

FULFORD (INDIA) LIMITED
CHAIRMAN'S SPEECH
AT THE 61ST ANNUAL GENERAL MEETING
APRIL 27, 2009

Ladies & Gentlemen,

On behalf of the Board of Directors, it gives me great pleasure in extending a very warm welcome to all of you on the occasion of the 61st Annual General Meeting of the Company.

I take this opportunity to introduce my colleagues on the dais. Dr. S H Advani, a senior and leading oncologist at the Jaslok Hospital; Mr. M K Sharma, a senior Lawyer and also a former vice-Chairman of Hindustan Unilever Ltd; Dr. V S Sohoni the erstwhile Chairman of the Company, he holds the post of a Senior Director, Business Development – Asia Pacific with Schering-Plough Ltd. and Mr. Ashley Morris, who is a Senior International Management Executive in the Pharmaceutical industry throughout Asia, currently he is the General Manager with Schering-Plough (SOL) - Malaysia.

The Report of the Directors and audited accounts for the year ended December 31, 2008 are already with you and with your permission I shall take them as read.

Economic Scenario:

As you are all aware, the global economic scenario is not very encouraging and is witnessing a slump and financial market turmoil. This has adversely impacted India as well. GDP growth has moderated reflecting lower industrial production, negative exports, slowdown in service activities, diminished corporate margin and low business confidence. However, there are some positives which have acted as a buffer for the country against the worst impact of the crisis. Some of these factors are robust rural demand, well functioning financial markets, comfortable foreign exchange reserves etc. (Source:RBI)

Also, Indian exports constitute only about 18% of the Gross Domestic Product of the Value unlike many other countries. As a result of all this, India is likely to achieve a respectable growth of around 6% in 2009-2010.

Industry Scenario:

Now I proceed to touch upon the Indian Pharmaceutical Industry.

In 2008, Indian pharmaceutical industry grew by 10% and is currently USD 7.7 billion (source: ORG IMS SSA January 2009). This industry growth is primarily driven by new introductions and volume increase. In the current year, it is estimated that the pharmaceutical industry will grow at an annual growth rate of 12% and by 2015 the Indian pharmaceutical market is projected to be USD 16 billion (Source: McKinley Report). The encouraging signs for the pharmaceutical industry are increasing awareness, emergence of insurance & corporate hospitals which bring valuable treatment options to

the patients. However, patents continue to be an area of concern for the industry. Some of the key concerns are lack of clarity on patentability criteria, long approval timelines for product patents and opportunity of both pre and post grant opposition. Additionally, the government's position on data exclusivity is not encouraging which could impact the introduction of global products to India adversely.

Company Performance:

While the Company's sales performance in 2008 was satisfactory, with sales growth of 11% to 186.70 crores (2007 = 168.40 crores), profit before tax at Rs. 31.60 crores declined marginally as compared to the 2007 result of Rs. 33.90 crores. This is not unexpected given the significant investments in the launch of new products, training & development of sales force, talent management initiatives and process improvements, and will provide a strong growth base for the future.

Considering the significant and continuing economic uncertainties in the marketplace, the 2008 operational performance of the Company which was not entirely satisfactory coupled with the need to focus our resources towards investment and growth strategies, the Board of Directors recommend a dividend of 20% for the year ended December 31, 2008.

As a Company, we continue to explore all opportunities to strengthen our existing product portfolio either through global brands or through in licensing options to expand our local product range. The year 2008 has been a milestone year for investment in strategic initiatives to drive long term

growth of your company. This has been witnessed through portfolio expansion by launch of AZUMA (anti-infective) and SICASTAT (wound healing) and line extension of ALASPAN. I am pleased to inform you that these new introductions are progressing well. We continue to focus on innovation and market new therapies like REMICADE, CAELYX, ALASPAN Tablet and VIRAFERONPEG that have registered good growth. Several initiatives were put in place to increase patient awareness and disease management of Hepatitis C, Allergy and Rheumatoid Arthritis. The Company has continued its focus on human resources through talent acquisition and investment in training & development activities.

The first quarter is historically low sales quarter due to the cyclical nature of our products. Reason for negative results is mainly due to steep devaluation of Indian rupee vis-a vis Dollar by approximately 25%. These factors would impact future gross margins, however based on our growth strategies, we are cautiously optimistic for rest of the year.

The much awaited reduction in Excise Duty for Pharmaceuticals was announced. Excise Duty has been reduced from 8% to 4% in December 2008 and this has benefited the consumers. In support of the efforts made by the Government, the Company has passed on the excise duty benefit to the consumers.

The finalization of the draft Pharmaceutical policy is still awaited. The excessive control on pharmaceutical pricing needs to change and should create an environment for innovation and investment in research.

As you are aware your parent company, Schering-Plough Corporation had acquired Organon Biosciences and Organon has a good presence in India with a strong product portfolio. The operational integration activities are progressing between the two entities and this will lead to better synergies and is expected to show positive results in coming years.

Recently, your parent company Schering-Plough Corporation has announced a merger with Merck & Co. The planned combination will be one of the world's leading companies in our industry - with the size and the innovation strength to compete successfully in our dramatically transforming environment. The combined company will have even greater strength and diversity.

The close of the deal in US is expected to take place in the fourth quarter of 2009.

While we continuously work on bringing improved medicines for patients to enhance quality of their health and lives, we also participate in overall community support and development.

We support and care towards our society through various initiatives. Not only as an organization, but our colleagues also work at individual level for the community where we live and work. Your Company also provides life saving and other drugs through its compassionate program to under privileged patients.

We share the miseries and pain of millions of people who get impacted by several natural or man made calamities in our country every year in some form or the other. We extended our humble support to flood victims of Bihar with the hope that every drop counts.

We also donated funds to St. Jude India Child Care Centre that provides safe and conducive living space for under privileged children undergoing cancer treatment in Mumbai.

We are committed to hold up the interest of our fellow citizens and society.

I would like to conclude, by expressing my sincere gratitude to all the members of the Board for their continued support. I would also like to thank Schering-Plough Corporation which makes available to us the benefits of their ongoing research and development efforts, the employees for their dedication and commitment, the distributors, vendors, hospitals, pharmacists, bankers, medical professionals and, last but not the least, all of you shareholders for your continued support.

Thank you,

Mumbai
April 27, 2009

DR. AJIT DANGI
CHAIRMAN