot No. C-59,
G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai: 400 098.
CIN: L99999MH1948PLC006199
www.fulfordindia.com

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 August 4, 2015 to August 10, 2015, both days inclusive.
3. Dividend, if approved by the Members at the Annual General Meeting will be paid on or before September 9, 2015 to the Members as under:
 - to all beneficial owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited CDSL as of the close of business hours on August 3, 2015.
 - to all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on August 3, 2015.
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 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 124 and 125 of the Companies Act, 2013, 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 Company thereafter. Members who have not encashed the dividend warrants/demand drafts for the years 2008, 2009, 2010, 2011, 2012 and 2013-14 are requested to contact the Company's Registrar and Share Transfer Agents. Outstanding Dividend for the year 2007 was transferred to the Investor Education and Protection Fund in May 2015.
8. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 duly filled in to the Company's Registrar and Share Transfer Agents. The prescribed form in this regard may also be obtained from the Company's Registrar and Share Transfer Agents. Members holding shares in electronic form are requested to contact their Depository Participant directly for recording their nomination.
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.
11. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rule 2014, the Company is pleased to provide members facility to exercise their votes at the 67th AGM by electronic means and the business may be transacted through e-voting as per instructions given below:
 - (a) Date and time of commencement of voting through electronic means: August 7, 2015 from 9.00 a.m.
 - (b) Date and time of end of voting through electronic means beyond which voting will not be allowed: August 9, 2015 at 5.00 p.m.
 - (c) Details of Website: www.evotingindia.com
 - (d) The e-voting module shall be disabled for voting on August 9, 2015 at 5.00 p.m. Once the vote on a resolution is casted by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date (record date) as on August 3, 2015.
 - (e) Mr. Alwyn D'souza, Practising Company Secretary of M/s. Alwyn D'souza & Co., Company Secretaries, Mumbai, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 - (f) The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

- (g) The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

12. The instructions for e-voting are as under:

- (i) The voting period begins on August 7, 2015 at 9.00 a.m. and ends on August 9, 2015 at 5.00 p.m. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 3, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

Item No.: 5 – Appointment of M/s Lovelock & Lewes as Auditors

The current Auditors are going to complete their term of appointment for one block of five financial years at the conclusion of this AGM and hence it is proposed to appoint them for another block of five financial years commencing from the financial year 2015-16 as per the provisions of Section 139 of the Companies Act, 2013.

Accordingly, consent of the members is sought for passing this resolution as an ordinary resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No.: 6 – Appointment of Mr. Giridhar Sanjeevi as a Non-Executive Director

Mr. Giridhar Sanjeevi was appointed as an Additional Director on the Board of the Company with effect from August 8, 2014, 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 proposing the candidature of