

MERCK

Annual Report 2017



Employees celebrate 'Joy of Giving Week' by gifting study materials to children of St. Catherine of Siena School and Orphanage.



Employees at science kiosk at Indian Institute of Science 'Annual science open day'



Employees from Bangalore participate in a walkathon in support of Socare, an NGO providing education, health & nutrition to children of life convicts.



Employee contributions enabled a special outing for 30 differently abled children from Cheshire Home.



Cyclathon by employees in support of Jeevan Asha that works with children of migrant workers.



Managing Director's Message

Dear Shareholders,

On behalf of the Board of Directors and the Merck team, my sincere gratitude to you for the continued support and confidence that you have bestowed on us. We completed the year above plan, while overcoming intense competitive forces and the biggest tax reform in the country. Your company weathered the GST transition in the most efficient manner without any business interruption thanks to the meticulous planning and execution by our team.

In 2017, we implemented an integrated Healthcare model and successfully consumerised several of our brands. As a result, the Consumer Health business has become one of the largest VMS players in India, with flagship brands such as Neurobion, Nasivion and Evion growing twice the category growth.

The Cardio Metabolic Care business continued to deliver above market performance in a highly competitive and genericised market, with the flagship brand Concor growing seven times faster than the covered market.

In our Pigments business, India's top car manufacturers have chosen our premium pigments, Meoxal and Xirallic as a preferred coating material for some of their popular models, thereby driving our prospects even higher in the automobile industry.

The Healthcare business went aggressive with its digital outreach in the year – 28 million consumers were reached through the #HelpingTrueHeroes campaign, over 1.7 million through Seven Seas Mother's Day, 10 million through Nasivion's ManFlu campaign and 3.5 million through Evion's digital initiatives.

Keeping up its safety record, the Goa site won the state safety award once again in the year. While the site faced some labour challenges, the site management displayed exceptional dedication managing the dispute and ensuring that our patients and customers did not get impacted by any supply shortages.

The steady performance of your company, while facing intense competition as well as headwinds from the new tax structure, is a result of the commitment of our employees, the loyalty of our customers and support of our partners in the supply chain network, including dealers, distributors, carrying and forwarding agents, and suppliers. I thank our teams and partners across the country for their immense contribution and commitment to the company.

Your company has introduced many employee friendly policies and implemented several talent management programs. The new policies, rewards & recognition programs, and digitalisation of HR processes have contributed greatly to our strengths as an employer, and has earned us the Top Employer Certification once again for the year. As a result, our attrition rate is in the single digits, well below industry averages and our employee engagement levels at an all time high. We are setting the benchmark in the country for the place to work in our industry.

Going forward, the changing business environment will bring in both opportunities and challenges. With our focus on the business performance and our people I am confident that we will continue to deliver great value to all our stakeholders.

As I step out of my role as the Managing Director, I seek your continued support and guidance for the Board of Directors and the team at Merck Limited.

Thank you for the confidence you placed on me to lead this organization.

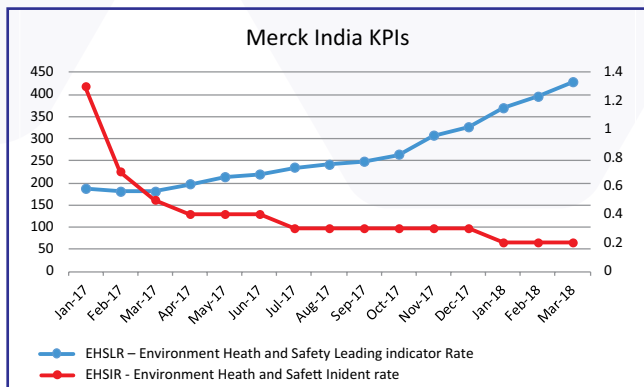


Jai Hind!

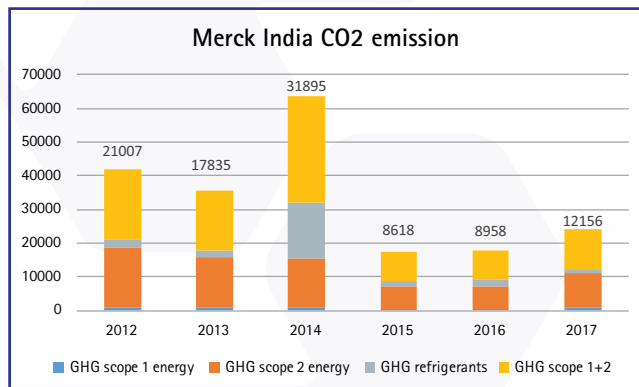
Sincerely,
Anand Nambiar
Managing Director

Environment Health and Safety at Merck

At Merck safety always comes first. Environmental Health & Safety (EHS) efforts are dedicated to the reduction of risks at work. Our endeavor is to promote safety as a culture and create safe work environment. All employees take an active role in developing and observing safe working environment. -



Merck has been continuously improving its safety standards as compared to the industry safety standards. The Company has been actively mitigating the safety observations by including proactive reporting resulting in substantial reduction in loss of time due to incidents.



CO2 emission have decreased over the period which is due to various measures taken by the Company including use of power from in-house power plant which uses biomass waste as fuel.

Merck India safety Council was constituted to develop and implement safety and security culture at Merck. It does review the safety needs at each site.



Merck India Safety Council half yearly meet was held November 2017



Safety Oath at plant



Safety Quiz competition in laboratory



Merck Limited

Fifty First Annual Report and Statement of Accounts 2017

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General Counsel & Company Secretary			
Mr. Vikas R. Gupta			
Registered Office	Plant Location	Registrar and Share Transfer Agent:	
Godrej One, 8 th Floor, Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai – 400 079, India Phone: +91 22 6210 9000, Fax: +91 22 6210 9999 Website: www.merck.co.in	Plot No. 11/1, Usgaon, Ponda Goa – 403 407	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad, Telangana – 500 032 Phone: +91 40 6716 2222 Fax: +91 40 2342 0814 Toll Free No: 1800-3454-001 Email: einward.ris@karvy.com Website: www.karvycomputershare.com	
Corporate Identity Number (CIN)			
L99999MH1967PLC013726			

Cautionary Statement

Certain statements in this report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with our future operations and financial performance.

Such statements involve known and unknown risks, uncertainties and other factors that may cause actual outcome to differ from those expressed or implied in these statements. The Company assumes no responsibility to publicly to update, amend, modify or revise any forward-looking statements, on the basis of any subsequent development, new information or future events or otherwise except as required by applicable law.

Notice of Annual General Meeting

NOTICE is hereby given that the Fifty First Annual General Meeting of the Members of Merck Limited will be held on Friday, June 01, 2018 at 3 p.m. at Sunville Banquets, 3rd Floor, Royal Room, Dr. Annie Besant Road, Worli, Mumbai 400 018 to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2017, together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the year 2017.
3. To appoint a Director in place of Mr. N. Krishnan (DIN: 01027659) who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as

ORDINARY RESOLUTION:

“RESOLVED THAT Mr. Milind Thatte (DIN: 08092990) who was appointed as an Additional Director of the Company by the Board of Directors be and is hereby appointed as a Director of the Company”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 196 and 197 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. Milind Thatte as the Managing Director of the Company for a period of five years from April 01, 2018 until March 31, 2023 on the terms and conditions as set out in the Agreement dated March 27, 2018 entered into between him and the Company, an extract of which is placed in the explanatory statement attached hereto with the liberty to the Board of Directors of the Company to alter and vary the terms and conditions of appointment and/or remuneration, subject the same is within the limits as approved by the shareholders.

RESOLVED FURTHER THAT notwithstanding anything contained herein, where in any financial year the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Milind

Thatte, the remuneration by way of salary, bonus, commission and other allowances not exceeding the limits specified under section II, Part II of Schedule V to the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.”

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as

ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder, as amended from time to time, and pursuant to the approval of Members at the 50th Annual General Meeting, the appointment of M/S Haribhakti & Co LLP, Chartered Accountants, Firm Registration No. 103523W/W100048 be and is hereby ratified to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the next AGM of the Company at such remuneration plus service tax, out-of-pocket and travelling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

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

“RESOLVED that pursuant to the provisions of section 197 and other applicable provisions, if any, of the Companies Act, 2013 (Act), and applicable regulations of SEBI, if any, as amended from time to time, a sum not exceeding one percent (1%) per annum of the net profits of the Company calculated in accordance with the provisions of section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year, for a period of five years, commencing January 1, 2018

Notice of Annual General Meeting

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the consent of the Company be and is hereby given for payment of remuneration of Rs. 2,00,000/- (Rupee Two lacs only) plus applicable taxes and out of pocket expenses for conducting audit of the cost records of the Company for the financial year 2018 to, M/s. Joshi Apte & Associates, Cost Accountants Firm Registration No: 00240 who were appointed as Cost Auditor of the Company by the Board of Directors at its meeting held on February 22, 2018.”

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) or any of their delegate, 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.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of the Regulation 23 of the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 (“Listing Regulations”) and other applicable provisions if any, including any statutory modification or re-enactment thereto, approval of the Company be and is hereby accorded to the Board of Directors to enter into agreement or transactions or arrangement with Merck KGaA, Germany, a related party, as defined in the Companies Act, 2013 and the Listing Regulations for purchase, sale, import and export of products, services, technical consultancy services, intellectual property rights, royalty, IT services, reimbursement/recovery cost or other obligations, if any, on such terms and conditions as may be mutually agreed upon between the Company and Merck KGaA for an amount not exceeding Rs. 300 Crores (Rupees Three Hundred Crores only) during the financial year 2018.

RESOLVED FURTHER THAT the Board of Directors or any committee or any of their delegate thereof be and is hereby authorised to do all such acts, deeds, matters and things, and to finalise the terms and conditions as may be necessary to give effect to this Resolution.”

NOTES:

1. Members’ right to appoint proxy: **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**

The instrument appointing proxies in order to be effective must be received at the Registered Office of the Company not less than Forty-Eight (48) hours before commencement of the Meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

2. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Explanatory Statement for the Special Business:
The relevant Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 in respect of the Item No. 4 to 8 of the Notice are annexed.
4. The relevant details, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of the director seeking appointment/re-appointment are also annexed.
5. Book Closure Dates: The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, May 23, 2018 to Friday, June 01, 2018 (both days inclusive for the purpose of Annual General Meeting and for payment of dividend if declared at the AGM).
6. If the dividend as recommended by the Board of Directors is approved at the Annual General

Notice of Annual General Meeting

Meeting, payment of such dividend will be made on or before Saturday, June 30, 2018 as under:

- a. To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on Tuesday, May 22, 2018 ;
 - b. 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 Tuesday, May 22, 2018
7. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories. The Company will not entertain any direct request from such Members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend to their depository participants.
 8. Dividend of prior years: In terms of Sections 124 of the Companies Act, 2013, the dividend which remains 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" established by the Central Government. According to the relevant provisions of the Companies Act, 2013, no claim shall lie against the said Fund or the Company for the amount of dividend so transferred to the said Fund. Accordingly dividend upto the financial year December 31, 2009 and interim dividend declared during the financial year 2010 have been transferred to "Investor Education and Protection Fund". A list of shareholders whose unclaimed dividend has been transferred is available on Company's website www.merck.co.in. Members who have not encashed the dividend warrant(s) so far for the year ended December 31, 2012 or any subsequent years are requested to send their claims directly to the Company or to M/s. Karvy Computershare Private Ltd. (hereinafter referred to as 'Karvy') whose contact details are given at the end of this notice.
 9. In terms of the provisions of Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the Company was required to transfer all such equity shares in respect of which dividend has not been claimed by the shareholders for the last seven or more consecutive years to Investor Education & Protection Fund (IEPF Fund). In terms of the Ministry of Corporate Affairs' notification dated October 13, 2017 the process of transfer of such shares was prescribed and accordingly the Company has transferred on November 30, 2017, 39,393 equity shares of Rs. 10 each of the shareholders who have not claimed or encashed their dividend declared by the Company for seven or more consecutive years i.e. the dividend declared and paid upto the financial year ending on 31-Dec-2009. The Company uploaded the details of the aforesaid transfer of shares on IEPF's website and on the website of the Company, www.merck.co.in. The shareholders can approach IEPF authority to reclaim their shares. The process for reclaiming such shares is given on the IEPF authority's website, a link to the same is also given on the investor's page of the Company's website.
 10. Change of Address: Members are requested to notify any change of address and bank details to their depository participants in respect of their holdings in electronic form and in respect of shares held in physical form, to the secretarial department at the registered office of the Company or to Karvy.
 11. Joint Holding: Members are informed that in case of joint holders attending the Meeting; only one such joint holder whose name appears first in the joint holder list will be entitled to vote.
 11. In compliance with the provisions of section 108 of the Companies Act, 2013, the Rules framed

Notice of Annual General Meeting

thereunder and Regulation 44 (1) of the SEBI Listing Regulations the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice. All shareholders holding shares as on Friday, May 25, 2018 being the cut-off date (i.e. record date for the purpose of Rule 20(3) (vii) of the Companies (Management and Administration) Rules, 2014) fixed for determining voting rights of members will be entitled to participate in e-voting process.

12. The Annual Report 2017 circulated to the Members of the Company, will be made available on the Company's website, www.merck.co.in and on the website of the respective stock exchanges at www.bseindia.com & www.nseindia.com
13. All documents referred to in the accompanying Notice and Statement setting out material facts are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 12.00 noon up to the date of the 51st Annual General Meeting.
14. In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Report of the Company for the Financial Year 2017 and this Notice inter-alia indicating the process and manner of remote e-voting along with attendance slip and proxy form are being sent by email, unless any Member has requested for a physical copy of the same, to those Members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form) and made available to the Company by the Depositories.

Instructions for E-voting

Voting through electronic means

- (1) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed

to be considered at the AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- (2) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- (3) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- (4) The remote e-voting period commences on Tuesday May 29, 2018 at 9.00 am and ends on Thursday, May 31, 2018 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, May 25, 2018, may cast their vote by remote e-voting. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (5) The process and manner for remote e-voting are as under:

The way to vote electronically on NSDL e-voting system consists of 'Two Steps' which are mentioned below:

Step 1: Logging to NSDL e-voting system at <https://www.evoting.nsdl.com>

Step 2: Cast your vote electronically on NSDL e-voting system

Details of Step 1 is mentioned below:

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

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3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical

Your User ID is:

- a) For Members who hold shares in demat account with NSDL.

8 Character DP ID followed by 8 Digit Client ID

For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

- b) For Members who hold shares in demat account with CDSL.

16 Digit Beneficiary ID

For example if your Beneficiary ID is 12***** then your user ID is 12*****.

- c) For Members holding shares in Physical Form.

EVEN Number followed by Folio Number registered with the company

For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter

the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/ Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

- b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details of Step 2 is mentioned below:

How to cast your vote electronically on NSDL e-Voting system?