DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Draft Letter of Offer (‘**LoF**’) is sent to you as Shareholder(s) of **Fulford (India) Limited**. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your Shares in the Target Company, please hand over this LoF and the accompanying Form of Acceptance and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

Dashtag
a company incorporated under the laws of United Kingdom
with its registered office at Schering-Plough House, Falcon Way, Shire Park, Welwyn Garden City, Hertfordshire AL7 1TW, United Kingdom, Tel: (+44) 1992 467272 and Fax: (+44) 1992 468175.
along with the following person acting in concert

Merck & Co., Inc.
a company incorporated under the laws of the State of New Jersey
with its registered office at One Merck Drive, Whitehouse Station, N.J. 08889-0100, USA
Tel: (+1) 908-423-1000 and Fax: (+1) 908-735-1224.

makes a cash offer to acquire
upto 821,913 Shares at a price of Rs. 830 (Rupees Eight Hundred and Thirty only) per Share representing 21.07% of the Voting Share Capital of

Fulford (India) Limited,
a company registered under the laws of India
with its registered office at Platina, 8th floor, Plot No. C-59, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 098, India
Tel: +91-22-6789-8888; Fax: +91-22-6789-8889

Note:

1. This Offer is being made pursuant to Regulation 6 of the Regulations and subsequent amendments thereto.

2. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the Regulations.

3. This Offer is subject to receipt of approvals by the Acquirer from the RBI under the FEMA and the regulations made thereunder for acquiring Shares validly tendered under this Offer from certain non-resident Shareholders including NRIs. This Offer is also subject to receipt of approval of the FIPB under the FDI Policy. The Acquirer has made an application dated July 30, 2012 and July 28, 2012 for the approval of RBI and FIPB, respectively, which applications are pending with the concerned authorities.

4. If there is any upward revision of Offer Price by the Acquirer by the last permitted date for revision i.e. Thursday, September 13, 2012, the same shall be informed by way of a public announcement in the same newspapers in which the original DPS had appeared. Such revised offer price shall be payable for all the Shares tendered anytime during the period that the Offer is open and accepted under the Offer.

5. **As per the information available with the Acquirer and the Target Company, no competing offer has been made to this Offer as of the date of the LoF.**

6. A copy of the PA, DPS and this LoF (including the Form of Acceptance) is also available on SEBI’s website (www.sebi.gov.in).

Manager to the Offer	Registrar to the Offer
Morgan Stanley	LINK INTIME INDIA PVT LTD
Morgan Stanley India Company Private Limited 18F/19F, Tower 2, One Indiabulls Centre, 841, Senapati Bapat Marg, Mumbai 400013, India Tel: (+91 22) 6118 1000 Fax: (+91 22) 6618 1040 Email: FIL_Offer@MorganStanley.com Contact Person: Naveen Asopa	Link Intime India Private Limited C-13, Kantilal Maganlal Industrial Estate (Pannalal Silk Mills Compound), L.B.S. Marg, Bhandup (West), Mumbai 400 078 Tel: (+91 22) 2596 7878 Fax: (+91 22) 2596 0329 Email: fil.offer@linkintime.co.in Contact Person: Mr. Pravin Kasare

Schedule of Activities

Activity	Day and date
PA date	Wednesday, July 25, 2012
DPS date	Wednesday, August 1, 2012
Last date for a competing offer	Friday, August 24, 2012
Identified Date	Tuesday, September 4, 2012
Date by which LoF will be dispatched to the Shareholders	Tuesday, September 11, 2012
Last date for the revision of the Offer Price / number of Shares	Thursday, September 13, 2012
Last date by which Board of Directors of Target Company shall give its recommendation	Friday, September 14, 2012
Offer opening PA date	Monday, September 17, 2012
Date of commencement of Tendering Period	Tuesday, September 18, 2012
Date of expiry of Tendering Period	Wednesday, October 3, 2012
Last date for communication of rejection / acceptance and payment of consideration for applications accepted / return of unaccepted Share certificates	Wednesday, October 17, 2012

Risk Factors

A. RISKS RELATING TO THIS OFFER

1. This Offer is subject to receipt of statutory approvals by the Acquirer from: (i) the RBI under FEMA for acquiring Shares validly tendered under this Offer from certain non-resident Shareholders including NRIs; and (ii) the FIPB under the FDI Policy for acquiring all Shares validly tendered under this Offer. If any other statutory approvals are required, this Offer would become subject to receipt of such other statutory approvals. In terms of Regulation 23 of the Regulations, the Acquirer and the PAC will not proceed with this Offer in the event that such statutory approvals are refused. Further, in the event that such statutory approvals are not received within six months from the date of the DPS, the Acquirer reserves the right to withdraw this Offer with the prior approval of SEBI as may be required under the Regulations. This Offer would be subject to all other statutory approvals that may become applicable at a later date but before the completion of this Offer.

2. In the event that either: (a) statutory approvals are not received in time, (b) there is any litigation leading to a stay or injunction on this Offer or that restricts or restrains the Acquirer or PAC from performing their obligations hereunder, or (c) SEBI instructing the Acquirer or PAC not to proceed with this Offer, then this Offer process may not proceed or may be delayed beyond the schedule of activities indicated in this LoF. Consequently, in the event of any delay, the payment of consideration to the Shareholders whose Shares are accepted under this Offer as well as the return of Shares not accepted under this Offer by the Acquirer or PAC may get delayed. In case of delay or non-receipt of any statutory approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any wilful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the Shareholders as directed by SEBI, in terms of Regulation 18(11) of the Regulations.

3. The tendered Shares and documents submitted therewith would be held by the Registrar to the Offer till the process of acceptance of Shares tendered and payment of consideration to the Shareholders is completed. Shares cannot be withdrawn once tendered. The Shareholders will not be able to trade in such Shares which are in the custody of the Registrar to the Offer. During such period, there may be fluctuations in the market price of the Shares.

4. The Acquirer, the PAC and the Manager to the Offer accept no responsibility for the statements made otherwise than in this LoF or the PA or the DPS and anyone placing reliance on any other source of information (not released by the Acquirer, the PAC, or the Manager to the Offer) would be doing so at their own risk.

5. In the event of oversubscription in this Offer, the acceptance will be made on a proportionate basis in terms of the Regulations in consultation with the Manager to the Offer. Accordingly, there is no certainty that all Shares tendered by Shareholders under this Offer will be accepted.

B. RISKS RELATING TO ACQUIRER, PAC AND THE TARGET COMPANY

1. The Acquirer and PAC make no assurance with respect to the future financial performance of the Target Company.

2. There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

3. The Acquirer and PAC cannot provide any assurance with respect to the market price of the Shares of the Target Company before, during or after this Offer and each of them expressly disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in this Offer.

   The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to this Offer or in association with the Acquirer or PAC or the Target Company, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in this Offer. Shareholders are advised to consult their stock-broker, investment consultant or tax advisors, if any, for further risks with respect to their participation in this Offer.

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Key Definitions

Acquirer	Dashtag, a private unlimited company registered under the laws of United Kingdom with its registered office at Schering-Plough House, Falcon Way, Shire Park, Welwyn Garden City, Hertfordshire AL7 1TW, United Kingdom
Board of Directors	Board of Directors of the Acquirer or PAC or the Target Company, as the case may be
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant as registered with SEBI
DPS	Detailed Public Statement, which appeared on August 1, 2012 in Mumbai, Ahmedabad, Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow and Jaipur editions of Economic Times (English), Mumbai and Delhi editions of Nav Bharat Times (Hindi) and Mumbai edition of Maharashtra Times (Marathi) issued by the Manager to the Offer, on behalf of the Acquirer and the PAC, in compliance with Regulation 13(4) of the Regulations
FDI Policy	Consolidated Foreign Direct Investment Policy dated April 10, 2012 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
FEMA	Foreign Exchange Management Act, 1999, as amended time to time and the rules and regulations framed thereunder
FI	Financial Institutions
FII	Foreign Institutional Investor
FIPB	Foreign Investment Promotion Board
Form of Acceptance	Form of Acceptance-cum-Acknowledgement attached to this LoF
Identified Date	Tenth Working Day prior to the commencement of the Tendering Period for the purpose of determining the Shareholder to whom this LoF shall be sent i.e. September 4, 2012
IT Act	Income Tax Act, 1961
Lakh	100,000 units
LoF / Letter of Offer	This Draft Letter of Offer dated August 8, 2012
Manager to the Offer	Morgan Stanley India Company Private Limited, having its office at 18F/19F, Tower 2, One Indiabulls Centre, 841, Senapati Bapat Marg, Mumbai 400013, India
Merck Group	Has the meaning assigned to it in paragraph 3.1.4
Mn / Million	1,000,000 units

NRI	Non - resident Indian
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body as defined in FEMA
Offer	This voluntary open offer being made by the Acquirer and the PAC for acquiring 821,913 Shares representing 21.07% of the Voting Share Capital from the Shareholders at the Offer Price
Offer Period	The period between July 25, 2012 and the date of payment of consideration to Shareholders who have accepted this Offer, or the date on which this Offer is withdrawn, as the case may be
Offer Price	Price of Rs. 830 (Eight Hundred and Thirty only) per Share
Offer Size	821,913 Shares representing 21.07% of the Voting Share Capital
PAC	Merck & Co., Inc., a public company incorporated in the United States of America under the laws of the State of New Jersey, with its registered office at One Merck Drive, Whitehouse Station, N.J. 08889-0100, USA
PA	Public Announcement filed on July 25, 2012 with the BSE, SEBI and the Target Company in terms of the Regulations
RBI	Reserve Bank of India
Registrar to the Offer	Link Intime India Private Limited, registered with SEBI under SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993 having its office at C-13, Kantilal Maganlal Industrial Estate (Pannalal Silk Mills Compound), L.B.S. Marg, Bhandup (West), Mumbai 400 078, India
Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof
Rs./ Rupees	The lawful currency of the Republic of India
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
Share(s)	Fully paid-up equity shares of the Target Company having a face value of Rs.10 each
Shareholder(s)	All shareholders (registered or otherwise) of the Target Company other than the Acquirer
Takeover Regulations 1997	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
Target Company	Fulford (India) Limited, a company registered under the laws of India having its registered office at Platina, 8th floor, Plot No. C-59, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 098, India
Tendering Period	September 18, 2012 to October 3, 2012 (both days inclusive)

Voting Share Capital	Total fully diluted voting equity share capital of the Target Company
Working Day	Working day of SEBI

CURRENCY OF PRESENTATION

Certain financial details contained in this LoF are denominated in United States Dollars ("**USD**") and Sterling Pounds ("**Pounds**"). The rupee equivalent quoted in each case for USD is calculated based on the RBI reference rate of Rs. 56.3755 per USD as on July 25, 2012 (Source: *Reserve Bank of India- http://www.rbi.org.in*). The rupee equivalent quoted in each case for Sterling Pounds is calculated based on the exchange rate of Rs.87.444 per Sterling Pound as on July 25, 2012 (Source: *Reserve Bank of India- http://www.rbi.org.in*).

Note: All capitalized terms used in this LoF, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.

1. Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF FULFORD (INDIA) LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THIS OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE TARGET COMPANY WHOSE SHARES IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER – MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED AUGUST 8, 2012 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THIS OFFER.

2. DETAILS OF THIS OFFER

2.1 Background to this Offer

2.1.1 This Offer is a voluntary open offer made by the Acquirer and PAC to the Shareholders of the Target Company in accordance with Regulation 6 of the Regulations. The Acquirer is the promoter of the Target Company and is already in control of the Target Company. This Offer does not result in any change of control over the Target Company.

2.1.2 The Acquirer and the PAC are making this Offer to the Shareholders to acquire up to 821,913 Shares representing 21.07% of the Voting Share Capital. The Acquirer is the promoter of the Target Company and currently holds 2,103,087 Shares representing 53.93% of the Voting Share Capital. Other than the shareholding of the Acquirer in the Target Company, the Acquirer and the PAC do not own any Shares.

2.1.3 The Acquirer has made this Offer to consolidate and enhance its stake in the Target Company to create more flexibility in the manner in which Merck Group organizes its activities in India. This Offer is not made pursuant to any indirect acquisition, arrangement or agreement and is a voluntary offer.

2.1.4 This Offer is not a result of a global acquisition, an open market purchase or a negotiated deal.

2.1.5 Neither the Acquirer nor PAC has been prohibited by SEBI from dealing in securities, in terms of any direction issued under Section 11B of SEBI Act or under any of the regulations made under the SEBI Act.

2.1.6 The Board of Directors of the Target Company may be reconstituted after completion of this Offer including by way of appointment of additional nominees by the Acquirer on the Board of Directors of the Target Company. Four members of the Board of Directors of the Target Company i.e. Kevin Ali, Christopher McNamara, Hwee Ping Chua and K.G. Ananthakrishnan are representatives of / related to the Merck Group.

2.1.7 In accordance with Regulation 26 of the Regulations, the Board of Directors of the Target Company has constituted an independent committee of directors to give its recommendation on this Offer atleast 2 (two) Working Days prior to the commencement of the Tendering Period.

2.1.8 Based on the Offer Size and the current shareholding of the Acquirer in the Target Company, pursuant to the successful closure of this Offer and assuming full acceptances, the public shareholding in the Target Company shall not fall below 25% of the Voting Share Capital which is the minimum public shareholding required for listing on a continuous basis.

2.2 Details of the proposed Offer

2.2.1 The DPS was published in the following newspapers:

Newspaper	Language	Editions	Date of Publication
The Economic Times	English	Mumbai, Ahmedabad, Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow and Jaipur	August 1, 2012
Nav Bharat Times	Hindi	Mumbai and Delhi	August 1, 2012
Maharashtra Times	Marathi	Mumbai	August 1, 2012

The PA and the DPS are also available on the SEBI website at www.sebi.gov.in.

2.2.2 This Offer is to acquire up to 821,913 Shares, representing 21.07% of the Voting Share Capital at a price of Rs. 830 (Rupees Eight Hundred and Thirty only) per Share, payable in cash.

2.2.3 There are no partly paid up equity shares outstanding of the Target Company.

2.2.4 There is no differential price being offered for the Shares tendered in this Offer.

2.2.5 This is not a competitive bid in terms of Regulation 20 of the Regulations.

2.2.6 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the Regulations.

2.3 The Manager to the Offer does not hold any Shares as on the date of this LoF.

2.4 Neither the Acquirer nor the PAC holds any Shares as of the date of this LoF other than 2,103,087 Shares representing 53.93% of the Voting Share Capital held by the Acquirer. In terms of the first proviso of Regulation 6(1) of the Regulations, neither the Acquirer nor the PAC have acquired or have been allotted any Shares in the 52 weeks preceding the date of the PA and in the period between the date of the PA and this LoF.

2.5 In terms of Regulation 6(1) of the Regulations, during the Offer Period, the Acquirer or the PAC will not acquire any Shares other than those tendered in this Offer.

2.6 In terms of Regulation 18(4) of the Regulations, the Acquirer is permitted to revise the Offer Price at any time prior to the commencement of the last three Working Days before the commencement of the Tendering Period i.e. at any time by Thursday, September 13, 2012. In the event of such revision, an announcement will be made in the same newspapers where the DPS has appeared and the revised offer price would be available for all the Shares tendered anytime during this Offer.

2.7 The Shares of the Target Company will be acquired by the Acquirer fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.

2.8 This Offer is subject to the receipt of the statutory and other approvals mentioned in paragraph 6.10 of this LoF. In terms of Regulation 23 of the Regulations, in the event the statutory approvals are refused, this Offer shall stand withdrawn. In the event that such statutory approvals are not received within six months from the date of the DPS, the Acquirer reserves the right to withdraw this Offer with the prior approval of SEBI as may be required under the Regulations.

2.9 Object of Acquisition/Offer

2.9.1 This Offer is being made to the Shareholders in accordance with Regulation 6 of the Regulations. The Acquirer wishes to consolidate and enhance its stake in the Target Company in order to create more flexibility in the manner in which Merck Group organises its activities in India.

2.9.2 This Offer to the Shareholders is for acquiring 21.07% of the Voting Share Capital.

2.9.3 The Acquirer at present has no intention to change the existing line of business of the Target Company. In terms of Regulation 25(2) of the Regulations, the Acquirer or the PAC do not have any plans to sell, dispose off or otherwise encumber any material assets of the Target Company or its subsidiary during the period of two years from the expiry of the Offer Period except to the extent required (i) for the purposes of restructuring, rationalization or reorganization of assets, investments, business operations or liabilities of the Target Company (including discontinuation of existing product portfolios whether as per the global strategy of the Merck Group or otherwise) or (ii) in the ordinary course of business of the Target Company. It will be the responsibility of the Board of Directors of the Target Company to make appropriate decisions in these matters in accordance with the requirements of the business of the Target Company. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time. Further, during such period of two years, save as set out above, the Acquirer undertakes not to sell, dispose of or otherwise encumber any material assets of the Target Company except with the prior approval of all the Shareholders of the Target Company through a special resolution by way of a postal ballot in terms of Regulation 25(2) of the Regulations. As of the date of this LoF, the Acquirer does not envisage there being any repercussions on employment and the locations of the Target Company's places of business as a result of this Offer.

3. BACKGROUND OF THE ACQUIRER AND PAC

3.1 Background of the Acquirer

3.1.1 The Acquirer is a private unlimited company registered under the laws of United Kingdom with its registered office at Schering-Plough House, Falcon Way, Shire Park, Welwyn Garden City, Hertfordshire AL7 1TW, United Kingdom. The Acquirer was incorporated on October 31, 1906. The contact details of the Acquirer are as follows: Tel: (+44) 1992 467272 and Fax: (+44) 1992 468175.

3.1.2 The Acquirer was initially incorporated as C. E. Fulford Limited on October 31, 1906 as a limited company. The company changed its name to Schering-Plough Holdings Limited on February 21, 1980 and then to Dashtag Limited on July 28, 1989. On December 15, 1989, the Acquirer registered itself as an unlimited company under the name of Dashtag.

3.1.3 The Acquirer does not have any operations and is a holding company. The Acquirer holds 2,103,087 Shares representing 53.93% of the Voting Share Capital.

3.1.4 The Acquirer is part of Merck Group, and its entire share capital is directly held by Schering-Plough Holdings Limited. Schering-Plough Holdings Limited is a company incorporated under the laws of United Kingdom and having its registered office at Schering-Plough House, Falcon Way, Shire Park, Welwyn Garden City, Hertfordshire AL7 1TW, United Kingdom. Schering-Plough Holdings Limited is an indirect wholly owned subsidiary of the PAC. The PAC is the ultimate holding company of various Merck Group entities across the world (referred to as the "**Merck Group**") including the Acquirer. The PAC is the ultimate parent company of the Acquirer.

3.1.5 The Acquirer's equity shares are not listed on any stock exchange.

3.1.6 Four members of the Board of Directors of the Target Company i.e. Kevin Ali, Christopher McNamara, Hwee Ping Chua and K.G. Ananthakrishnan are representatives of / related to the Merck Group.

3.1.7 The Acquirer has not been prohibited by SEBI from dealing in securities under the SEBI Act, 1992 or any other regulations thereunder.

3.1.8 The paid-up equity share capital of the Acquirer as on the date hereof is £ 12,500,004 (approximately Rs. 1,093,050,350) comprising 12,500,004 equity shares of £ 1 (approximately Rs. 87.444) each, entirely held by Schering-Plough Holdings Limited.

3.1.9 The shareholding pattern of the Acquirer is as follows:

Sr. No.	Shareholder's name	Number of shares held	Percentage
1.	Schering-Plough Holdings Limited	12,500,004	100
	Total paid up capital	**12,500,004**	**100**

3.1.10 Details of Board of Directors of the Acquirer is set out below:

Name of the Director	**Director Identification Number (if applicable)**	**Date of Appointment**	**Experience, Qualification and Formal Education**
Deepak Khanna	Not applicable	August 12, 2010	Mr. Khanna is Senior Vice President and Managing Director of Merck Sharp & Dohme Limited. Since joining Merck Sharp & Dohme Limited in November 2009, he has been a Board Member of the Association of the British Pharmaceutical Industry (ABPI) and Chair of the American Pharmaceutical Group. In April 2012, he took over the Presidency of the ABPI. Previously, he was Senior Vice President and General Manager of Merck / Schering - Plough Pharmaceuticals. He has been with Merck since 1988, covering a variety of roles across the U.S. Human Health Division. He earned a Bachelor's degree in biochemistry and economics from the University of California, Berkeley and an MBA in marketing from Santa Clara University.
Mark McDowell	Not applicable	August 12, 2010	Mr. McDowell is presently Finance Director of Merck Sharp & Dohme Limited in the United Kingdom. He is also a Company Director for several other Merck entities in the UK. He has 30 years of service in Merck & Co. Previously, he was Regional Finance Director for the Mid-Europe Region of Merck, and has operated at senior levels in Finance in the Human Health, Animal Health & Corporate fields, both in Europe and the United States. He is a Chartered Accountant, having previously qualified with Price Waterhouse, London. He earned a B.Sc at the University of Durham, UK, and is a member of the Institute of Chartered Accountants in England & Wales.
Keith Bousfield	Not applicable	March 23, 2012	Mr. Bousfield is presently Market Access Director of Primary Care at Merck Sharp & Dohme Limited in the United Kingdom. He is also a Company Director for several other Merck entities in the UK. He has 27 years of service in Merck

			& Co. Previously, he held a range of commercial roles within the Marketing & Sales functions at Merck Sharp & Dohme Limited in the United Kingdom. He earned a B.Sc at the University of Reading, UK.

3.1.11 None of the directors of the Acquirer are on the Board of Directors of the Target Company.

3.1.12 Brief consolidated financial particulars of the Acquirer for the last three financial years ending December 31 (audited) and quarter ending March 31, 2012 (reviewed) are as under:

For the financial year ending December 31	2009		2010		2011		Quarter Ending March 31, 2012	
EPS data not in MM	**£ MM**	**Rs. MM**	**£ MM**	**Rs. MM**	**£ MM**	**Rs. MM**	**£ MM**	**Rs. MM**
Profit & Loss Statement								
Operating profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income from shares in group undertakings and participating interests	0.08	6.82	0.19	16.61	0.13	11.19	0.00	0.00
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges and interest payable and similar charges	0.01	0.79	0.01	0.87	0.01	0.70	0.00	0.00
Profit on ordinary activities before taxation	0.07	6.03	0.18	15.74	0.12	10.49	0.00	0.00
Tax on profit on ordinary activities	0.02	1.92	0.05	4.63	(0.00)	(0.17)	0.00	0.00
Profit for the financial year	0.05	4.11	0.13	11.11	0.12	10.67	0.00	0.00
Balance Sheet Statement								
Fixed assets								
Investments	5.79	506.30	5.79	506.30	5.79	506.30	5.79	506.30
Currents assets								
Debtors	9.64	843.31	9.63	842.44	9.63	842.44	9.63	842.44
Cash at bank and in hand	0.00	0.00	0.00	0.00	0.12	10.49	0.12	10.49
Creditors: amounts falling due within one year	(0.66)	(57.89)	(0.53)	(45.91)	(0.52)	(45.73)	(0.52)	(45.73)
Net current assets	8.98	785.42	9.11	796.53	9.23	807.20	9.23	807.20
Net assets	14.77	1,291.72	14.90	1,302.83	15.02	1,313.50	15.02	1,313.50
Capital and reserves								
Called up share capital	12.50	1,093.05	12.50	1,093.05	12.50	1,093.05	12.50	1,093.05
Profit and loss account	2.27	198.67	2.40	209.78	2.52	220.45	2.52	220.45
Total shareholder's funds	14.77	1,291.72	14.90	1,302.83	15.02	1,313.50	15.02	1,313.50
Other Financial Data								
Dividend Per Share (£/Rs.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Earnings Per Share (£/Rs.)	0.00	0.33	0.01	0.89	0.01	0.85	0.00	0.00

3.1.13 There are no major contingent liabilities of the Acquirer.

3.1.14 In the year 2003, on one occasion, there has been a minor delay of 1 day by the Acquirer in making a disclosure under Regulation 8 of the Takeover Regulations 1997. Save and except the above, the applicable provisions of Chapter V of the Regulations and Chapter II of the Takeover Regulations 1997 have been complied with by the Acquirer within the time specified in the Regulations and Takeover Regulations 1997 respectively over the last 10 years.

3.2 Background of the PAC

3.2.1 The PAC is a public company incorporated in the United States of America under the laws of the State of New Jersey, with its registered office at One Merck Drive, Whitehouse Station, N.J. 08889-0100, USA. The PAC was incorporated on July 28, 1970. The PAC was earlier known as Schering Plough Corporation and on November 3, 2009 the name of the PAC was changed to Merck & Co., Inc. The contact details of PAC are as follows: Tel: (+1)-908-423-1000 and Fax: (+1)-908-735-1224. Mr. Michael J. Holston is the compliance officer of PAC. Michael J. Holston’s email address is michael.holston@merck.com.

3.2.2 PAC is a global health care company that delivers innovative health solutions through its prescription medicines, vaccines, biologic therapies, animal health, and consumer care products, which it markets directly and through its joint ventures. PAC's operations are principally managed on a products basis and comprise four operating segments, which are the Pharmaceutical, Animal Health, Consumer Care and Alliances segments, and one reportable segment, which is the Pharmaceutical segment. The Pharmaceutical segment includes human health pharmaceutical and vaccine products marketed either directly by PAC or through its joint ventures. Human health pharmaceutical products consist of therapeutic and preventive agents, generally sold by prescription, for the treatment of human disorders. PAC sells these human health pharmaceutical products primarily to drug wholesalers and retailers, hospitals, government agencies and managed health care providers such as health maintenance organizations, pharmacy benefit managers and other institutions. Vaccine products consist of preventive pediatric, adolescent and adult vaccines, primarily administered at physician offices. PAC sells these human health vaccines primarily to physicians, wholesalers, physician distributors and government entities. PAC also has animal health operations that discover, develop, manufacture and market animal health products, including vaccines, which PAC sells to veterinarians, distributors and animal producers. Additionally, PAC has consumer care operations that develop, manufacture and market over-the-counter, foot care and sun care products, which are sold through wholesale and retail drug, food chain and mass merchandiser outlets.

3.2.3 PAC is the ultimate holding company of the Merck Group including the Acquirer. PAC is a widely held listed company whose entire share capital is held by institutional and retail shareholders. As on December 31, 2011, Capital World and Blackrock Inc are persons/groups known to be holding more than 5% of the outstanding common shares of the PAC.

3.2.4 The issued equity share capital of PAC as of March 31, 2012 is $ 1,788 Million (approximately Rs. 100,826.13 million) comprising 3,576,948,356 equity shares of $ 0.50 par value (approximately Rs. 28.19) each. There is no identifiable promoter or promoter group controlling the PAC.

3.2.5 PAC does not directly hold any Shares. The Target Company enters into various related party transactions in the course of its business with other subsidiaries of PAC (in India and worldwide) such as purchase of raw materials, finished goods, rendering and availing of services, etc. Such transactions are disclosed in the annual report of the Target Company.

3.2.6 The Target Company is allowed to use, at the sole discretion of the PAC, certain trademarks, patents and technical know-how owned by PAC and its subsidiaries. The PAC also supports the Target Company by providing training to its technical personnel on an ongoing basis. Further, most of the trademarks of the products of the Target Company are registered in the name of the PAC or its affiliates.

3.2.7 The Target Company has technical know–how arrangements with the PAC through which the Target Company gets the benefits of research and development efforts of the PAC and its affiliates. In India, the PAC operates through three separate legal entities: MSD Pharmaceuticals Private Limited, Organon (India) Private Limited and the Target Company. In India, the Merck Group operates in various therapeutic areas in human health, including Metabolics, Cardiovascular, Vaccines, Critical Care, Immunology, Virology, Oncology, Womens Health, Dermatology, Respiratory, Musculoskeletal and Primary care and offers diversified products of over 75 brands.

3.2.8 PAC has not been prohibited by SEBI from dealing in securities under the SEBI Act or any other regulations thereunder.

3.2.9 Shareholding pattern of PAC as on December 31, 2011 is as follows. :

Sr. No.	Shareholder's category	Number of shares held	Percentage
1.	Shareholders holding more than 5%	371,006,159	12.22%
2.	Directors and Executive Officers	1,161,859	0.04%
3.	Other shareholders	2,668,670,625	87.76%
	Total paid up capital	3,040,838,643	**100.00%**

3.2.10 The Board of Directors of PAC comprises the following members:

Name of the Director	Director Identification Number (if applicable)	Date of Appointment	Experience, Qualification and Formal Education
Kenneth C. Frazier	Not Applicable	January 1, 2011	Mr. Frazier is Chairman, President and Chief Executive Officer of the PAC. He was previously President and Chief Executive Officer for the PAC from January 2011 to December 2011. From May 2010 to January 2011, he was President of the PAC. He previously served as Executive Vice President and President, Global Human Health of the PAC (from November 2009 to May 2010) and Merck Sharp & Dohme Corp. (2007 to 2009). He holds positions including Director on the board of, Exxon Mobil Corporation, The Pennsylvania State University and Cornerstone Christian Academy in Philadelphia, Pa.; He is a member, Council on Foreign Relations, the Council of the American Law Institute and the American Bar Association. Mr. Frazier also served as Executive Vice President and General Counsel (November 2006 to August 2007), and Senior Vice President and General Counsel (December 1999 to November 2006) of Merck Sharp & Dohme Corp. He received a B.A. from Penn State University in 1975, and a J.D. from Harvard Law School in 1978.
Leslie A. Brun	Not Applicable	July 22, 2008	Chairman and Chief Executive Officer, Sarr Group, LLC since

			March 2006, prior to which he was Chairman Emeritus of Hamilton Lane from 2003 to March 2006. Non-Executive Chairman of the Board, Automatic Data Processing, Inc. since 2003 (global provider of business outsourcing solutions) and Broadridge Financial Solutions, Inc. since 2011 (investment consulting service provider); Director, NXT Capital, Inc. (a private financing solutions company); Member, Council on Foreign Relations. Mr. Brun was also a director of Merck Sharp & Dohme Corp. from 2008 to November 2009. He received a B.S. from University of Buffalo in 1975.
Thomas R. Cech	Not Applicable	May 27, 2009	Dr. Cech has held positions as Investigator, Howard Hughes Medical Institute, where he was President from January 2000 to March 2009; Faculty, University of Colorado since 1978; Trustee, Grinnell College; Member, National Academy of Sciences. Dr. Cech was also a director of Merck Sharp & Dohme Corp. from May to November 2009. He received a B.A. from Grinnell College in 1970, and a PhD in Chemistry from University of California, Berkeley in 1975. He is a co-recipient of the 1989 Nobel Prize in Chemistry.
Thomas H. Glocer	Not Applicable	November, 27, 2007	Retired Chief Executive Officer, Thomson Reuters Corporation from April 2008 to December 2011, prior to which he was Chief Executive Officer of Reuters Group PLC from July 2001 to April 2008. Director, Partnership for New York City and Council on Foreign Relations; Member, International Business Council of the World Economic Forum, President’s Council on International Activities at Yale University, European Business Leaders Council, International Advisory Board of British American Business Inc., Madison Council of the Library of Congress, The Business Council, Advisory Board of the Judge Institute of Management at Cambridge University and the Columbia College Board of Visitors. Mr. Glocer was also a director of Merck Sharp & Dohme Corp. from

			2007 to November 2009, Reuters Group PLC from 2000 to 2008 and Thomson Reuters Corporation from 2008 to 2011. He holds a Bachelor's degree in Political Science from Columbia University and a J.D. from Yale Law School.
William B. Harrison, Jr.	Not Applicable	December 21, 1999	Retired Chairman of the Board, JPMorgan Chase & Co., since December 31, 2006, prior to which he was Chairman from November 2001 and Chief Executive Officer from December 2000 until December 2005. Chairman, Cadence Bancorp LLC (formerly Community Bancorp LLC) since 2010 (bank holding company); Director, Aurora Capital Group since 2007 (private equity firm), Cousins Properties Incorporated since 2006 (diversified development company), Lincoln Center for the Performing Arts since 2006, RecoverCare LLC since 2009 (healthcare company) and The University of North Carolina Endowment Fund; Member, The Business Council, Board of Overseers of Memorial Sloan-Kettering Cancer Center and the National September 11 Memorial Museum Foundation. Mr. Harrison was also a director of Merck Sharp & Dohme Corp. from 1999 to November 2009. He holds an A.B. degree in Economics from the University of North Carolina, and is a Graduate of the Harvard Business School’s International Senior Management Programme in Switzerland.
C. Robert Kidder	Not Applicable	December 5, 2005	Former Chairman and Chief Executive Officer, 3Stone Advisors LLC from August 2006 to April 2011. Mr. Kidder was a Principal of Stonehenge Partners, Inc. from April 2004 to July 2006. Director, Morgan Stanley since 1994 (investment bank) and Microvi Biotech Inc. since 2008 (water filtration company); Board of Trustees, Nationwide Children’s Hospital (Columbus) since 1998, Ohio University since 2003 and Wexner Center Foundation since 1999. Mr. Kidder was Chairman of the Board of Directors, Chrysler Group LLC from 2009 to 2011. He holds a B.S. in Industrial Engineering

			from the University of Michigan and an M.S. in Industrial Economics from Iowa State University.
Rochelle B. Lazarus	Not Applicable	October 26, 2004	Chairman, Ogilvy & Mather Worldwide, since January 1, 2009, prior to which she was Chairman and Chief Executive Officer from 1996 to 2008. Director, General Electric since 2000 (diversified technology, media and financial services company), Partnership for New York City and World Wildlife Fund. Trustee, New York Presbyterian Hospital since 1995, American Museum of Natural History since 2003 and Lincoln Center for the Performing Arts. Member, Board of Overseers, Columbia Business School since 1993, The Business Council, Council on Foreign Relations, and President’s Council on International Activities at Yale University. Ms. Lazarus was also a director of Merck Sharp & Dohme Corp. from 2004 to November 2009. She graduated from Smith College, and obtained an MBA from Columbia Business School.
Carlos E. Represas	Not Applicable	February 24, 2009	Retired Executive Vice President—Head of the Americas, Nestlé, S.A., Switzerland from 1994 to 2004. Retired Chairman, Nestlé Group Mexico, from 1983 to 2010. Non-Executive Chairman, Bombardier Latin America since 2012. Director, Bombardier Inc. since 2004 (aerospace & transportation company), Swiss Re Group and Swiss Re America Holding Corporation since 2010 (reinsurance and insurance companies); Board Member, Mexican Health Foundation since 1985 (not-for-profit private organization); Chairman of the Board of Trustees, National Institute of Genomic Medicine, Ministry of Health, Mexico since 2004; Member, Latin America Business Council and the Dean’s Advisory Board, Harvard School of Public Health. Mr. Represas was also a director of Merck Sharp & Dohme Corp. from February to November 2009 and served on the board of Vitro S.A.B. de C.V. from 1998 to 2008 (glass manufacturing company). He holds a Bachelor's Degree from

			Instituto Politécnico Nacional, and from Universidad Autonoma de Mexico.
Patricia F. Russo	Not Applicable	September. 1, 1995	Retired Chief Executive Officer and Director, Alcatel-Lucent from December 2006 through September 2008. Ms. Russo served as Chairman from 2003 to 2006 and Chief Executive Officer and President from 2002 to 2006 of Lucent Technologies Inc. until its merger with Alcatel. Director, Alcoa Inc. since 2008 (leading producer and manager of aluminium), Hewlett- Packard Company since 2011 (a technology company) and Lead Director, General Motors Company since 2009 (auto manufacturer); Chairman, Partnership For a Drug- Free America since 2010; Member, The Business Council, The Economic Club of New York and The Conference Board. She holds a B.S. from Georgetown University, and is a Graduate of the Harvard Business School, Advanced Management Program.
Craig B. Thompson, M.D.	Not Applicable	January 2, 2008	President and Chief Executive Officer of Memorial Sloan-Kettering Cancer Center since November 2010. Dr. Thompson was Professor of Medicine at the University of Pennsylvania School of Medicine from July 1999 to November 2011 and Director of the Abramson Cancer Center from 2006 to November 2010. Director, American Association for Cancer Research; Fellow, American Academy of Arts and Sciences; Member, Medical Advisory Board of the Howard Hughes Medical Institute and The National Academy of Sciences and its Institute of Medicine. He attended Dartmouth College and completed his studies at Dartmouth Medical School. He received his M.D. degree from the University of Pennsylvania in 1977.
Wendell P. Weeks	Not Applicable	February 24, 2004	President since December 2010 and Chairman and Chief Executive Officer, Corning Incorporated, since April 2007, prior to which he was President and Chief Executive Officer from April 2005 to April 2007, and President and Chief Operating Officer

			from April 2002 to April 2005. Director, Corning Incorporated since 2000; Trustee, Lehigh University since 2006. Mr. Weeks was also a director of Merck Sharp & Dohme Corp. from 2004 to November 2009. He received a Bachelor's Degree in 1981 from Lehigh University, and an MBA in 1987 from Harvard Business School.
Peter C. Wendell	Not Applicable	September 23, 2003	Managing Director, Sierra Ventures for more than five years; Senior Advisor and Director, WestBridge Crossover Fund, LLC; Retired Chairman and Director, Princeton University Investment Co. since June 30, 2008, prior to which he was Chairman from July 1, 2003 and Director from July 1, 1998. Faculty, Stanford University Graduate School of Business since July 1, 1990. Charter Trustee Emeritus and Board officer, Princeton University; Mr. Wendell was also a director of Merck Sharp & Dohme Corp. from 2003 to November 2009. He holds a B.A. from Princeton University, and received an MBA from Harvard Business School.

3.2.11 None of the directors on the Board of Directors of PAC are on the Board of Directors of the Target Company. PAC has not directly nominated any directors on the Board of Directors of the Target Company. Four members of the Board of Directors of the Target Company are representatives of / related to the Merck Group.

3.2.12 Brief consolidated financial particulars of PAC for the last three financial years ending December 31(audited) and the unaudited consolidated financial particulars of PAC for the quarter ending March 31, 2012 as filed with the United States Securities and Exchange Commission are as under:

For the financial year ending December 31	2009		2010		2011		Quarter Ending March 31, 2012	
EPS data not in MM	**$ MM**	**Rs. MM**	**$ MM**	**Rs. MM**	**$ MM**	**Rs. MM**	**$ MM**	**Rs. MM**
Profit & Loss Statement								
Sales	27,428	1,546,267	45,987	2,592,540	48,047	2,708,674	11,731	661,341
Costs, Expenses and Other								0
Materials and production	9,019	508,451	18,396	1,037,084	16,871	951,111	4,037	227,588
Marketing and administrative	8,543	481,616	13,125	739,928	13,733	774,205	3,074	173,298
Research and development	5,845	329,515	11,111	626,388	8,467	477,331	1,862	104,971
Restructuring costs	1,634	92,118	985	55,530	1,306	73,626	219	12,346
Equity income from affiliates	(2,235)	(125,999)	(587)	(33,092)	(610)	(34,389)	(110)	(6,201)
Other (income) expense, net [1]	(10,668)	(601,414)	1,304	73,514	946	53,331	142	8,005
	12,138	**684,286**	**44,334**	**2,499,351**	**40,713**	**2,295,216**	**9,224**	**520,008**
Income Before Taxes	15,290	861,981	1,653	93,189	7,334	413,458	2,507	141,333
Taxes on Income	2,268	127,860	671	37,828	942	53,106	740	41,718
Net Income	13,022	734,122	982	55,361	6,392	360,352	1,767	99,616
Less: Net Income Attributable to Non controlling Interests	123	6,934	121	6,821	120	6,765	29	1,635
Net Income Attributable to Merck & Co., Inc.	12,899	727,188	861	48,539	6,272	353,587	1,738	97,981

For the financial year ending December 31	2009		2010		2011		Quarter Ending March 31, 2012	
EPS data not in MM	**$ MM**	**Rs. MM**	**$ MM**	**Rs. MM**	**$ MM**	**Rs. MM**	**$ MM**	**Rs. MM**
Balance Sheet Statement								
Assets								
Current Assets								
Cash and cash equivalents	9,311	524,912	10,900	614,493	13,531	762,817	14,656	826,239
Short-term investments	293	16,518	1,301	73,345	1,441	81,237	910	51,302
Accounts receivable (2)	6,603	372,247	7,344	414,022	8,261	465,718	8,726	491,933
Inventories (3)	8,048	453,710	5,868	330,811	6,254	352,572	6,339	357,364
Deferred income taxes and other current assets	4,177	235,480	3,651	205,827	3,694	208,251	3,713	209,322
Total current assets	28,432	1,602,868	29,064	1,638,498	33,181	1,870,595	34,344	1,936,160
Investments	432	24,354	2,175	122,617	3,458	194,946	3,972	223,923
Property, Plant and Equipment (at cost)	30,874	1,740,537	30,563	1,723,004	32,473	1,830,682	32,821	1,850,300
Less: accumulated depreciation	12,595	710,049	13,481	759,998	16,176	911,930	16,697	941,302
	18,279	1,030,488	17,082	963,006	16,297	918,752	16,124	908,999
Goodwill	12,038	678,648	12,378	697,816	12,155	685,244	12,156	685,301
Other Intangibles, Net	47,757	2,692,325	39,456	2,224,352	34,302	1,933,792	33,000	1,860,392
Other Assets	5,376	303,075	5,626	317,169	5,735	323,313	5,913	333,348
	112,314	**6,331,758**	**105,781**	**5,963,457**	**105,128**	**5,926,644**	**105,509**	**5,948,123**
Liabilities and Equity								
Current Liabilities								
Loans payable and current portion of long-term debt	1,379	77,742	2,400	135,301	1,990	112,187	2,930	165,180
Trade accounts payable	2,244	126,507	2,308	130,115	2,462	138,796	2,358	132,933
Accrued and other current liabilities	9,455	533,030	8,514	479,981	9,731	548,590	8,823	497,401
Income taxes payable	1,167	65,790	1,243	70,075	781	44,029	1,190	67,087
Dividends payable	1,189	67,030	1,176	66,298	1,281	72,217	1,281	72,217
6% Mandatory convertible preferred stock, $1 (Rs. 56.38) par value Authorized 11,500,000 shares; issued and outstanding 855,422 shares in 2009	207	11,670	0	0	0	0	0	0
Total current liabilities	15,641	881,769	15,641	881,769	16,245	915,820	16,582	934,819
Long-Term Debt	16,095	907,364	15,482	872,805	15,525	875,230	15,228	858,486
Deferred Income Taxes and Noncurrent Liabilities	19,093	1,076,377	17,853	1,006,472	16,415	925,404	16,385	923,713
Merck & Co., Inc. Stockholders' Equity								
Issued	1,781	100,405	1,788	100,799	1,788	100,799	1,788	100,799
Other paid-in capital	39,683	2,237,149	40,701	2,294,539	40,663	2,292,397	40,652	2,291,777
Retained earnings	41,405	2,334,228	37,536	2,116,111	38,990	2,198,081	39,441	2,223,506
Accumulated other comprehensive loss	(2,767)	(155,991)	(3,216)	(181,304)	(3,132)	(176,568)	(3,217)	(181,360)
	80,102	4,515,790	76,809	4,330,146	78,309	4,414,709	78,664	4,434,722
Less treasury stock, at cost:	21,044	1,186,366	22,433	1,264,672	23,792	1,341,286	23,804	1,341,962
Total Merck & Co., Inc. stockholders' equity	59,058	3,329,424	54,376	3,065,474	54,517	3,073,423	54,860	3,092,760
Non controlling Interests	2,427	136,823	2,429	136,936	2,426	136,767	2,454	138,345
Total equity	**61,485**	**3,466,248**	**56,805**	**3,202,410**	**56,943**	**3,210,190**	**57,314**	**3,231,105**
	112,314	**6,331,758**	**105,781**	**5,963,457**	**105,128**	**5,926,644**	**105,509**	**5,948,123**
Other Financial Data								
Dividend Per Share ($/Rs.)	0.26	14.66	1.52	85.69	1.52	85.69	0.42	23.68
Earnings Per Share ($/Rs.)	5.65	318.52	0.28	15.79	2.02	113.88	0.56	31.57

Notes

1. Includes net interest expense and net exchange losses
2. Net of allowance for doubtful accounts of US$ 142 (Rs. 8,005) in Q1 2012, US$ 131 (Rs. 7,385) in 2011, US$ 104 (Rs. 5,863) in 2010 and US$ 113 (Rs. 6,370) in 2009
3. Excludes inventories of US$ 1,429 (Rs. 80,561) in Q1 2012, US$ 1,379 (Rs. 77,742) in 2011, US$ 1,194 (Rs. 67,312) in 2010 and US$ 1,157 (Rs. 65,226) in 2009 classified in Other assets

3.2.13 PAC is listed on the New York Stock Exchange and Euronext, Paris. The market price of the shares of PAC as on August 6, 2012, as quoted on the New York Stock Exchange is USD 44.49 equivalent to Rs. 2,508.15.

3.2.14 The major contingent liabilities and commitment of PAC as of March 31, 2012, as extracted from filings made by the PAC with the United States Securities Exchange Commission, are as follows:

The PAC is involved in various claims and legal proceedings of a nature considered normal to its business, including product liability, intellectual property, and commercial litigation, as well as additional matters such as antitrust actions. Except for the Vioxx Litigation and the ENHANCE Litigation (each as described below) for which separate assessments are provided below, in the opinion of the PAC, it is unlikely that the resolution of these matters will be material to the PAC’s financial position, results of operations or cash flows.

Given the preliminary nature of the litigation discussed below, including the Vioxx Litigation and the ENHANCE Litigation, and the complexities involved in these matters, the PAC is unable to reasonably estimate a possible loss or range of possible loss for such matters until the PAC knows, among other factors, (i) what claims, if any, will survive dispositive motion practice, (ii) the extent of the claims, including the size of any potential class, particularly when damages are not specified or are indeterminate, (iii) how the discovery process will affect the litigation, (iv) the settlement posture of the other parties to the litigation and (v) any other factors that may have a material effect on the litigation.

The PAC records accruals for contingencies when it is probable that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted periodically as assessments change or additional information becomes available. For product liability claims, a portion of the overall accrual is actuarially determined and considers such factors as past experience, number of claims reported and estimates of claims incurred but not yet reported. Individually significant contingent losses are accrued when probable and reasonably estimable. Legal defense costs expected to be incurred in connection with a loss contingency are accrued when probable and reasonably estimable. The PAC's decision to obtain insurance coverage is dependent on market conditions, including cost and availability, existing at the time such decisions are made. As a result of a number of factors, product liability insurance has become less available while the cost has increased significantly. The PAC has evaluated its risks and has determined that the cost of obtaining product liability insurance outweighs the likely benefits of the coverage that is available and as such, has no insurance for certain product liabilities effective August 1, 2004, including liability for legacy PAC products first sold after that date. The PAC will continue to evaluate its insurance needs and the costs, availability and benefits of product liability insurance in the future.

Vioxx Litigation:

Product Liability Lawsuits

PAC is a defendant in approximately 100 federal and state lawsuits alleging personal injury or economic loss as a result of the purchase or use of Vioxx. Most of the remaining cases are coordinated in a multidistrict litigation in the U.S. District Court for the Eastern District of Louisiana (the "**Vioxx MDL**") before Judge Eldon E. Fallon. (All of the actions discussed in this paragraph and in "Other Lawsuits" below are collectively referred to as the "**Vioxx Product Liability Lawsuits**").

There is one U.S. Vioxx Product Liability Lawsuit currently scheduled for trial in 2012.

Other Lawsuits

There are pending in various U.S. courts putative class actions purportedly brought on behalf of individual purchasers or users of Vioxx seeking reimbursement for alleged economic loss. In the Vioxx MDL proceeding, approximately 30 such class actions remain. In June 2010, PAC moved to strike the class claims or for judgment on the pleadings regarding the master complaint, which includes the above-referenced cases, and briefing on that motion was completed in September 2010. The Vioxx MDL court heard oral argument on PAC's motion in October 2010 and took it under advisement.

In 2008, a Missouri state court certified a class of Missouri plaintiffs seeking reimbursement for out-of-pocket costs relating to Vioxx. Trial has been rescheduled for late October/early November 2012. In addition, in Indiana, plaintiffs filed a motion to certify a class of Indiana Vioxx purchasers in a case pending before the Circuit Court of

Marion County, Indiana. In April 2010, a Kentucky state court denied PAC's motion for summary judgment and certified a class of Kentucky plaintiffs seeking reimbursement for out-of-pocket costs relating to Vioxx. The trial court subsequently entered an amended class certification order in January 2011. PAC appealed that order to the Kentucky Court of Appeals and on February 10, 2012, the Kentucky Court of Appeals reversed the trial court's amended class certification order and denied certification. The plaintiff has petitioned the Kentucky Supreme Court to review the Court of Appeals' order.

PAC has also been named as a defendant in several lawsuits brought by, or on behalf of, government entities. Six of these suits are being brought by state Attorneys General and one has been brought on behalf of a county. All of these actions except for an action brought by the Kentucky Attorney General are in the Vioxx MDL proceeding. These actions allege that PAC misrepresented the safety of Vioxx. All but one of these suits seek recovery for expenditures on Vioxx by government-funded health care programs, such as Medicaid, along with other relief, such as penalties and attorneys' fees. An action brought by the Attorney General of Kentucky seeks only penalties for alleged Consumer Fraud Act violations. Judge Fallon remanded the Kentucky case to state court on January 3, 2012. PAC's petition to appeal that decision to the U.S. Court of Appeals for the Fifth Circuit was denied. The lawsuit brought by the county is a putative class action filed by Santa Clara County, California on behalf of all similarly situated California counties. PAC moved for judgment on the pleadings in the case brought by Santa Clara County in September 2011. The court granted the PAC's motion on March 20, 2012, but gave the county leave to file an amended complaint.

Shareholder Lawsuits

In addition to the Vioxx Product Liability Lawsuits, various putative class actions and individual lawsuits under federal securities laws and state laws have been filed against PAC and various current and former officers and directors (the "**Vioxx Securities Lawsuits**"). The Vioxx Securities Lawsuits are coordinated in a multidistrict litigation in the U.S. District Court for the District of New Jersey before Judge Stanley R. Chesler, and have been consolidated for all purposes. In August 2011, Judge Chesler granted in part and denied in part PAC's motion to dismiss the Fifth Amended Class Action Complaint in the consolidated securities action. Among other things, the claims based on statements made on or after the voluntary withdrawal of Vioxx on September 30, 2004 have been dismissed. In October 2011, defendants answered the Fifth Amended Class Action Complaint. Discovery is currently proceeding in accordance with the court's scheduling order.

Several individual securities lawsuits filed by foreign institutional investors also are consolidated with the Vioxx Securities Lawsuits. In October 2011, plaintiffs filed amended complaints in each of the pending individual securities lawsuits. Also in October 2011, a new individual securities lawsuit was filed in the District of New Jersey by several foreign institutional investors; that case is also consolidated with the Vioxx Securities Lawsuits. On January 20, 2012, defendants filed motions to dismiss in one of the individual lawsuits (the "**ABP Lawsuit**"). Briefing on the motions to dismiss was completed on March 26, 2012. The court has not yet scheduled oral argument on the motions. By stipulation and order, defendants are not required to respond to the complaints in the remaining individual securities lawsuits until the resolution of any motions to dismiss in the ABP Lawsuit.

International Lawsuits

In addition to the lawsuits discussed above, PAC has been named as a defendant in litigation relating to Vioxx in Australia, Brazil, Canada, Europe and Israel (collectively, the "**Vioxx Foreign Lawsuits**"). The PAC has entered into an agreement to resolve all claims related to Vioxx in Canada (**"Canada Settlement Agreement"**). The agreement is pending approval by courts in Canada's provinces.

Insurance

The PAC has Directors and Officers insurance coverage applicable to the Vioxx Securities Lawsuits with remaining stated upper limits of approximately $175 million. As a result of the previously disclosed insurance arbitration, additional insurance coverage for these claims should also be available, if needed, under upper-level excess policies that provide coverage for a variety of risks. There are disputes with the insurers about the availability of some or all of the PAC's insurance coverage for these claims and there are likely to be additional disputes. The amounts actually recovered under the policies discussed in this paragraph may be less than the stated upper limits.

Investigations

PAC received subpoenas from the Department of Justice (the "**DOJ**") requesting information related to PAC's research, marketing and selling activities with respect to Vioxx in a federal health care investigation under criminal statutes. In March 2009, PAC received a letter from the U.S. Attorney's Office for the District of Massachusetts identifying it as a target of the grand jury investigation regarding Vioxx. In 2010, the PAC established a $950 million reserve (the "**Vioxx Liability Reserve**") in connection with the anticipated resolution of the DOJ's investigation.

In November 2011, the PAC announced that it had reached a resolution with federal and state authorities regarding this matter, pending court approval. Under civil settlement agreements signed with the United States and individually with 44 states and the District of Columbia, PAC paid approximately two-thirds of the Vioxx Liability Reserve to resolve civil allegations related to Vioxx. As a result, the United States and the participating states have released PAC from civil liability related to the government's allegations regarding the sale and promotion of Vioxx. The PAC also has agreed to plead guilty to one count of misdemeanor misbranding of Vioxx under the Federal Food, Drug, and Cosmetic Act by promoting the drug for the treatment of rheumatoid arthritis prior to the FDA's approval of that indication in April 2002. The PAC paid a fine of approximately one-third of the Vioxx Liability Reserve to the federal government as part of the plea agreement.

In December 2011, the U.S. District Court for the District of Massachusetts conducted a hearing with regard to the resolution. During that hearing, the parties advised the court as to the nature of the resolution and the core documents comprising the resolution. On April 19, 2012, the court accepted the resolution and thereafter the PAC made the payments noted above.

Reserves

The PAC believes that it has meritorious defenses to the Vioxx Product Liability Lawsuits, Vioxx Securities Lawsuits and Vioxx Foreign Lawsuits (collectively, the "**Vioxx Lawsuits**") and will vigorously defend against them. In view of the inherent difficulty of predicting the outcome of litigation, particularly where there are many claimants and the claimants seek indeterminate damages, the PAC is unable to predict the outcome of these matters and, at this time, cannot reasonably estimate the possible loss or range of loss with respect to the remaining Vioxx Lawsuits. The PAC has a reserve with respect to the Canada Settlement Agreement. The PAC has established no other liability reserves with respect to the Vioxx Litigation. Unfavorable outcomes in the Vioxx Litigation could have a material adverse effect on the PAC's financial position, liquidity and results of operations.

Other Product Liability Litigation

Fosamax

PAC is a defendant in product liability lawsuits in the United States involving Fosamax. As of March 31, 2012, approximately 3,105 cases, which include approximately 3,550 plaintiff groups, had been filed and were pending against PAC in either federal or state court, including one case which seeks class action certification, as well as damages and/or medical monitoring. In approximately 1,200 of these actions, plaintiffs allege, among other things, that they have suffered osteonecrosis of the jaw ("**ONJ**"), generally subsequent to invasive dental procedures, such as tooth extraction or dental implants and/or delayed healing, in association with the use of Fosamax. In addition, plaintiffs in approximately 1,905 of these actions generally allege that they sustained femur fractures and/or other bone injuries ("**Femur Fractures**") in association with the use of Fosamax.

Cases Alleging ONJ and/or Other Jaw Related Injuries

In August 2006, the Judicial Panel on Multidistrict Litigation (the "**JPML**") ordered that certain Fosamax product liability cases pending in federal courts nationwide should be transferred and consolidated into one multidistrict litigation (the "**Fosamax MDL**") for coordinated pre-trial proceedings. The Fosamax MDL has been transferred to Judge John Keenan in the U.S. District Court for the Southern District of New York. As a result of the JPML order, approximately 950 of the cases are before Judge Keenan. Judge Keenan issued a Case Management Order (and various amendments thereto) which set forth a schedule governing the proceedings focused primarily upon resolving the class action certification motions in 2007 and completing fact discovery in an initial group of 25 cases by October 1, 2008. In the first Fosamax MDL trial, Boles v. PAC, the Fosamax MDL court declared a mistrial because the eight person jury could not reach a unanimous verdict. The Boles case was re-tried in June 2010 and resulted in a verdict in favor of the plaintiff in the amount of $8 million. PAC filed post-trial motions seeking judgment as a matter of law or, in the alternative, a new trial. In October 2010, the court denied PAC's post-trial motions but sua sponte ordered a remittitur reducing the verdict to $1.5 million. Plaintiff rejected the remittitur ordered by the court and requested a new trial on damages, which is scheduled to take place on September 10, 2012. PAC intends to appeal the verdict in Boles after the new trial on damages has concluded.

In February 2011, Judge Keenan ordered that there will be two further bellwether trials conducted in the Fosamax MDL. Spano v. PAC and Jellema v. PAC were selected by the court to be tried in 2012, but each case was dismissed by the plaintiffs. On March 28, 2012, the court selected Scheinberg v. PAC as the next case to be tried and set the trial date for January 14, 2013.

Outside the Fosamax MDL, a trial in Florida, Anderson v. PAC, was scheduled to begin in June 2010 but the Florida state court postponed the trial date and a new date has been set for January 14, 2013. The trial ready date in Carballo v. PAC has been continued from April 30, 2012 to October 15, 2012.

In addition, in July 2008, an application was made by the Atlantic County Superior Court of New Jersey requesting that all of the Fosamax cases pending in New Jersey be considered for mass tort designation and centralized management before one judge in New Jersey. In October 2008, the New Jersey Supreme Court ordered that all pending and future actions filed in New Jersey arising out of the use of Fosamax and seeking damages for existing dental and jaw-related injuries, including ONJ, but not solely seeking medical monitoring, be designated as a mass tort for centralized management purposes before Judge Carol E. Higbee in Atlantic County Superior Court. As of March 31, 2012, approximately 235 ONJ cases were pending against PAC in Atlantic County, New Jersey. In July 2009, Judge Higbee entered a Case Management Order (and various amendments thereto) setting forth a schedule that contemplates completing fact and expert discovery in an initial group of cases to be reviewed for trial. In February 2011, the jury in Rosenberg v. PAC, the first trial in the New Jersey coordinated proceeding, returned a verdict in PAC's favor. After a trial in the Sessner v. PAC case on April 18, 2012, the jury returned a verdict in PAC's favor. The Flores v. PAC case was scheduled to be tried jointly with Sessner v. PAC, but on February 27, 2012, Judge Higbee severed the Flores case from the Sessner trial. The Flores trial date has been rescheduled for September 24, 2012.

In California, the parties are reviewing the claims of two plaintiffs in the Carrie Smith, et al. v. PAC case and the claims in Pedrojetti v. PAC. The cases of one or more of these plaintiffs are expected to be tried in late 2012 or early 2013.

Discovery is ongoing in the Fosamax MDL litigation, the New Jersey coordinated proceeding, and the remaining jurisdictions where Fosamax cases are pending. The PAC intends to defend against these lawsuits.

Cases Alleging Femur Fractures

As of March 31, 2012, approximately 1,205 cases alleging Femur Fractures have been filed in New Jersey state court and are pending before Judge Higbee in Atlantic County Superior Court. The parties have selected an initial group of 30 cases to be reviewed through fact discovery. Plaintiffs subsequently dismissed or advised that they will dismiss seven of the cases that were selected and discovery in the remaining cases is continuing. No trial dates for any of the New Jersey state Femur Fracture cases have been set.

In March 2011, PAC submitted a Motion to Transfer to the JPML seeking to have all federal cases alleging Femur Fractures consolidated into one multidistrict litigation for coordinated pre-trial proceedings. The Motion to Transfer was granted in May 2011, and all federal cases involving allegations of Femur Fractures have been or will be transferred to the District of New Jersey where the Fosamax MDL is sited. As a result of the JPML order, approximately 405 cases were pending in the New Jersey MDL as of March 31, 2012. A Case Management Order has been entered that requires the parties to review 40 cases (later reduced to 33 cases) with a fact discovery deadline of July 31, 2012 and an expert discovery deadline of November 28, 2012. Judge Joel Pisano has set an April 8, 2013 trial date for the first case to be tried in the MDL.

As of March 31, 2012, approximately 290 cases alleging Femur Fractures have been filed in California state court. A petition was filed seeking to coordinate all Femur Fracture cases filed in California state court before a single judge in Orange County, California. The petition was granted and Judge Steven Perk is now presiding over the coordinated proceedings. No scheduling order has yet been entered.

Additionally, there are five Femur Fracture cases pending in other state courts and one Femur Fracture case pending in federal court outside of the MDL.

Discovery is ongoing in the federal and state courts where Femur Fracture cases are pending and the PAC intends to defend against these lawsuits.

NuvaRing

Beginning in May 2007, a number of complaints were filed in various jurisdictions asserting claims against the PAC's subsidiaries Organon USA, Inc., Organon Pharmaceuticals USA, Inc., Organon International (collectively, "**Organon**"), and Schering-Plough Corporation (“**Schering-Plough**”) arising from Organon's marketing and sale of NuvaRing, a combined hormonal contraceptive vaginal ring. The plaintiffs contend that Organon and Schering-Plough, among other things, failed to adequately design and manufacture NuvaRing and failed to adequately warn of the alleged increased risk of venous thromboembolism ("**VTE**") posed by NuvaRing, and/or downplayed the risk of VTE. The plaintiffs seek damages for injuries allegedly sustained from their product use, including some alleged deaths, heart attacks and strokes. The majority of the cases are currently pending in a federal multidistrict litigation (the "**NuvaRing MDL**") venued in Missouri and in a coordinated proceeding in New Jersey state court.

As of March 31, 2012, there were approximately 1,020 NuvaRing cases. Of these cases, approximately 885 are or will be pending in the NuvaRing MDL in the U.S. District Court for the Eastern District of Missouri before Judge Rodney Sippel, and approximately 130 are pending in coordinated discovery proceedings in the Bergen County Superior Court of New Jersey before Judge Brian R. Martinotti. Four additional cases are pending in various other state courts.

Pursuant to orders of Judge Sippel in the NuvaRing MDL, the parties originally selected a pool of more than twenty cases to prepare for trial and that pool has since been narrowed to eight cases from which the first trials in the NuvaRing MDL will be selected. Pursuant to Judge Martinotti's order in the New Jersey proceeding, the parties selected ten trial pool cases to be prepared for trial and the first trial is expected to commence in February 2013. The parties have completed fact discovery in the originally selected trial pool cases in each jurisdiction and the PAC anticipates expert discovery to be completed in those first trial pool cases by the summer of 2012. Certain replacement trial pool cases remain in fact discovery. Moreover, on January 31, 2012, the parties in the New Jersey coordinated proceeding selected an additional 10 trial pool cases for completion of fact discovery.

The PAC anticipates that status conferences will be held in each coordinated proceeding following the completion of expert discovery in the summer of 2012 to determine the time frame for filing motions relating to the admissibility of expert testimony and causation, which the PAC anticipates will occur in the fall of 2012. Thereafter, the PAC expects substantive hearings on those motions to take place in late 2012. The PAC anticipates that status conferences will be held in each coordinated proceeding following rulings on the substantive evidentiary motions to determine a methodology for selecting the first cases to be tried. The PAC intends to defend against these lawsuits.

Propecia/Proscar

PAC is a defendant in product liability lawsuits in the United States involving Propecia and/or Proscar. As of March 31, 2012, approximately 80 lawsuits involving a total of approximately 175 plaintiffs (in a few instances spouses are joined in the suits) who allege that they have experienced persistent sexual side effects following cessation of treatment with Propecia and/or Proscar have been filed against PAC. The lawsuits, which are in their early stages, are pending in federal courts in New Jersey, Washington, Washington D.C., Florida, Illinois, Colorado, Missouri and Ohio, and in state court in New Jersey. The federal lawsuits have been consolidated for pretrial purposes in a federal multidistrict litigation before Judge John Gleeson of the Eastern District of New York. Resolution of this motion remains pending. The matters pending in state court in New Jersey have been consolidated before Judge Jessica Mayer in Middlesex County. The PAC intends to defend against these lawsuits.

Vytorin/Zetia Litigation - ENHANCE Litigation

In April 2008, a PAC shareholder filed a putative class action lawsuit in federal court which has been consolidated in the District of New Jersey with another federal securities lawsuit under the caption In re PAC & Co., Inc. Vytorin Securities Litigation. An amended consolidated complaint was filed in October 2008 and named as defendants PAC; PAC /Schering-Plough Pharmaceuticals, LLC; and certain of the PAC's current and former officers and directors. The complaint alleges that PAC delayed releasing unfavorable results of the ENHANCE clinical trial regarding the efficacy of Vytorin and that PAC made false and misleading statements about expected earnings, knowing that once the results of the ENHANCE study were released, sales of Vytorin would decline and PAC's earnings would suffer. In December 2008, PAC and the other defendants moved to dismiss this lawsuit on the grounds that the plaintiffs failed to state a claim for which relief can be granted. In September 2009, the court denied defendants' motion to dismiss. In June 2011, lead plaintiffs filed a motion for leave to further amend the consolidated complaint, which was granted on February 7, 2012. On February 9, 2012, plaintiffs filed a second amended consolidated complaint, which defendants answered on February 23, 2012. In February 2012, the parties completed briefing on lead plaintiffs' motion for class certification. That motion is now pending before the court. On March 1, 2012, defendants filed a motion for summary judgment. Briefing on the summary judgment motion is scheduled to be completed in May 2012.

There is a similar consolidated, putative class action securities lawsuit pending in the District of New Jersey, filed by a Schering-Plough shareholder against Schering-Plough and its former Chairman, President and Chief Executive Officer, Fred Hassan, under the caption In re Schering-Plough Corporation/ENHANCE Securities Litigation. The amended consolidated complaint was filed in September 2008 and names as defendants Schering-Plough; PAC /Schering-Plough Pharmaceuticals; certain of the PAC's current and former officers and directors; and underwriters who participated in an August 2007 public offering of Schering-Plough's common and preferred stock. In December 2008, Schering-Plough and the other defendants filed motions to dismiss this lawsuit on the grounds that the plaintiffs failed to state a claim for which relief can be granted. In September 2009, the court denied defendants' motion to dismiss. In February 2012, the parties completed briefing on lead plaintiffs' motion for class certification. That motion is now pending before the court. On March 1, 2012, the Schering-Plough defendants filed a motion for partial summary judgment and the underwriter defendants filed a motion for summary judgment. Briefing on the summary judgment motions is scheduled to be completed in May 2012.

In April 2008, a member of a PAC Employee Retirement Income Security Act (“**ERISA**”) plan filed a putative class action lawsuit against PAC and certain of the PAC's current and former officers and directors alleging they breached their fiduciary duties under ERISA. Since that time, there have been other similar ERISA lawsuits filed against PAC in the District of New Jersey, and all of those lawsuits have been consolidated under the caption In re PAC & Co., Inc. Vytorin ERISA Litigation. A consolidated amended complaint was filed in February 2009, and names as defendants PAC and various current and former members of the PAC's Board of Directors. The plaintiffs allege that the ERISA plans' investment in PAC stock was imprudent because PAC's earnings were dependent on the commercial success of its cholesterol drug Vytorin and that defendants knew or should have known that the results of a scientific study would cause the medical community to turn to less expensive drugs for cholesterol management. In April 2009, PAC and the other defendants moved to dismiss this lawsuit on the grounds that the plaintiffs failed to state a claim for which relief can be granted. In September 2009, the court denied defendants' motion to dismiss. On February 13, 2012, the parties reached an agreement in principle to settle the matter. The court was notified on February 14, 2012, and the parties are currently drafting settlement papers.

There is a similar consolidated, putative class action ERISA lawsuit currently pending in the District of New Jersey, filed by a member of a Schering-Plough ERISA plan against Schering-Plough and certain of its current and former officers and directors, alleging they breached their fiduciary duties under ERISA, bearing the caption In re Schering-Plough Corp. ENHANCE ERISA Litigation. The consolidated amended complaint was filed in October 2009 and names as defendants Schering-Plough, various then-current and former members of Schering-Plough's Board of Directors and then-current and former members of committees of Schering-Plough's Board of Directors. In November 2009, the PAC and the other defendants filed a motion to dismiss this lawsuit on the grounds that the plaintiffs failed to state a claim for which relief can be granted. That motion was denied in June 2010. In November 2011, the parties reached an agreement in principle to settle the matter. On February 10, 2012, the parties filed an executed class action settlement agreement and preliminary approval order. The court signed the preliminary approval order on February

16, 2012, and called for a fairness hearing on May 30, 2012, to make a final determination as to whether, among other things, the settlement should be approved. The settlement agreement requires PAC and/or its insurers to pay $12.25 million into a settlement fund which (after enumerated costs, fees, and awards are withdrawn) will be allocated to members of the settlement class according to a plan of allocation to be approved by the court. The settlement agreement provides that, in exchange for such consideration, the plaintiffs and settlement class members will issue broad releases with prejudice.

In November 2009, a stockholder of the PAC filed a shareholder derivative lawsuit, In re Local No. 38 International Brotherhood of Electrical Workers Pension Fund v. Clark ("**Local No. 38**"), in the District of New Jersey, on behalf of the nominal defendant, the PAC, and all shareholders of the PAC, against the PAC; certain of the PAC's officers, directors and alleged insiders; and certain of the predecessor companies' former officers, directors and alleged insiders for alleged breaches of fiduciary duties, waste, unjust enrichment and gross mismanagement. A similar shareholder derivative lawsuit, Cain v. Hassan, was filed by a Schering-Plough stockholder in the District of New Jersey. This lawsuit was against the PAC, Schering-Plough's then-current Board of Directors, and certain of the PAC's then-current and former officers, directors and alleged insiders. The plaintiffs in both Local No. 38 and Cain v. Hassan alleged that the defendants withheld the ENHANCE study results and made false and misleading statements, thereby deceiving and causing harm to the PAC and Schering-Plough, respectively, and to the investing public, unjustly enriching insiders and wasting corporate assets. The plaintiff in Local No. 38 voluntarily dismissed that suit without prejudice in July 2011. Also in July 2011, the intervenor-plantiff in the Cain v. Hassan action filed a second amended complaint. The defendants moved to dismiss the second amended complaint in October 2011. In December 2011, the parties in Cain v. Hassan executed a stipulation of settlement, and plaintiff moved for approval of the settlement. On January 10, 2012, the court issued an order preliminarily approving the settlement, and the court held a fairness hearing on February 28, 2012. On March 9, 2012, the court entered final judgment approving the settlement, dismissing the action with prejudice, and enjoining other shareholders from commencing or prosecuting any derivative action asserting settled claims. The settlement does not include payment of any monetary damages. The court approved payment of an immaterial amount of legal fees to plaintiffs' counsel, a portion of which would be shared with the representative plaintiffs as incentive fees.

In November 2010, a PAC shareholder filed a derivative lawsuit in state court in New Jersey. This case, captioned Rose v. Hassan, asserts claims that are substantially identical to the claims alleged in Cain v. Hassan. In April 2011, the defendants in Rose v. Hassan moved to stay the case or to dismiss it without prejudice in favor of the federal derivative action. In August 2011, the New Jersey state court dismissed Rose v. Hassan without prejudice. In September 2011, the plaintiff in Rose v. Hassan filed a notice of appeal. On March 19, 2012, the plaintiff withdrew its appeal as moot in light of the federal court's approval of the Cain v. Hassan settlement. On March 22, 2012, the New Jersey appeals court ordered the appeal dismissed.

Discovery in the federal lawsuits referred to in this section (collectively, the "**ENHANCE Litigation**") is substantially complete. The PAC believes that it has meritorious defenses to the ENHANCE Litigation and intends to vigorously defend against these lawsuits. The PAC is unable to predict the outcome of these matters and at this time cannot reasonably estimate the possible loss or range of loss with respect to the ENHANCE Litigation. Unfavorable outcomes resulting from the ENHANCE Litigation could have a material adverse effect on the PAC's financial position, liquidity and results of operations.

Insurance

The PAC has Directors and Officers insurance coverage applicable to the Vytorin shareholder lawsuits brought by legacy Schering-Plough shareholders with stated upper limits of approximately $250 million. The PAC has Fiduciary and other insurance for the

Vytorin ERISA lawsuits with stated upper limits of approximately $265 million. There are disputes with the insurers about the availability of some or all of the PAC's insurance coverage for these claims and there are likely to be additional disputes. The amounts actually recovered under the policies discussed in this paragraph may be less than the stated limits.

Commercial Litigation

AWP Litigation

The PAC and/or certain of its subsidiaries remain defendants in cases brought by various states alleging manipulation by pharmaceutical manufacturers of Average Wholesale Prices ("**AWP**"), which are sometimes used by public and private payors in calculating provider reimbursement levels. The outcome of these lawsuits could include substantial damages, the imposition of substantial fines and penalties and injunctive or administrative remedies.

Since the start of 2012, the PAC has settled certain AWP cases brought by the states of Alabama, Alaska, Kansas, Kentucky, Louisiana, and Mississippi. The PAC and/or certain of its subsidiaries continue to be defendants in cases brought by 6 states.

Coupon Litigation

In March 2012, a private health plan filed a putative class action lawsuit against the PAC alleging that PAC's coupon programs defrauded health insurers by reducing beneficiary co-payment amounts, thereby allegedly causing beneficiaries to purchase higher-priced drugs than they otherwise would have purchased and increasing the insurers' reimbursement costs. The complaint, which was filed in U.S. District Court for the District of New Jersey, seeks damages and injunctive relief barring the PAC from issuing coupons that would reduce beneficiary co-pays on behalf of a putative class of all health insurers nationwide. At or about the time this lawsuit was filed, similar actions relating to manufacturer coupon programs were filed against several other pharmaceutical manufacturers in a variety of federal courts.

Patent Litigation

From time to time, generic manufacturers of pharmaceutical products file Abbreviated New Drug Applications ("**ANDA**") with the Food and Drug Administration ("**FDA**") seeking to market generic forms of the PAC's products prior to the expiration of relevant patents owned by the PAC. To protect its patent rights, the PAC may file patent infringement lawsuits against such generic companies. Certain products of the PAC (or marketed via agreements with other companies) currently involved in such patent infringement litigation in the United States include: AzaSite, Cancidas, Nasonex, Nexium, Noxafil, Vytorin and Zetia. Similar lawsuits defending the PAC's patent rights may exist in other countries. The PAC intends to vigorously defend its patents, which it believes are valid, against infringement by generic companies attempting to market products prior to the expiration of such patents. As with any litigation, there can be no assurance of the outcomes, which, if adverse, could result in significantly shortened periods of exclusivity for these products and, with respect to legacy Schering-Plough products, potentially significant intangible asset impairment charges.

AzaSite — In May 2011, a patent infringement suit was filed in the United States against Sandoz Inc. ("**Sandoz**") in respect of Sandoz's application to the FDA seeking pre-patent expiry approval to market a generic version of AzaSite. The lawsuit automatically stays FDA approval of Sandoz's ANDA until October 2013 or until an adverse court decision, if any, whichever may occur earlier.

Cancidas — In November 2009, a patent infringement lawsuit was filed in the United States against Teva Parenteral Medicines, Inc. ("**TPM**") in respect of TPM's application to the FDA seeking pre-patent expiry approval to sell a generic version of Cancidas. That lawsuit has been dismissed with no rights granted to TPM. Also, in March 2010, a patent infringement lawsuit was filed in the United States against Sandoz in respect of Sandoz's application to the FDA seeking pre-patent expiry approval to sell a generic version of Cancidas. In April 2012, the parties entered into a settlement agreement allowing Sandoz to sell a generic version of Cancidas commencing on August 28, 2017.

Integrilin — In February 2009, a patent infringement lawsuit was filed (jointly with Millennium Pharmaceuticals, Inc.) in the United States against TPM in respect of TPM's application to the FDA seeking approval to sell a generic version of Integrilin prior to the expiry of the last to expire listed patent. In October 2011, the parties entered a settlement agreement allowing TPM to sell a generic version of Integrilin beginning June 2, 2015.

Nasonex — In December 2009, a patent infringement suit was filed in the United States against Apotex Corp. ("**Apotex**") in respect of Apotex's application to the FDA seeking pre-patent expiry approval to market a generic version of Nasonex. The lawsuit automatically stays FDA approval of Apotex's ANDA until May 2012 or until an adverse court decision, if any, whichever may occur earlier. A trial in this matter was held in April 2012. A decision is expected in the second quarter of 2012.

Nexium — In November 2005, a patent infringement lawsuit was filed (jointly with AstraZeneca) in the United States against Ranbaxy Laboratories Ltd. ("**Ranbaxy**") in respect of Ranbaxy's application to the FDA seeking pre-patent expiry approval to sell a generic version of Nexium. AstraZeneca, PAC and Ranbaxy entered into a settlement agreement which provided that Ranbaxy will be entitled to bring its generic esomeprazole product to market in the United States on May 27, 2014. In March 2006, a patent infringement lawsuit was filed (jointly with AstraZeneca) against IVAX Pharmaceuticals, Inc. ("**IVAX**") (later acquired by Teva Pharmaceuticals, Inc. ("**Teva**")), in respect of IVAX's application to the FDA seeking pre-patent expiry approval to sell a generic version of Nexium. In January 2010, AstraZeneca, PAC and Teva/IVAX entered into a settlement agreement which provides that Teva/IVAX will be entitled to bring its generic esomeprazole product to market in the United States on May 27, 2014. Patent infringement lawsuits have also been filed in the United States against Dr. Reddy's Laboratories ("**Dr. Reddy's**"), Sandoz and Lupin Ltd. ("**Lupin**") in respect to their respective applications to the FDA seeking pre-patent expiry approval to sell generic versions of Nexium. In January 2011, AstraZeneca, PAC and Dr. Reddy's entered into a settlement agreement which provides that Dr. Reddy's will be entitled to bring its generic esomeprazole product to market in the United States on May 27, 2014. In June 2011, AstraZeneca, PAC and Sandoz entered into a settlement agreement which provides that Sandoz will be entitled to bring its generic esomeprazole product to market in the United States on May 27, 2014. In January 2012, AstraZeneca, PAC and Lupin entered into a settlement agreement which provides that Lupin will be entitled to bring its generic esomeprazole product to market in the United States on May 27, 2014. In February 2011, a patent infringement lawsuit was filed (jointly with AstraZeneca) in the United States against Hamni USA, Inc. ("**Hamni**") in respect of Hamni's application to the FDA seeking pre-patent expiry approval to sell a generic version of Nexium. In August 2011, a patent infringement lawsuit was filed (jointly with AstraZeneca) in the United States against Hetero Drugs, Ltd., Unit III ("**Hetero**") in respect of Hetero's application to the FDA seeking prepatent expiry approval to sell a generic version of Nexium. In April 2012, AstraZeneca, PAC and Hetero entered into a settlement agreement which provides that Hetero will be entitled to bring its generic esomeprazole product to market in the United States commencing on May 27, 2014. In January 2012, a patent infringement lawsuit was filed (jointly with AstraZeneca) in the United States against Torrent Pharmaceuticals Ltd. ("**Torrent**") in respect of Torrent's application to the FDA seeking pre-patent expiry approval to sell a generic version of Nexium. A patent infringement lawsuit was also filed (jointly with AstraZeneca) in February 2010 in the United States against Sun Pharma Global Fze ("**Sun Pharma**") in respect of its application to the FDA seeking pre-patent expiry approval to sell a generic version of Nexium IV. In October 2011, AstraZeneca, PAC and Sun Pharma entered into a settlement agreement which provides that Sun Pharma will be entitled to bring its generic esomeprazole IV product to market in the United States on January 1, 2014. In March 2012, a patent infringement lawsuit was filed (jointly with AstraZeneca) in the United States against Mylan Laboratories Limited ("**Mylan**") in respect of Mylan's application to the FDA seeking pre-patent expiry approval to sell a generic version of Nexium.

Noxafil — In May 2011, a patent infringement suit was filed in the United States against Sandoz in respect of Sandoz's application to the FDA seeking pre-patent expiry approval to market a generic version of Noxafil. The lawsuit automatically stays FDA approval of Sandoz's ANDA until September 2013 or until an adverse court decision, if any, whichever may occur earlier.

NuvaRing — In February 2011, a patent infringement suit was brought against PAC in the International Trade Commission (the "**ITC**") by Femina Pharma Incorporated ("**Femina**") in respect of the product NuvaRing. The complaint alleged that NuvaRing infringes a patent owned by Femina. Femina's ITC complaint sought an exclusion order against the importation of NuvaRing into the United States. A hearing began in the ITC proceeding on January 17, 2012 and on January 18, 2012 Femina withdrew its complaint and terminated the action. In addition, in November 2011, Femina brought a patent infringement lawsuit against PAC in the Eastern District of Virginia asserting that NuvaRing infringes the same patent. That case was stayed pending the outcome of the ITC proceeding. In April 2012, Femina voluntarily withdrew its lawsuit.

Propecia — In December 2010, a patent infringement lawsuit was filed in the United States against Hetero Drugs Limited ("**Hetero**") in respect of Hetero's application to the FDA seeking pre-patent expiry approval to sell a generic version of Propecia. In March 2011, the PAC settled this lawsuit with Hetero by agreeing to allow Hetero to sell a generic 1 mg finasteride product beginning on July 1, 2013.

Temodar — In July 2007, a patent infringement action was filed (jointly with Cancer Research Technologies, Limited ("**CRT**")) in the United States against Barr Laboratories ("**Barr**") (later acquired by Teva) in respect of Barr's application to the FDA seeking pre-patent expiry approval to sell a generic version of Temodar. In January 2010, the court issued a decision finding the CRT patent unenforceable on grounds of prosecution laches and inequitable conduct. In November 2010, the appeals court issued a decision reversing the trial court's finding. In December 2010, Barr filed a petition seeking a rehearing en banc of the appeal, which petition was denied. In June 2011, Barr filed a petition for review by the U.S. Supreme Court, which was denied. By virtue of an agreement that Barr not launch a product during the appeal process, the PAC has agreed that Barr can launch a product in August 2013.

In September 2010, a patent infringement lawsuit was filed (jointly with CRT) in the United States against Sun Pharmaceutical Industries Inc. ("**Sun**") in respect of Sun's application to the FDA seeking pre-patent expiry approval to sell a generic version of Temodar. The lawsuit automatically stayed FDA approval of Sun's ANDA until February 2013 or until an adverse court decision, if any, whichever may occur earlier. In November 2010, a patent infringement lawsuit was filed (jointly with CRT) in the United States against Accord HealthCare Inc. ("**Accord**") in respect of its application to the FDA seeking pre-patent expiry approval to sell a generic version of Temodar. The lawsuit automatically stayed FDA approval of Accord's application until April 13, 2013 or until an adverse court decision, if any, whichever may occur earlier. The PAC and CRT entered into agreements with Sun and Accord to stay the respective lawsuits pending the outcome of the U.S. Supreme Court appeal process in the Barr lawsuit. In light of the U.S. Supreme Court's denial of Barr's petition, Sun and Accord withdrew their challenges to the Temodar patent and the respective lawsuits have been withdrawn.

Vytorin — In December 2009, a patent infringement lawsuit was filed in the United States against Mylan Pharmaceuticals, Inc. ("**Mylan**") in respect of Mylan's application to the FDA seeking pre-patent expiry approval to sell a generic version of Vytorin. A trial against Mylan jointly in respect of Zetia and Vytorin was conducted in December 2011. In April 2012, the court issued a decision finding the patent valid and enforceable. Accordingly, Mylan's ANDA will not be approvable until April 25, 2017. In February 2010, a patent infringement lawsuit was filed in the United States against Teva in respect of Teva's application to the FDA seeking pre-patent expiry approval to sell a generic version of Vytorin. In July 2011, the patent infringement lawsuit was dismissed and Teva agreed not to sell generic versions of Zetia or Vytorin until the PAC's exclusivity rights expire on April 25, 2017, except in certain circumstances. In August 2010, a patent infringement lawsuit was filed in the United States against Impax Laboratories Inc. ("**Impax**") in respect of Impax's application to the FDA seeking pre-patent expiry approval to sell a generic version of Vytorin. An agreement was reached with Impax to stay the lawsuit pending the outcome of the lawsuit with Mylan. In October 2011, a patent infringement lawsuit was filed in the United States against Actavis Inc. ("**Actavis**") in respect to Actavis' application to the FDA seeking pre-patent expiry approval to sell a generic version of Vytorin. An agreement was reached with Actavis to stay the lawsuit pending the outcome of the lawsuit with Mylan.

Zetia — In March 2007, a patent infringement lawsuit was filed in the United States against Glenmark Pharmaceuticals Inc., USA and its parent corporation (collectively, "**Glenmark**") in respect of Glenmark's application to the FDA seeking pre-patent expiry approval to sell a generic version of Zetia. In May 2010, Glenmark agreed to a settlement by virtue of which Glenmark will be permitted to launch its generic product in the United States on December 12, 2016, subject to receiving final FDA approval. In June 2010, a patent infringement lawsuit was filed in the United States against Mylan in respect of Mylan's application to the FDA seeking pre-patent expiry approval to sell a generic version of Zetia. A trial against Mylan jointly in respect of Zetia and Vytorin was conducted in December 2011. In April 2012, the court issued a decision finding the patent valid and enforceable. Accordingly, Mylan's ANDA will not be approvable until April 25, 2017. In September 2010, a patent infringement lawsuit was filed in the United States against Teva in respect of Teva's application to the FDA seeking pre-patent expiry approval to sell a generic version of Zetia. In July 2011, the patent infringement lawsuit was dismissed without any rights granted to Teva.

Other Litigation

There are various other pending legal proceedings involving the PAC, principally product liability and intellectual property lawsuits. While it is not feasible to predict the outcome of such proceedings, in the opinion of the PAC, either the likelihood of loss is remote or any reasonably possible loss associated with the resolution of such proceedings is not expected to be material to the PAC's financial position, results of operations or cash flows either individually or in the aggregate.

Legal Defense Reserves

Legal defense costs expected to be incurred in connection with a loss contingency are accrued when probable and reasonably estimable. Some of the significant factors considered in the review of these legal defense reserves are as follows: the actual costs incurred by the PAC; the development of the PAC's legal defense strategy and structure in light of the scope of its litigation; the number of cases being brought against the PAC; the costs and outcomes of completed trials and the most current information regarding anticipated timing, progression, and related costs of pre-trial activities and trials in the associated litigation. The amount of legal defense reserves as of March 31, 2012 and December 31, 2011 of approximately $220 million and $240 million, respectively, represents the PAC's best estimate of the minimum amount of defense costs to be incurred in connection with its outstanding litigation; however, events such as additional trials and other events that could arise in the course of its litigation could affect the ultimate amount of legal defense costs to be incurred by the PAC. The PAC will continue to monitor its legal defense costs and review the adequacy of the associated reserves and may determine to increase the reserves at any time in the future if, based upon the factors set forth, it believes it would be appropriate to do so.

Environmental Matters

The PAC and its subsidiaries are parties to a number of proceedings brought under the Comprehensive Environmental Response, Compensation and Liability Act, commonly known as Superfund, and other federal and state equivalents. These proceedings seek to require the operators of hazardous waste disposal facilities, transporters of waste to the sites and generators of hazardous waste disposed of at the sites to clean up the sites or to reimburse the government for cleanup costs. The PAC has been made a party to these proceedings as an alleged generator of waste disposed of at the sites. In each case, the government alleges that the defendants are jointly and severally liable for the cleanup costs. Although joint and several liability is alleged, these proceedings are frequently resolved so that the allocation of cleanup costs among the parties more nearly reflects the relative contributions of the parties to the site situation. The PAC's potential liability varies greatly from site to site. For some sites the potential liability is de minimis and for others the final costs of cleanup have not yet been determined. While it is not feasible to predict the outcome of many of these proceedings brought by federal or state agencies or private litigants, in the opinion of the PAC, such proceedings should not ultimately result in any liability which would have a material adverse effect on the financial position, results of operations, liquidity or capital resources of the PAC. The PAC has taken an active role in identifying and providing for these costs and such amounts do not include any reduction for anticipated recoveries of cleanup costs from former site owners or operators or other recalcitrant potentially responsible parties.

Approximately 2,200 plaintiffs have filed an amended complaint against PAC and 12 other defendants in U.S. District Court, Eastern District of California asserting claims under the Clean Water Act, the Resource Conservation and Recovery Act, as well as negligence and nuisance. The suit seeks damages for personal injury, diminution of property value, medical monitoring and other alleged real and personal property damage associated with groundwater, surface water and soil contamination found at the site of a former PAC subsidiary in Merced, California. Certain of the other defendants in this suit have settled with plaintiffs regarding some or all aspects of plaintiffs' claims. This lawsuit is proceeding in a phased manner. A jury trial commenced in February 2011 during which a jury was asked to make certain factual findings regarding whether contamination moved off-site to any areas where plaintiffs could have been exposed to such contamination and, if so, when, where and in what amounts. Defendants in this "Phase 1" trial included PAC and three of the other original 12 defendants. In March 2011, the Phase 1 jury returned a mixed verdict, finding in favor of PAC and the other defendants as to some, but not all, of plaintiffs' claims. Specifically, the jury found that contamination from the site did not enter or affect plaintiffs' municipal water supply wells or any private domestic wells. The jury found, however, that plaintiffs could have been exposed to contamination via air emissions prior to 1994, as well as via surface water in the form of storm drainage channeled into an adjacent irrigation canal, including during a flood in April 2006. In response to post-trial motions by PAC and other defendants, on September 7, 2011, the court entered an order setting aside a part of the Phase 1 jury's findings that had been in favor of plaintiffs. Specifically, the court held that plaintiffs could not have been exposed to any contamination in surface or flood water during the April 2006 flood or, in fact, at any time later than 1991. PAC's motion for reconsideration of the remainder of the jury's Phase I verdict that was adverse to PAC was denied. Following the retirement of the judge handling this case, on September 21, 2011, the case was assigned to Judge David O. Carter of the U.S. District Court for the Central District of California. Judge Carter has selected 10 plaintiffs whose claims would be reviewed and, depending on the outcome of PAC's anticipated summary judgment motions, possibly tried in early 2013. The court has dismissed the claims of 1,083 of the plaintiffs in this action whose claims were precluded by aspects of the Phase I jury findings and the court's subsequent orders.

3.2.15 The corporate governance of PAC is in compliance with the applicable rules and regulations of the New York Stock Exchange, and the US Securities Exchange Act of 1934.

3.2.16 Mr. Michael J. Holston is the compliance officer of PAC. Michael J. Holston's email address is michael.holston@merck.com.

3.2.17 The applicable provisions of Chapter II of the Takeovers Regulations 1997 and Chapter V of the Regulations are not applicable to the PAC with respect to the Target Company since the PAC has not directly acquired or sold any Shares of the Target Company.

4. BACKGROUND OF THE TARGET COMPANY

As required under the Regulations, information regarding the Target Company has been restricted to relevant information obtained from publicly available sources.

4.1 The share capital structure of the Target Company is as follows:

Paid up Equity Shares of Target Company	**No. of Shares or voting rights**	**% of shares or voting rights**
Fully paid up equity shares	3,900,000	100
Partly paid up equity shares	Nil	Nil
Total paid up equity shares	3,900,000	100
Total voting rights in the Target Company	3,900,000	100

(*Source: Shareholding pattern for the quarter ending June 30, 2012 filed by the Target Company with the BSE*)

4.2 As on the date of this LoF, the authorized share capital of the Target Company is Rs. 50,000,000 (Rupees Fifty Million) comprising 5,000,000 (Five Million) Shares.

4.3 There has been no suspension of trading of the Shares on the BSE.

4.4 There has not been any non-listing of any of the Shares at the BSE.

4.5 As on the date of this LoF, there are no (i) partly paid-up Shares; (ii) any convertible instruments; or (iii) stock options that have been issued to the employees of the Target Company. There are no Shares under lock-in. (Source: *Target Company Annual Report 2011*)

4.6 The Board of Directors of the Target Company comprises the following directors:

Sr. No.	**Name of the Director**	**Director Identification Number**	**Date of Appointment**
1.	Dr. Ajit Dangi	02270088	July 25, 2008
2.	K.G. Ananthakrishnan	00019325	March 26, 2007
3.	Dr. V. S. Sohoni	00012010	October 10, 2005
4.	M. K. Sharma	00327684	July 25, 2008
5.	Homi Khusrokhan	00005085	July 27, 2009
6.	Kevin Ali	03591543	September 7, 2011

7.	Christopher McNamara	02933439	February 2, 2010
8.	Hwee Ping Chua	02930545	February 2, 2012

4.7 K.G. Ananthakrishnan has been directly nominated by the Acquirer. Kevin Ali, Christopher McNamara and Hwee Ping Chua are representatives of / related to the Merck Group. In terms of Regulation 24(4) of the Regulations, K.G. Ananthakrishnan, Kevin Ali, Christopher McNamara and Hwee Ping Chua have recused themselves and have not participated, and will not participate in any deliberations of the Board of Directors of the Target Company or vote on any matter in relation to this Offer.

4.8 The Target Company was not involved in any merger, demerger, spin offs during the last 3 years. The Target Company was incorporated on March 2, 1948 as C. E. Fulford (India) Limited under the Indian Companies Act, VII of 1913. The word "Private" was inserted in its name pursuant to Section 24(1) of the Companies Act 1956 on August 7, 1968. On January 15, 1981 the name was changed from C.E. Fulford (India) Private Limited to Fulford (India) Private Limited. The name was subsequently changed to the current name viz; Fulford (India) Limited on August 17, 1981.

4.9 The Target Company has its registered office at Platina, 8th floor, Plot No. C-59, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 098, India. The contact details of the Target Company are as follows: Tel: +91-22-6789-8888 and Fax: +91-22-6789-8889.

4.10 The corporate identification number (CIN) of the Target Company is L99999MH1948PLC006199. The Target Company is listed on the BSE (Scrip code: 506803). The present promoter of the Target Company is the Acquirer.

4.11 Brief audited consolidated financial particulars of the Target Company for the last three financial years ending December 31 are as under:

For the financial year ending December 31	**2009**	**2010**	**2011**
EPS data not in MM	**Rs. MM**	**Rs. MM**	**Rs. MM**
Profit & Loss Statement			
Income from operations / Net Sales (1)	1,839.05	1,902.08	2,128.74
Other Income	68.13	78.83	97.73
Total Income	1,907.18	1,980.91	2,226.48
Total Expenditure (2)	1,673.39	1,788.19	2,181.75
Profit Before Depreciation Amortization Interest and Tax	233.79	192.73	44.72
Depreciation and Amortization	10.57	15.87	17.06
Interest and financial cost	0.09	2.94	0.66
Prior Period Item	2.34	0.00	0.00
Profit Before Tax	220.79	173.92	27.00
Provision for Tax	86.16	53.37	8.63
Profit After Tax	134.63	120.55	18.37
Balance Sheet Statement			
Sources of funds			
Paid up share capital	39.00	39.00	39.00
Reserves and Surplus (excluding revaluation reserves)	1,359.41	1,459.49	1,462.00
Net worth	1,398.41	1,498.49	1,501.00
Secured loans	0.00	0.00	0.00
Unsecured loans	0.00	0.00	0.00
Total	1,398.41	1,498.49	1,501.00
Uses of funds			
Net fixed assets (3)	55.74	55.22	41.59
Investments	149.94		
Net current assets	1,180.69	1,416.60	1,422.36
Other Assets (4)	12.04	26.67	37.04
Total miscellaneous expenditure not written off	0.00	0.00	0.00
Total	1,398.41	1,498.49	1,501.00
Other Financial Data			
Dividend Per Share (Rs.)	4.50	4.50	3.50
Earnings Per Share (Rs.)	34.52	30.91	4.71

Notes
1. Net of excise duty
2. Includes Materials, Personnel Cost and Other Expenses
3. Net Fixed Assets including Capital Work in Progress

4. Includes Deferred Tax Assets

4.12 Brief reviewed standalone unaudited financial particulars of the Target Company for the 6 months ending June 30, 2012 are as under:

	6 Months Ending June 30, 2012
EPS data not in MM	Rs. MM
Profit & Loss Statement	
Income from operations / Net Sales (1)	965.0
Other Income	54.2
Total Income	1,019.2
Total Expenditure (2)	1,100.8
Profit Before Depreciation Amortization Interest and Tax	(81.6)
Depreciation and Amortization	8.5
Interest and financial cost	0.4
Profit Before Tax	(90.5)
Provision for Tax	(29.3)
Profit After Tax	(61.2)
Other Financial Data	
Dividend per Share (Rs.)	0.00
Earnings Per Share (Rs.)	(15.69)

Notes
1. Net of excise duty
2. Includes Materials, Personnel Cost and Other Expenses

4.13 Pre and post- Offer Shareholding pattern of the Target Company as of July 27, 2012:

Shareholders' category	Shareholding and Voting Rights Prior to the Agreement/Acquisition and Offer		Shares/Voting Rights Agreed to be Acquired Which Triggered Off the Regulations		Shares/Voting Rights to be Acquired in Open Offer (Assuming Full Acceptance s)		Share Holding/Voting Rights After the Acquisition and Offer (assuming full acceptances under this Offer)	
	(A)		(B)		(C)		(A)+(B)+(C) = (D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group								
a. Parties to Agreement, if any	NA	NA	NA	NA	NA	NA	NA	NA
b. Promoters Other Than (a) Above	Same as Acquirer below							
Total 1 (a+b)	**2,103,087**	**53.93%**	**0**	**0.00%**	**821,913**	**21.07%**	**2,925,000**	**75.00%**
(2) Acquirers								
a. Main Acquirer (Dashtag)	2,103,087	53.93%	0	0.0%	821,913	21.07%	2,925,000	75.00%
b. PACs (Merck & Co., Inc.	0	0.00%	0	0.0%	0	0.00%	0	0.00%
Total 2 (a+b)	**2,103,087**	**53.93%**	**0**	**0.0%**	**53.93%**	**21.07%**	**2,925,000**	**75.00%**
(3) Parties to Agreement Other Than (1) (a) and (2)	0	0.00%	0	0.0%	0	0.00%	0	0.00%
(4) Public (Other Than Parties to Agreement, Acquirers and PACs)								
a. FIIs	49,316	1.26%	0	0.0%	This will depend on response from and within each category of (4)			
b. DIIs	453,771	11.64%	0	0.0%				
c. Bodies Corporate	232,081	5.95%	0	0.0%				
c. NRIs	9,024	0.23%	0	0.0%				
d. NRIs (Non Repat)	6,513	0.17%	0	0.0%				
e. Others	1,046,208	26.83%	0	0.0%				
Total (4) (a+b)	1,796,913	46.07%	0	0.0%	821,913	21.07%	975,000	25.00%
Grand Total (1+2+3+4)	3,900,000	100.00 %	0	0.0%	3,900,000	100.00%	3,900,000	100.00%

4.14 In terms of Regulation 6(1) of the Regulations, the Acquirer and PAC have not acquired any Shares since the date of the PA and up to the date of the LoF.

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer Price

5.1.1 The Shares are listed on the BSE (Scrip code: 506803).

5.1.2 The Shares have been frequently traded on the BSE during the preceding 12 (Twelve) calendar months prior to the month of the PA in terms of Regulation 2(j) of the Regulations.

5.1.3 The trading turnover during the preceding 12 (Twelve) calendar months ended June 30, 2012 on the BSE, where the Shares are listed, is as follows:

Name of the stock exchange	Total number of Shares traded during July 1, 2011 to June 30, 2012	Total number of listed Shares as on June 30, 2012	Trading turnover (% to total listed Shares)
BSE	617,562	3,900,000	15.8%

(*Source: www.bseindia.com*)

5.1.4 In terms of Regulation 2(j) of the Regulations, since the Shares have been frequently traded on the BSE, the Offer Price has been determined, in accordance with Regulation 8(2) of the Regulations, taking into account the following parameters:

(a)	The highest negotiated price per Share of the Target Company for acquisition under an agreement attracting the obligation to make a public announcement of an open offer	Not Applicable
(b)	The volume weighted average price paid or payable for acquisitions, whether by the Acquirer or by any PAC during the 52 weeks immediately preceding the date of the PA	Not Applicable
(c)	The highest price paid or payable for an acquisition whether by the Acquirer or by any PAC, during the 26 weeks immediately preceding the date of the PA	Not Applicable
(d)	The volume-weighted average market price of Shares for a period of 60 trading days immediately preceding the date of the PA as traded on the BSE, being the stock exchange where the maximum volume of trading in the Shares was recorded during such period	Rs. 752.93

Therefore, in terms of Regulation 8(2) of the Regulations, the Offer Price of Rs. 830 (Rupees Eight Hundred and Thirty only) per Share is justified.

Calculation of the volume-weighted average market price of such Shares for a period of sixty trading days immediately preceding the date of PA as traded on the BSE as per Regulation 8(2)(d) of the Regulations is as follows:

Sr. No.	Date	Total Traded Equity Shares	Total Turnover (Rs.)	VWAP (Rs.)
1	2-May-12	191	140,458	735.38
2	3-May-12	319	233,073	730.64
3	4-May-12	536	384,279	716.94
4	7-May-12	218	155,236	712.09
5	8-May-12	825	575,381	697.43
6	9-May-12	236	162,954	690.48
7	10-May-12	644	438,226	680.48
8	11-May-12	133	89,271	671.21
9	14-May-12	346	230,389	665.86
10	15-May-12	940	614,033	653.23
11	16-May-12	570	362,439	635.86
12	17-May-12	727	476,085	654.86
13	18-May-12	333	223,167	670.17
14	21-May-12	1,859	1,202,863	647.05

Sr. No.	Date	Total Traded Equity Shares	Total Turnover (Rs.)	VWAP (Rs.)
15	22-May-12	549	356,874	650.04
16	23-May-12	351	223,777	637.54
17	24-May-12	28	17,695	631.96
18	25-May-12	2	1,300	650.00
19	28-May-12	401	255,793	637.89
20	29-May-12	1,719	1,119,056	650.99
21	30-May-12	323	205,411	635.95
22	31-May-12	922	587,040	636.70
23	1-Jun-12	73	45,868	628.33
24	4-Jun-12	148	93,655	632.80
25	5-Jun-12	1,970	1,246,339	632.66
26	6-Jun-12	368	233,492	634.49
27	7-Jun-12	141	89,856	637.28
28	8-Jun-12	28	17,996	642.71
29	11-Jun-12	465	306,494	659.13
30	12-Jun-12	564	381,045	675.61
31	13-Jun-12	1,127	805,981	715.16
32	14-Jun-12	1,474	1,091,658	740.61
33	15-Jun-12	415	299,970	722.82
34	18-Jun-12	647	470,901	727.82
35	19-Jun-12	17,778	13,217,632	743.48
36	20-Jun-12	2,038	1,581,462	775.99
37	21-Jun-12	24,359	19,957,464	819.31
38	22-Jun-12	8,369	6,646,138	794.14
39	25-Jun-12	2,105	1,704,170	809.58
40	26-Jun-12	453	361,205	797.36
41	27-Jun-12	794	631,935	795.89
42	28-Jun-12	322	255,223	792.62
43	29-Jun-12	564	442,461	784.51
44	2-Jul-12	1,367	1,045,379	764.72
45	3-Jul-12	71	54,892	773.13
46	4-Jul-12	1,534	1,158,392	755.14
47	5-Jul-12	2,223	1,732,571	779.38
48	6-Jul-12	361	276,382	765.60
49	9-Jul-12	293	220,677	753.16
50	10-Jul-12	135	100,082	741.35
51	11-Jul-12	30	22,027	734.23
52	12-Jul-12	270	202,032	748.27
53	13-Jul-12	132	99,356	752.70
54	16-Jul-12	193	142,129	736.42
55	17-Jul-12	2,006	1,391,816	693.83
56	18-Jul-12	3,408	2,433,979	714.20
57	19-Jul-12	695	515,157	741.23
58	20-Jul-12	239	173,185	724.62
59	23-Jul-12	1,378	956,107	693.84
60	24-Jul-12	3,224	2,264,849	702.50
	Total	**93,933**	**70,724,757**	
	Volume Weighted Average Price (Rs.)			752.93
	(Total Turnover divided by Total Traded Equity Shares)			

Source: www.bseindia.com

5.1.5 An increase in the Offer Price, if any, on account of competing offers or otherwise, will be done only up to the period prior to three (3) Working Days before the date of commencement of the Tendering Period i.e. by Thursday, September 13, 2012 and will be notified to Shareholders.

5.1.6 In the event that the number of Shares offered by the Shareholders is more than the Offer Size, the Acquirer and the PAC shall accept the offers received from the Shareholders on a proportionate basis in terms of the Regulations in consultation with the Manager to the Offer.

5.1.7 The Offer Price represents a premium of 18.5% to the closing price of the Shares on July 24, 2012, which was 1 day prior to the date of PA. The Offer Price also represents a premium of 72.5% over the closing price of the Shares as of December 30, 2011, being the last trading day of the previous calendar year. Since December 30, 2011 and upto July 24, 2012, being 1 day prior to the date of PA, the BSE Sensex has increased by 9.5%. The average daily trading volume for the Shares on the BSE for the same period i.e. since

December 30, 2011 to 1 day prior to the date of the PA was 2,781 Shares. (Source: www.bseindia.com).

5.2 Financial Arrangements:

5.2.1 The maximum consideration payable under this Offer assuming full acceptance of this Offer would be Rs. 682,187,790/- (Rupees Six Hundred and Eighty Two Million, One Hundred and Eighty Seven Thousand, Seven Hundred and Ninety only) i.e. consideration payable for acquisition of 821,913 Shares at an Offer Price of Rs. 830/- (Rupees Eight Hundred and Thirty only) per Share.

5.2.2 Source of funds is the cash available with the Acquirer in its bank account maintained with Citibank NA., London Branch.

5.2.3 By way of security for performance of its obligations under the Regulations, an unconditional, irrevocable and on demand bank guarantee ("**Guarantee**") dated July 27, 2012 has been issued on behalf of the Acquirer in terms of Regulation 17 of the Regulations by Citibank, N.A., a national banking association duly constituted, registered and in existence in accordance with the laws of the United States of America, carrying on the business of banking in India as a scheduled commercial bank and having its principal office in India at Citigroup Centre, C-61 Bandra - Kurla Complex, Bandra (East), Mumbai 400 051 and for the purposes of the Guarantee, acting through its New Delhi branch presently situated at Jeevan Bharti Building, 4th Floor, 124, Connaught Circus, Connaught Place, New Delhi 110 001, ("**Escrow Bank**"). The Guarantee is issued in favor of the Manager to the Offer, is valid until March 31, 2013 and is for a sum of Rs. 170,546,950 (Rupees One Hundred Seventy Million Five Hundred Forty Six Thousand Nine Hundred and Fifty), which is higher than the minimum prescribed escrow amount of 25% for the first Rs. 5,000 million of consideration payable under the Offer (assuming full acceptance) in accordance with Regulation 17 of the Regulations.

5.2.4 In addition to the Guarantee, in accordance with Regulation 17 of the Regulations, the Acquirer has established an escrow account under the name and title of "Fulford India Open Offer Escrow" ("**Escrow Account**") with the Escrow Bank's branch at Mumbai and made a cash deposit of Rs. 7,097,100 (Rupees Seven Million Ninety Seven Thousand One Hundred only) in the account being more than 1% of the consideration payable under the Offer (assuming full acceptances).

5.2.5 The Manager to the Offer has entered into an agreement dated July 26, 2012 with the Acquirer and the Escrow Bank ("**Escrow Agreement**") pursuant to which the Manager to the Offer has been solely authorized to operate and to realize the value lying in the Escrow Account and the Guarantee in terms of the Regulations.

5.2.6 Mr. Rajesh Sarfare, membership no. 140399, of M/s R D Sarfare & Co. (FRN: 13339410) having their office at 305, 3rd Floor, D/8, Shan Building, Sion (East), Mumbai - 400 037, Telephone No. +91 98213 76512, Fax No. +91 22 2659 2005, vide its letter dated July 25, 2012 has certified that the Acquirer has adequate financial resources available for meeting the financial obligations under this Offer.

5.2.7 Based on the above, the Manager to the Offer is satisfied that firm financial arrangements through verifiable means are in place by the Acquirer to implement this Offer in accordance with the Regulations.

5.2.8 In case of revision of the Offer Price, the Acquirer and the PAC will make further deposits into the Escrow Account to ensure compliance with Regulation 17(2) of the Regulations.

6. TERMS AND CONDITIONS OF THE OFFER

6.1 The Acquirer has made a PA on July 25, 2012 in respect of the Offer. This Offer is being made to all the Shareholders of the Target Company other than to the Acquirer and PAC. The LoF together with the Form of Acceptance and transfer form (for Shareholders holding Shares in the physical form) will be mailed to those Shareholders of the Target Company whose names appear on the Register of Members of the Target Company and to the beneficial owners of the Shares of the Target Company whose names appear as beneficiaries on the beneficial record of the respective depositories, at the close of business on the Identified Date (i.e. September 4, 2012). Owners of Shares who are not registered as Shareholder(s) are also eligible to participate in the Offer at any time prior to the date of closing of the Tendering Period.

6.2 The Acquirer shall accept this Offer subject to the following:

6.2.1 Applications in respect of Shares that are the subject matter of litigation, wherein the Shareholders may be prohibited from transferring the Shares during the pendency of the said litigation, are liable to be rejected if directions or orders regarding these Shares are not received together with the Shares tendered under this Offer. The applications in some of these cases, may be forwarded (as per the discretion of the Acquirer) to the concerned statutory authorities for further action by such authorities. Shares that are subject to any charge, lien or encumbrance are liable to be rejected in this Offer.

6.2.2 The Acquirer will acquire the Shares which are free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

6.3 There are no Shares which are under lock-in.

6.4 All Shareholders (other than the Acquirer) are eligible to participate in this Offer anytime before the closure of the Tendering Period.

6.5 The Offer is not subject to any minimum level of acceptance. The acceptance of the Offer is entirely at the discretion of the Shareholders of the Target Company. Each Shareholder of the Target Company to whom the Offer is being made, is free to offer his Shares, in whole or in part while accepting the Offer.

6.6 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance / transfer form and sent along with the other documents duly filled in and signed by the applicant Shareholder(s).

6.7 The Acquirer will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit. The Shareholders of the Target Company are therefore advised to adequately safeguard their interest in this regard.

6.8 The securities transaction tax will not be applicable to the Shares accepted in the Offer.

6.9 In terms of the Regulation 18(9) of the Regulations, Shareholders who tender the Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance.

6.10 Statutory and other Approvals

6.10.1 As on the date of this LoF, to the best of the knowledge of the Acquirer and the PAC there are no statutory approvals required for the acquisition of Shares tendered pursuant to this Offer except as stated in this paragraph and the paragraphs set out below. If any statutory approvals are required or become applicable, this Offer would be subject to the receipt of such other statutory approvals. The Acquirer and the PAC will not proceed, in terms of Regulation 23 of the Regulations, with this Offer in the event that such statutory approvals that are required are refused or have not been obtained.

6.10.2 This Offer is subject to receipt of approval by the Acquirer from: (i) the FIPB under the FDI Policy for acquiring all Shares validly tendered under this Offer and (ii) the RBI under FEMA and the regulations made thereunder for acquiring Shares validly tendered under this Offer by certain non-resident Shareholders such as non-resident Indians. Applications for the abovementioned approvals have been made on July 28, 2012 and July 30, 2012 respectively. In the event such statutory approvals are not received within six months from the date of the DPS, the Acquirer reserves the right to withdraw this Offer with the approval of SEBI as may be required under the Regulations. This Offer would be subject to all other statutory approvals that may become applicable at a later date but before the completion of this Offer.

6.10.3 Subject to the receipt of statutory and other approvals, the Acquirer and the PAC shall complete all procedures relating to this Offer, including payment of consideration within a period of ten (10) Working Days from the closure of the Tendering Period to those Shareholders who have validly tendered their Shares in this Offer.

6.10.4 In case of delay or non-receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any wilful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the Shareholders as directed by SEBI, in terms of Regulation 18(11) of the Regulations.

6.10.5 The Acquirer does not require any approvals from financial institutions or banks for this Offer.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

7.1 Shareholders of the Target Company who wish to accept the Offer and tender their Shares can send/deliver the Form of Acceptance duly signed along with all the relevant documents as mentioned in the LoF below, at any of the collection centers of the Registrar to the Offer mentioned below during working hours on or before the date of closure of the Tendering Period, i.e., no later than October 3, 2012, in accordance with the procedure as set out in the LoF.

Collection Centers Details

	City	Contact Person	Address	Tel. No.	Fax No.	E-mail ID	Mode of Delivery
1	**Mumbai**	Pravin Kasare	Link Intime India Pvt. Ltd., C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai–400078.	022-25967878	022-25960329	pravin.kasare@linkintime.co.in	Hand Delivery & Registered Post
2	**Ahmedabad**	Hitesh Patel	Link Intime India Pvt. Ltd., 303, 3rd Floor, Shoppers Plaza V Opp. Muncipal Market, Behind Shoppers Plaza II Off C G Road, Navrangpura Ahmedabad–380009	079-26465179	079-26465179 **(Telefax)**	ahmedabad@linkintime.co.in	Hand Delivery
3	**Bangalore**	Prashant D. Shedbal	Link Intime India Pvt. Ltd., 543/A, 7TH Main, 3rd Cross, Hanumanthanagar, Bangalore–560019	080-26509004	080-26509004 **(Telefax)**	bangalore@linkintime.co.in	Hand Delivery
4	**Baroda**	Alpesh Gandhi	Link Intime India Pvt. Ltd., B Tower, 102 B & 103, Sangrila Complex, First Floor, Radhakrishna Char Rasta, Akota, Vadodara–390020	0265-2356573/ 2356796/2356794	0265-2356791	vadodara@linkintime.co.in	Hand Delivery

5	**Coimbatore**	S. Dhanalakshmi	Link Intime India Pvt. Ltd, Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore–641028	0422-2314792/ 2315792	0422-2314792 **(Telefax)**	coimbatore@linkintime.co.in	Hand Delivery
6	**Kolkata**	S.P. Guha	Link Intime India Pvt. Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata–700020	033-22890539/40	033-22890539/ 40 **(Telefax)**	kolkata@linkintime.co.in	Hand Delivery
7	**New Delhi**	Swapan Naskar	Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi–110028 .	011-41410592/93/94	011-41410591	delhi@linkintime.co.in	Hand Delivery
8	**Pune**	P. N Albal	Link Intime India Pvt. Ltd, Block No 202 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune–411001	020-26160084/1629	020-26163503 **(Telefax)**	pune@linkintime.co.in	Hand Delivery
9	**Chennai**	Mrs.Solly Soy	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai–600017	044-28152672, 044-42070906	044-28152672 **(Telefax)**	chennai@saspartners.com	Hand Delivery

Note: Business Hours: Monday to Friday 10:00 AM to 1.00 PM and 2.00 PM to 4:30 PM, except public holidays

7.2 Shares should not be submitted/ tendered to the Manager to the Offer, the Acquirer, the PAC or the Target Company.

7.3 Shareholders who cannot hand deliver their documents at the collection center referred to above, may send the same by registered post with acknowledgement due or by courier, at their own risk and cost, to the Registrar to the Offer at its address, Link Intime India Private Limited, Unit: Fulford India- Open Offer, C-13, Kantilal Maganlal Industrial Estate (Pannalal Silk Mills Compound), L.B.S. Marg, Bhandup (West), Mumbai 400 078, India, Tel: (91 22) 2596 7878, Fax: (91 22) 2596 0329, Email: fil.offer@linkintime.co.in, Contact Person: Mr. Pravin Kasare.

7.4 Procedure for Shares held in physical form

7.4.1 Registered Shareholders of the Target Company should enclose:

(i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose name(s) appears on the Share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;

(ii) Original Share certificate(s);

(iii) Valid share transfer form(s) duly signed as transferor(s) by the sole/joint Shareholder(s) in the same order and as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. The transfer form should be left blank, except for the signatures & witness details as mentioned above. Attestation, where required (as indicated in the Share transfer deed) (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. A blank share transfer form with the Acquirer's name stamped as the proposed transferee is enclosed along with the LoF.

Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Shares are liable to be rejected under this Offer.

(iv) Self attested copy of PAN card of all Shareholders.

7.4.2 Unregistered owners of Shares of the Target Company should enclose:

(i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein;

(ii) Original Share certificate(s);

(iii) Original broker contract note;

(iv) Valid share transfer form(s) duly executed in favour of the unregistered owner as the proposed transferee(s) along with self attested copy of PAN Card of all the proposed transferee(s). All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance.

(v) An additional valid share transfer form(s) duly signed by the unregistered owner as transferor(s) by the sole/joint Shareholder(s) in the same order and duly witnessed at the appropriate place. The transfer form should be left blank, except for the signatures and witness details as mentioned above. Attestation, where required (as indicated in the Share transfer deed) (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank.

(vi) In case the Share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the Share certificate(s) and the transfer deed(s). The Shareholder should ensure that the certificate(s) and above documents reach the designated collection centre before the date of closing of the Tendering Period.

Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer, at the collection centers as mentioned in this LoF, on plain paper stating name, address, number of Shares held, no. of Shares offered, distinctive numbers, folio numbers, together with the original Share certificate(s), valid transfer form(s) duly executed as mentioned in this LoF and additional transfer form(s) as mentioned in this LoF in case of Shares held in physical form.

(vii) No indemnity regarding title is required from persons not registered as Shareholders.

7.5 Procedure for the Shares held in dematerialized form

7.5.1 Beneficial owners should enclose:

(i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose names appear in the beneficiary account and in the same order therein. The Form of Acceptance has to be executed by the beneficial holder of the Shares only.

(ii) The Registrar to the Offer, has opened a special depository account with Ventura Securities Limited called "**LIIPL Fulford India Open Offer Escrow Demat Account**" ("**Special Depository Account**"). Shareholders are requested to fill in the following details in the delivery instructions for the purpose of crediting their Shares in the Special Depository Account:

Depository Participant Name	Ventura Securities Ltd
DP ID	IN303116
Client ID	11021729
Account Name	LIIPL Fulford India Open Offer Escrow Demat Account
Depository	National Securities Depository Limited

(iii) Shareholders having their beneficiary account in CDSL have to use inter-depository delivery instruction slips for crediting their Shares in favour of the Special Depository Account "**LIIPL Fulford India Open Offer Escrow Demat Account**" maintained with NSDL.

(iv) A photocopy or counterfoil of the Delivery Instructions in "Off-market" mode, duly acknowledged by the beneficial owners depository participant and filled in as per the details of the Special Depository Account that are given above.

(v) Form of Acceptance in respect of dematerialized Shares not credited to the Special Depository Account before the date of closing of the Tendering Period is liable to be rejected.

(vi) It is the sole responsibility of the Shareholders to ensure credit of their Shares in the Special Depository Account above, prior to the closure of the Tendering Period i.e. Wednesday, October 3, 2012.

7.5.2 <u>Shareholders who have sent their Share certificates for dematerialization should enclose:</u>

(i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein by the sole/joint Shareholders whose name appears on the Share certificate and in the same order and as per the specimen signature lodged with the Target Company.

(ii) A copy of the dematerialization request form duly acknowledged by the Shareholders depository participant.

(iii) Such Shareholders should ensure that the credit of their Shares tendered under Offer to the Special Depository Account above is made on or before the date of closing of the Tendering Period, otherwise the same are liable to be rejected. Alternatively, if the Shares sent for dematerialization are yet to be processed by the Shareholders depository participants, the Shareholders can withdraw their dematerialization request and tender the Share certificates in the Offer as per procedure mentioned in this LOF.

7.6 Procedure to be adopted in case of non-receipt of the LoF

7.6.1 <u>By Shareholders holding Shares in physical form</u>

(i) In case of non-receipt of the LoF, eligible persons may send their acceptance of the Offer in writing to the Registrar to the Offer at the collection centers as mentioned in this LOF, on plain paper stating their name, address, number of Shares held, no. of Shares offered, distinctive numbers, folio numbers together with the original Share certificate(s), valid transfer forms duly executed and witnessed along with the self attested copy of PAN card of all Shareholders, so as to reach the Registrar to the Offer on or before the date of closing of the Tendering Period.

(ii) Shareholders who have lodged their Shares for transfer with the Target Company must also send the acknowledgement received, if any, from the Target Company towards such lodging of Shares.

(iii) Shareholders who have sent their Shares for dematerialization / rematerialization need to ensure that the process of getting Shares dematerialized / rematerialized is completed well in time so that the credit in the Special Depository Account is received or physical Share certificates are received by the Registrar to the Offer on or before the closure of the Tendering Period, else their application would be rejected.

(iv) Shareholders not receiving the LoF, if they so desire, may also download the Form of Acceptance from SEBI's web site (www.sebi.gov.in) or obtain a copy of the same by writing to the Registrar to the Offer.

7.6.2 By Shareholders holding Shares in dematerialised form

(i) Beneficial owners may send the acceptance of the Offer in writing to the Registrar to the Offer at the collection centers as mentioned in this LOF, on plain paper, stating name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy or counterfoil of the delivery instructions in "Off market" mode, duly acknowledged by the beneficial owners depository participant, in favour of the Special Depository Account, the details of which are mentioned in this LoF, so as to reach the Registrar to the Offer on or before the closing of the Tendering Period.

(ii) Shareholders not receiving the LoF, if they so desire, may also download the Form of Acceptance from SEBI's web site (www.sebi.gov.in) or obtain a copy of the same by writing to the Registrar to the Offer.

7.7 Beneficial owners are requested to note that in the event the tendered Shares are to be returned, they will be in dematerialized form and to the same account from which they were tendered. It is therefore advised that the demat account is maintained till the completion of Offer Period.

7.8 For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance.

7.9 The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the Special Depository Account or for Shares that are credited in the Special Depository Account but the corresponding Form of Acceptance has not been received as on the date of closure of the Tendering Period.

7.10 Non-resident Shareholders should, in addition to the above, enclose copy(ies) of permission(s), received from RBI or any other regulatory authority to acquire Shares held by them in the Target Company. In case such approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.

7.11 The Shareholders should also provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

7.11.1 Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder) if the original Shareholder has expired;

7.11.2 Duly attested power of attorney if any person apart from the Shareholder has signed the acceptance form and / or transfer deed(s);

7.11.3 No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance;

7.11.4 In case of companies, the necessary corporate authorization (including certified copy of board and/or general meeting resolution(s)); and

7.11.5 Any other relevant documents.

7.12 In case the number of Shares validly tendered in the Offer by the Shareholders are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be on a proportionate basis in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE, the minimum marketable lot for the Shares is 1 (one).

7.13 Subject to the approvals mentioned in paragraph 6.10, the Acquirer is required to complete all formalities, including the payment of consideration within a period of 10 (ten) Working Days from the closure of the Tendering Period, i.e., by October 17, 2012, and for the purpose open a special account as provided under Regulation 21(1) of the Regulations. Where the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer before the said period of 10 (ten) working days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond such 10 (ten) Working Days period, as may be specified by SEBI from time to time. In the event such approvals are not received within six months from the date of the DPS, the Acquirer reserves the right to withdraw this Offer with the approval of SEBI as may be required under the Regulations.

7.14 The unaccepted Share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details received from their depository participant. It will be the responsibility of the Shareholders to ensure that the unaccepted Shares are accepted by their respective depository participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.

7.15 The Registrar to the Offer will hold in trust the Form of Acceptance, Shares, Share certificates, transfer deed(s) and/or other documents on behalf of the Shareholders of the Target Company who have accepted this Offer, until the warrants/ cheques/ drafts for the consideration are dispatched and unaccepted Share certificate/Shares, if any, are dispatched/ returned to the relevant Shareholders.

7.16 Payment to those Shareholders whose Share certificates and/or other documents are found valid and in order, will be made by way of a crossed account payee cheque/ demand draft/ pay order/ through Direct Credit ("**DC**") / National Electronic Clearance System ("**NECS**")/ National Electronic Funds Transfer ("**NEFT**")/ Real Time Gross Settlement ("**RTGS**"). So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder as provided in the Form of Acceptance and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in dematerialized form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the payment shall be processed with the said bank particulars, and not any details provided in the Form of Acceptance. In case of Shareholder(s) holding Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at their own risk). The decision regarding (i) the acquisition (in part or full), of the Shares tendered pursuant to the Offer, or (ii) rejection of the Shares tendered pursuant to the Offer along with (a) any corresponding payment for the acquired Shares and/or (b) return of Share certificates for any rejected Shares or Shares accepted in part, will be dispatched to the Shareholders by registered post or by ordinary post as the case may be, at the Shareholder's sole risk. Shares held in dematerialized form to the extent not acquired will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance.

7.17 For Shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/ not credited through DC/NECS/NEFT/RTGS, due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through registered/speed post at the Shareholder's sole risk.

7.18 All cheques / demand drafts / pay orders will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Shares, payment will be made in the name of the person stated in the contract note.

7.19 A copy of the Letter of Offer (including Form of Acceptance) is expected to be available on SEBI's website (http://www.sebi.gov.in) during the period the Offer is open and may also be downloaded from the site.

7.20 **<u>Tax Provisions</u>**:

As per the provisions of Section 195(1) of the IT Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer would be chargeable to capital gains or as business profits or interest income (if any), as the case may be, under the provisions of the IT Act, Acquirer/PAC are required to deduct taxes at source (including surcharge and education cess), as applicable. Resident and non-resident Shareholders (including FIIs and FII subaccounts) as per the IT Act are required to submit their Permanent Account Number ("**PAN**") for income-tax purposes for receiving any amount on which tax is required to be withheld as per the IT Act. In case the PAN is not submitted (including where such PAN has been applied for but not obtained), or is invalid or does not belong to the Shareholder, Acquirer/PAC will arrange to deduct tax from such payments at the rate of 20% (twenty percent) or at the rates in force or at the rate specified in the relevant provisions of the IT Act, or at the maximum rate as discussed in paragraphs below, whichever is higher.

7.20.1 In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer/PAC, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the IT Act, on the gross consideration towards acquisition of Shares and interest, if any, payable to such Shareholder under the Offer.

7.20.2 Securities transaction tax will not be applicable to the Shares accepted in this Offer.

7.20.3 All references to maximum rate include applicable surcharge and education cess, as may be applicable.

Withholding tax implications for Non-resident Shareholders (other than FIIs and FII subaccounts)

7.20.4 While tendering Shares under the Offer, all non-resident Shareholders (other than FIIs and FII sub-accounts) including NRIs/OCBs/foreign Shareholders shall be required to submit a valid No Objection Certificate ("**NOC**") / Tax Clearance Certificate ("**TCC**") issued by the Income-tax Authorities under Section 195(3) or Section 197 of the IT Act along with the Form of Acceptance, indicating the amount of tax to be deducted by the Acquirer/PAC before remitting the consideration (and the interest, if any). The Acquirer/PAC will arrange to deduct taxes at source in accordance with such NOC/TCC only if the NOC/TCC has been submitted along with the Form of Acceptance and the NOC/TCC is valid and effective as of the date on which tax is required to be deducted at source.

7.20.5 In case the aforesaid NOC or TCC is not submitted as aforesaid or is otherwise not valid and effective as of the date on which tax is required to be deducted at source, the Acquirer/PAC will arrange to deduct tax at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the IT Act, on the gross consideration towards acquisition of Shares and interest, if any, payable to such Shareholder under the Offer.

Withholding tax implications for FIIs and FII sub-accounts

7.20.6 As per the provisions of Section 196D(2) of the IT Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in Section 115AD of the IT Act to a FII, as defined in section 115AD of the IT Act. The Acquirer would not withhold tax on the purchase consideration to a FII or FII sub-account subject to the receipt of a confirmation from the FII or the FII sub-account, as the case may be, confirming the following:

a. Residential status of the FII / FII sub-account;

b. FII / FII sub-account is holding the Shares in the Target Company on the capital account and not on the trade account as on the date of tendering the Shares under this Offer;

c. Income arising from sale of the Shares of the Target company is in nature of capital gain and not business income in the hands of the FII / FII sub-account; and

d. FII / FII sub-account neither has a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the IT Act (along with the provisos thereto) nor a permanent establishment in India under any treaty (if applicable) to the FII / FII sub-account.

7.20.7 In the absence of the confirmation specified in the paragraph above, the Acquirer/PAC will deduct tax at the maximum rate applicable to the category to which such FII / FII sub-account belongs on the gross consideration payable to such FII / FII sub-account towards acquisition of Shares under this Offer. Should the FII / FII sub-account submit a NOC or TCC from the Income-tax authorities while tendering the Shares, indicating the amount of tax to be deducted by the Acquirer under the IT Act, the Acquirer/PAC will deduct tax in accordance with such NOC / TCC only if the NOC/TCC has been submitted along with the Form of Acceptance and the NOC/TCC is valid and effective as of the date on which tax is required to be deducted at source.

7.20.8 In respect of interest income, should the FII / FII sub-account submit a NOC or TCC from the income tax authorities indicating the amount of tax to be deducted by the Acquirer/PAC under the IT Act, the Acquirer/PAC will deduct tax in accordance with the NOC/TCC so submitted only if the NOC/TCC has been submitted along with the Form of Acceptance and the NOC/TCC is valid and effective as of the date on which tax is required to be deducted at source. In absence of such NOC/TCC, the Acquirer/PAC will arrange to deduct tax at the maximum rate applicable to the category to which such FII / FII sub-account belongs.

Withholding tax implications for resident Shareholders

7.20.9 In absence of any specific provision under the IT Act, Acquirer/PAC will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares under this Offer. Acquirer/PAC will deduct the tax at the stipulated rates (including applicable surcharge, education cess and secondary higher education cess) on interest, if any, payable to resident Shareholders, if amount of interest payable is in excess of Rs.5,000 (Rupees Five Thousand only) as per the provisions of Section 194A the IT Act.

7.20.10 The resident Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance an NOC or TCC from the income-tax authorities indicating the amount of tax to be deducted by the Acquirer or, in the case of resident Shareholder not being a company or firm, a self declaration in Form 15G or Form 15H as may be applicable. The self declaration in Form 15G or Form 15H would not be valid unless the Shareholder furnishes PAN in such declaration. In case the aforesaid NOC or TCC or Form 15G or 15H, if applicable, is not submitted, and the amount of interest payable exceeds Rs. 5,000 (Rupees Five Thousand only), the Acquirer/PAC will arrange to deduct tax at the maximum rate as may be applicable to the category of the Shareholder under the IT Act. Also, no tax is to be deducted on interest amount in the case of resident Shareholder being an entity specified under Section 194A(3)(iii) of the IT Act if it submits a self attested copy of the relevant registration, or notification along with the Form of Acceptance.

Issue of tax deduction at source certificate

7.20.11 The Acquirer/PAC will issue a certificate in the prescribed form to the Shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of Section 203 of the IT Act read with the Income-tax Rules, 1962. This certificate shall be issued only to those Shareholders who have reported their valid PAN as no certificate can be generated from the Income-tax Database for those who do not have a valid PAN.

Withholding taxes in respect of overseas jurisdictions

7.20.12 Apart from the above, the Acquirer/PAC will be entitled (but not obligated) to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident Shareholder is a resident for tax purposes ("**Overseas tax**") provided the non-resident Shareholder has represented in the Form of Acceptance the quantum of the Overseas tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident and the Acquirer/PAC will be entitled to rely on this representation at their/its sole discretion.

7.20.13 Shareholders who wish to tender their Shares must submit the following information / documents, as applicable, along with the Form of Acceptance:

Information requirement from non-resident Shareholder

a. Self attested copy of PAN card

b. Confirmation in respect of residential status (for tax purposes), status of Shareholders (e.g. Individual, HUF, Firm, Company, FII, Trust, or any other - please specify)

c. In case of FII / FII sub-account, confirmation as referred in paragraph 7.20.6 above

d. NOC or TCC from the Income Tax authorities

e. Self attested copy of SEBI registration certificate for FII / FII sub-account

f. Copy of any statutory approvals including approvals from RBI, FIPB, if any, for acquiring Shares of the Target Company. If the Shares are held under the general permission of the RBI, non-resident Shareholders should furnish a copy of the relevant notification / circular pursuant to which the Shares are held and state whether the Shares are held on repatriable or non-repatriable basis

g. Banker's Certificate certifying inward remittances of funds for acquisition of Shares of the Target Company.

Information requirement in case of resident Shareholder

a. Self attested copy of PAN card

b. Confirmation in respect of residential status (for tax purposes), status of Shareholders (e.g. Individual, Firm, Company, Trust, or any other - please specify)

c. NOC or TCC from the Income Tax authorities (applicable only for the interest payment, if any)

d. If applicable, self declaration form in Form 15G or Form 15H (in duplicate), as applicable

e. For specified entities under Section 194A(3)(iii) of the IT Act – Self attested copy of relevant registration or notification (applicable only for the interest payment, if any)

7.21 The tax deducted under this Offer is not the final liability of the Shareholders or in no way discharges the obligation of Shareholders to disclose the amount received pursuant to this Offer. The tax rates and other provisions may undergo change.

7.22 All Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer/PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection to the Shareholders at the office of the Manager to the Offer at 18F/19F, Tower 2, One Indiabulls Centre, 841, Senapati Bapat Marg, Mumbai 400013, India on any working day (i.e. Monday to Friday not being a bank holiday in Mumbai) between 10:00 am to 4:00 pm during the Tendering Period:

8.1 Certificate of incorporation, memorandum and articles of association of the Acquirer;

8.2 Chartered Accountant certificate certifying the adequacy of financial resources with the Acquirer to fulfill the obligations under this Offer;

8.3 Audited annual reports of the Acquirer and Target Company for the last three years;

8.4 A letter from the Escrow Bank confirming the amount kept in the escrow account and a lien in favour of the Manager to the Offer;

8.5 A copy of PA, published copy of the DPS and a copy of the offer opening Public Announcement to be issued

8.6 Copy of the recommendation to be made by the Target Company’s Committee of Independent Director as required in terms of Regulation 26(7) of the Regulations.

8.7 A copy of the comments letter from SEBI;

8.8 A copy of the agreement entered into with the DP for opening a special depository account for the purpose of this Offer;

8.9 Escrow Agreement dated July 26, 2012 entered into between the Escrow Bank, Manager to the Offer and the Acquirer.

9. DECLARATION BY THE ACQUIRER AND PAC

9.1 The Acquirer accepts full responsibility for the information contained in this LoF.

9.2 The Acquirer and the PAC shall be severally and jointly responsible for ensuring compliance with the Regulations.

9.3 The person(s) signing this LoF are duly and legally authorized by the Acquirer and the PAC to sign the LoF.

Signed by

____

For Acquirer
Sd/-
Name :
Designation :

____

For PAC
Sd/-

Name :
Designation :

Date : August 7, 2012
Place :

Encl.:

1. Form of Acceptance
2. Share Transfer Form (only to Shareholders holding Shares in physical form)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
FULFORD (INDIA) LIMITED
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this Form of Acceptance with enclosures to any of the Collection Centers as mentioned in the Letter of Offer)
(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

OFFER OPENS ON	Tuesday, September 18, 2012
OFFER CLOSES ON	Wednesday, October 3, 2012

To
Dashtag (Acquirer).
C/ o **Link Intime India Private Limited**
C-13, Kantilal Maganlal Industrial Estate
(Pannalal Silk Mills Compound), L.B.S. Marg,
Bhandup (West), Mumbai 400 078

Dear Sir,

Sub: **Voluntary open offer ("Offer") for acquisition of 821,913 equity shares of Fulford (India) Limited (the "Target Company") of Rs. 10 each ("Shares") at a price of Rs. 830 (Rupees Eight Hundred and Thirty only) per Share by Dashtag (the "Acquirer") along with Merck & Co., Inc. ("PAC") as a person acting in concert with the Acquirer under Regulation 6 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto ("Regulations").**

I/We refer to the PA, DPS and the LoF for acquiring the Shares held by me/us in the Target Company.

I/We, the undersigned, have read the PA, DPS and LoF and understood their contents including the terms and conditions mentioned therein and have unconditionally accepted the terms and conditions as mentioned therein.

I/We acknowledge and confirm that all the particulars/statements given herein are true and correct.

Name (in BLOCK LETTERS)	Holder	Name of the shareholder	Permanent Account Number (PAN)
(Please write names of the joint holders in the same order as appearing in the share certificate(s) / demat account)	Sole / First		
	Second		
	Third		
Contact Number (s)	**Tel No. (with STD Code)**		**Mobile No:**
Full Address of the First Holder (with pin code)			
Email address			

FOR SHAREHOLDERS HOLDING SHARES IN DEMATERIALIZED FORM

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the delivery instruction in "Off-market" mode, duly acknowledged by the DP in respect of my Shares as detailed below:

DP Name	DP ID	Client ID	No. of Shares

I/We have executed an off-market transaction for crediting the Shares to the special depository account as detailed below (Please ✓ applicable box):

☐ via a delivery instruction from my account with NSDL
☐ via an inter-depository delivery instruction from my account with CDSL

Depository Name	National Securities Depository Limited
DP Name	Ventura Securities Ltd
DP ID Number	IN303116
Beneficiary Account Number	11021729
Account Name	LIIPL FULFORD INDIA OPEN OFFER ESCROW DEMAT ACCOUNT
ISIN	INE521A01017
Market	Off-Market

Date of Credit	On or before Wednesday, October 3, 2012

Shareholders should ensure that the Shares are credited in the aforementioned account before the close of business hours on Wednesday, October 3, 2012.

I/We note and understand that the Shares would lie in the Special Depository Account until the time the Acquirer and PAC dispatch the purchase consideration as mentioned in the LoF. I/We also note and understand that the Acquirer and PAC will pay the purchase consideration only after verification of the documents, signatures and receipt of statutory approvals as mentioned in the LoF. I/We note that such approvals may get delayed resulting in a consequent delay of payment to the Shareholders.

Enclosures (Please tick as appropriate, if applicable)

☐ No objection certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
☐ Photocopy or counterfoil of the delivery instructions in "off market" mode duly acknowledged by the Shareholders' DP.
☐ Duly attested power of attorney, if any person apart from the Shareholder, has signed the Form of Acceptance or transfer deed(s).
☐ Corporate authorization in case of companies along with board resolution and specimen signatures of authorised signatories.
☐ Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.
☐ Others (please specify):

FOR SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below.

Sr. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of Shares
			From	To	
1.					
2.					
3.					
4.					
5.					
(In case the space provided is inadequate, please attach a separate sheet with details.)					
				Total No. of Shares	

I/We note and understand that the Registrar to the Offer will hold the original Share certificates and valid share transfer deeds in trust for me/us until the time the Acquirer and PAC dispatch the purchase consideration as mentioned in the LoF. I/We also note and understand that the Acquirer and PAC will pay the purchase consideration only after verification of the documents, signatures and receipt of statutory approvals as mentioned in the LoF. I/We note that such approvals may get delayed resulting in a consequent delay of payment to the Shareholders.

Enclosures (Please tick as appropriate, if applicable)

☐ No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
☐ Duly attested power of attorney, if any person apart from the Shareholder, has signed the Form of Acceptance or transfer deed(s).
☐ Corporate authorization in case of companies along with board resolution and specimen signatures of authorised signatories.
☐ Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.
☐ Others (please specify):

For all Shareholders*

I / We, confirm that our residential status under the IT Act is:

☐ Resident

☐ Non-resident. If yes, please state country of tax residency - _______________

I / We, confirm that our status is:

☐ Individual
☐ Firm
☐ Company
☐ Association of Person / Body of Individual
☐ Trust
☐ NRI – Repatriable
☐ NRI – Non Repatriable
☐ FII – Corporate
☐ FII – Others
☐ Foreign Company
☐ OCB
☐ Any other - please specify ______________

For FII and FII sub-account Shareholders:

I / We, hereby confirm:

☐ FII / FII sub-account is holding the Shares in the Target Company on the capital account and not on the trade account as on the date of tendering the Shares under this Offer.
☐ Income arising from sale of the Shares of the Target Company is in nature of capital gain and not business income in the hands of the FII / FII sub-account.
☐ FII / FII sub-account neither has a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the IT Act (along with the provisos thereto) nor a permanent establishment in India under any treaty (if applicable) to the FII / FII sub-account.

(Note: If this box is not ticked, tax will be deducted at the maximum rate applicable to the category to which such FII belongs)

I / We, have enclosed the following documents:

- ☐ Self attested copy of PAN card
- ☐ SEBI registration certificate for FII (including sub-account of FII)
- ☐ Certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the IT Act, wherever applicable.
- ☐ Copy of any statutory approvals including approvals from RBI, FIPB, if any, for acquiring Shares of the Target Company hereby tendered in the Offer.

For Non-resident Shareholders (other than FII and FII sub-accounts)

- ☐ Self attested copy of PAN card
- ☐ Certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the IT Act, wherever applicable.
- ☐ Copy of any statutory approvals including approvals from RBI, FIPB, if any, for acquiring Shares of the Target Company hereby tendered in the Offer. If the Shares are held under the general permission of the RBI, non-resident Shareholders should furnish a copy of the relevant notification / circular pursuant to which the Shares are held and state whether the Shares are held on repatriable or non-repatriable basis.

I/We confirm that ______[Please specify the amount / rate of Overseas tax to be withheld] is deductible on the entire consideration towards Overseas tax as per the relevant tax laws of the country in which I/we am/are a tax resident. (Please refer to paragraph 7.20.12 of the LoF)
**All Shareholders are advised to refer to paragraph 7.20 of the LoF, on tax provisions, regarding important disclosures on taxation of the consideration to be received by them.*

For Resident Shareholders

I / We, have enclosed the following documents:

- ☐ Self attested copy of PAN card
- ☐ Certificate from the Income-tax Authorities under Section 197 of the IT Act, wherever applicable.
- ☐ Self declaration form in Form 15G / Form 15H (in duplicate), if applicable.
- ☐ For specified entities under Section 194A (3)(iii) of the IT Act, self-attested copy of relevant Registration or notification (applicable only for interest payment, if any).

I/We confirm that the Shares of Fulford (India) Limited, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We also note and understand that the obligation on the Acquirer and PAC to pay the purchase consideration arises only after verification of the documents and signatures.

I/We authorize the Acquirer and PAC to accept the Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the LoF and I/We further authorize the Acquirer and PAC to return to me/us, share certificate(s)/Shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer, PAC, the Registrar to the Offer and the Manager to the Offer to send by registered post / speed post at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my Shares in dematerialized form, I authorize the Acquirer, PAC, Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my DP for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer and PAC to accept the Shares so offered or such lesser number of Shares that it may decide to accept in terms of the LoF and I/We authorize the Acquirer and PAC, the Registrar to the Offer and the Manager to the Offer to approach the Target Company to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer and PAC are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Bank Details

So as to avoid fraudulent encashment in transit, Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank		Branch	
Account Number		Savings/ Current/(Others: please specify)	
IFSC Code		MICR Code	

For the Shares that are tendered in demat form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars, and not the details provided herein.

Yours faithfully,
Signed and Delivered,

	Full Name(s) of the Shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		

Place: __________________

Date: ___________________

--**Tear along this line** --

Acknowledgement Slip
Fulford (India) Limited - Voluntary Open Offer
Unit: Fulford India – Open Offer
(To be filled in by the Shareholder)
(Subject to verification)

Received from Mr./Ms.______________________________________a Form of Acceptance cum Acknowledgement for ______Shares along with:

☐ Copy of depository instruction slip for ________________(number of Shares) from DP ID ___________Client ID ___________________

☐ _____________Share certificate(s) _____________transfer deed(s) under folio number(s) ___________

for accepting the Offer made by the Acquirer and PAC.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

Note: All future correspondence, if any, should be addressed to the Registrar to the Offer

Link Intime India Private Limited
Unit: Fulford India – Open Offer
C-13, Kantilal Maganlal Industrial Estate
(Pannalal Silk Mills Compound), L.B.S. Marg, Bhandup (West), Mumbai 400 078
Tel: (+91 22) 2596 7878
Fax: (+91 22) 2596 0329
Email: fil.offer@linkintime.co.in
Contact Person: Mr. Pravin Kasare

INSTRUCTIONS:

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER AND PAC, THE TARGET COMPANY OR TO THE MANAGER TO THE OFFER.

(1) **All queries** pertaining to the Offer may be directed to the Registrar to the Offer.

(2) **Shareholders are required to deliver the following documents:**

(a) **For Shares held in dematerialized form:**

(i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the DP.

(ii) Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP.

Further, please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance.

(ii) The Registrar to the Offer is not bound to accept Form of Acceptances, for which corresponding Shares have not been credited to the Special Depository Account or for Shares that are credited in the Special Depository Account but the corresponding Form of Acceptance has not been received as on the closure of the Tendering Period.

(b) For Shares held in physical mode by registered Shareholders:

(i) Form of Acceptance duly completed and signed, in accordance with the instructions contained therein, by the holders of the Shares. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Target Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;

(ii) Original Share certificate(s); and

(i) Valid Share transfer form(s) duly signed by transferor (by all the Shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s). Please do not fill in any details in the transfer deed.

(3) **In case of Shares held in joint names**, names should be filled up in the same order in the Form of Acceptance and in the transfer deed(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(4) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

Persons who own physical Shares (as on the Identified Date or otherwise) but are not the registered holders of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer at the collection centers as mentioned in the LoF. The application should enclose (i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein; (ii) Original Share certificate(s); (iii) Original broker contract note; (iv) Valid share transfer form(s) duly executed in favour of the unregistered owner as the proposed transferee(s) along with self attested copy of PAN Card of all the proposed transferee(s). All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance; (v) An additional valid share transfer form(s) duly signed by the unregistered owner as transferor(s) by the sole/joint Shareholder(s) in the same order and duly witnessed at the appropriate place. The transfer form should be left blank, except for the signatures and witness details as mentioned above. Attestation, where required (as indicated in the Share transfer deed) (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank.

(5) **Non-resident Shareholders** should enclose copy(ies) of permission received from Reserve Bank of India to acquire Shares held by them in the Target Company.

(6) **Shareholders** are also advised to refer to paragraph 7.20 of the LoF, on tax provisions, regarding important disclosures on taxation of the consideration to be received by them.

(7) **NRIs, OCBs and foreign Shareholders** are required to furnish Banker's Certificate certifying inward remittances of funds for acquisition of Shares of the Target Company.

(8) **In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(9) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.

(b) Duly attested power of attorney if any person apart from the Shareholder has signed Form of Acceptance or transfer deed(s).

(c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

FOR DETAILED PROCEDURE FOR TENDERING THE SHARES IN THIS OFFER REFER TO THE LoF