

## SANOFI INDIA LIMITED

Registered Office: 54/A, Sir Mathuradas VasANJI Road, Andheri East, Mumbai 400 093

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-seventh Annual General Meeting of the Members of Sanofi India Limited will be held on Tuesday, 30th April 2013 at 2.45 p.m. at Y. B. Chavan Centre - Auditorium, Gen. J. Bhosale Marg, near Sachivalaya Gymkhana, Nariman Point, Mumbai 400 021 to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st December 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :  
 "RESOLVED THAT an Interim Dividend for the year ended 31st December 2012 of Rs. 4 per Equity Share of Rs. 10 paid to the Members whose names appeared on the Register of Members on 3rd August 2012, be and the same is hereby approved and confirmed.  
 RESOLVED FURTHER THAT a Final Dividend for the year ended 31st December 2012 of Rs. 29 per Equity Share of Rs. 10 be paid to:
  - i) those Members whose names appear on the Register of Members of the Company on 30th April 2013; and
  - ii) those whose names appear as beneficial owners as at the close of business on 8th April 2013, as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited."
3. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :  
 "RESOLVED that Mr. A. K. R. Nedungadi who retires by rotation and who is eligible for re-election be and is hereby re-appointed a Director."
4. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :  
 "RESOLVED that Mr. J. M. Gandhi who retires by rotation and who is eligible for re-election be and is hereby re-appointed a Director."
5. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :  
 "RESOLVED THAT M/s. S. R. Batliboi & Co., Chartered Accountants, (Firm Registration No. 301003E) be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting.  
 RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any, to the said Auditors."

#### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :  
 "RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269, 309 and 314 of the Companies Act, 1956 and all other applicable provisions, if any, to the appointment of Mr. S. Umesh (Alternate to Mr. A. Ortoli) as Wholetime Director of the Company for the period from 4th May 2012 to 31st January 2013 and to his receiving remuneration, benefits and amenities as Wholetime Director of the Company as set out in the Explanatory Statement annexed to the Notice of this Meeting and upon the terms and conditions and stipulations contained in an Agreement between the Company and Mr. Umesh, a draft whereof is placed before the Meeting and which, for the purposes of identification, is initialled by the Chairman of the Meeting. Provided that the aforesaid approval and consent shall not be impaired by reason of Mr. A. Ortoli having returned to the State of Maharashtra and Mr. Umesh having been re-appointed as Alternate Director to Mr. Ortoli.  
 RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out in the said draft Agreement shall nevertheless be paid and allowed to Mr. Umesh as the minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the approval of the Central Government, if required but shall not in any such year exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956.  
 RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and do all such acts, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution."
7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :  
 "RESOLVED THAT subject to the approval of the Central Government, the Company hereby accords its approval and consent under Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII thereto, to Ms. Virginie Simone Jeanine Verrechia (Ms. Virginie Boucinha) holding office as Wholetime Director of the Company for a period of five years with effect from the 25th day of July 2012 and to her receiving remuneration, benefits and amenities as Wholetime Director of the Company as set out in the Explanatory Statement annexed to the Notice of this Meeting and upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Ms. Virginie Simone Jeanine Verrechia (Ms. Virginie Boucinha), a draft whereof is placed before the Meeting and which, for the purposes of identification, is initialled by the Chairman of the Meeting."

RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out in the said draft Agreement shall nevertheless be paid and allowed to Ms. Virginie Simone Jeanine Verrechia (Ms. Virginie Boucinha) as the minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the approval of the Central Government, if required but shall not in any such year exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956, from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and do all such acts, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution."

8. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269, 309 and 314 of the Companies Act, 1956 and all other applicable provisions, if any, to the re-appointment of Mr. M. G. Rao (presently Alternate to Mr. J. M. Georges) as Wholetime Director of the Company for the period from 6th September 2012 to 5th September 2013 and to his receiving remuneration, benefits and amenities as Wholetime Director of the Company as set out in the Explanatory Statement annexed to the Notice of this Meeting and upon the terms and conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. Rao, a draft whereof is placed before the Meeting and which, for the purposes of identification, is initialled by the Chairman of the Meeting. Provided that the aforesaid approval and consent shall not be impaired by reason of Mr. J. M. Georges returning to the State of Maharashtra and Mr. Rao being appointed as Alternate Director to Mr. Georges or Mr. Rao being appointed as Alternate Director to any other Director or Mr. Rao filling in any casual vacancy or being appointed as Additional Director or as a Director in his own right by the Company in General Meeting.

RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out in the said draft Agreement shall nevertheless be paid and allowed to Mr. Rao as the minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the approval of the Central Government, if required but shall not in any such year exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956, from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and do all such acts, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution."

By Order of the Board

**K. SUBRAMANI**  
COMPANY SECRETARY

Registered Office:  
54/A, Sir Mathuradas VasANJI Road  
Andheri East  
Mumbai 400 093

Mumbai, 4th March 2013

#### NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a Member of the Company. The Proxy form, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
2. The Register of Members of the Company shall remain closed from Tuesday, 9th April 2013 to Tuesday, 30th April 2013 (both days inclusive).
3. The relevant Explanatory Statement in respect of Item Nos. 6 to 8 of the Notice is annexed to and forms part of the Notice.
4. (i) The Company has transferred all unclaimed dividends upto the financial year ended 31st March 1995 to the General Revenue Account of the Central Government as required under Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrants for the said years are requested to claim the amount from the Registrar of Companies, Maharashtra.  
(ii) Pursuant to Section 205A and 205C of the Companies Act, 1956, unclaimed dividends upto the Interim Dividend for the year ended 31st December 2005 have been transferred to the Investor Education and Protection Fund.  
In terms of Section 205A and 205C, any dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Once unclaimed dividends are so transferred, Members will not be entitled to claim these dividends.  
Members who have not encashed their dividend warrants towards the Final Dividend for the year ended 31st December 2005 or thereafter are requested to write to the Company's Registrars and Transfer Agents.
5. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the date of the Meeting. This would enable the Company to compile the information and provide replies at the Meeting.

## PROFILE OF DIRECTORS BEING APPOINTED

As required by Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed are given below:

1. Name : Mr. A. K. R. Nedungadi  
 Age : 55 years  
 Qualifications : B.Com., ACA, AICWA  
 Experience : Mr. Nedungadi started his career in McNeill & Magor Limited as Regional Accounts Manager. After working for six years he joined Pentagon Fasteners Limited as Financial Controller.  
 He joined the UB Group in January 1990 as Corporate Treasurer. In 1992 he became Group Finance Director of UB International Limited which position he held for 5 years.  
 He returned to India in April 1997 to head Finance at McDowell & Co. He was elevated to the position of President and Chief Financial Officer of the UB Group in October 1999.  
 Director of the Company from 13th January 2000.  
 Other Directorships (as on 25th February 2013)
- | <u>Name of the company</u>                             | <u>Position held</u>   |
|--|--|
| <b>Domestic companies</b>                              |  |
| Bayer CropScience Limited                              | Director   |
| Beta Edutech Limited                                   | Director   |
| Idea Streamz Consultants Pvt. Ltd.                     | Director   |
| Kingfisher Airlines Limited                            | Director   |
| Millenea Vision Advertising (P) Ltd.                   | Director   |
| SWEW Benefit Company                                   | Member of Managing Committee   |
| United Breweries Limited                               | Director   |
| <b>Overseas companies</b>                              |  |
| Bouvet-Ladubay S.A.                                    | Director   |
| Force India Brand Limited                              | Director   |
| Force India Formula One Limited                        | Director   |
| Force India Formula One Team Limited                   | Director   |
| Orange India Holdings S.A.R.L.                         | Director   |
| Whyte and Mackay Limited                               | Director   |
| Whyte and Mackay Group Limited                         | Director   |
| Whyte and Mackay Warehousing Limited                   | Director   |
| Wotan Pte Limited                                      | Director   |
| <b>Membership of Committees</b>                        |  |
| <u>Name of the company</u>                             | <u>Member of Committee</u>   |
| Bayer CropScience Limited                              | Audit Committee<br>Shareholders / Investors Grievance Committee (Chairman)                                 |
| Kingfisher Airlines Limited                            | Audit Committee<br>Shareholders / Investors Grievance Committee<br>Remuneration and Compensation Committee |
| United Breweries Limited                               | Remuneration & Compensation Committee (Chairman)   |
| Mr. Nedungadi does not hold any shares in the Company. |  |
2. Name : Mr. J. M. Gandhi  
 Age : 51 years  
 Qualifications : B.Com., FCA  
 Experience : Mr. Gandhi is a practising Chartered Accountant in the fields of Audit and Management Consultancy.  
 He is a partner of M/s. N. M. Rajji & Co., Chartered Accountants for the last 23 years.  
 He is a Member of the Managing Committee and Accounting and Auditing Committee of the Bombay Chartered Accountants Society.  
 Director of the Company from 5th March 2001.

Other Directorships (as on 25th February 2013)

<u>Name of the company</u>	<u>Position held</u>
ICICI Home Finance Company Limited	Director
i-Process Services (India) Private Limited	Director
Raiji & Horwath Consultancy Services Private Limited	Director
Sabero Organics Gujarat Limited	Director

**Membership of Committees**

<u>Name of the company</u>	<u>Member of Committee</u>
ICICI Home Finance Company Limited	Audit Committee (Chairman)
i-Process Services (India) Private Limited	Audit Committee (Chairman)
Raiji & Horwath Consultancy Services Private Limited	Audit Committee (Chairman)
Sabero Organics Gujarat Limited	Audit Committee (Member) Remuneration Committee (Member)

Mr. Gandhi does not hold any shares in the Company.

3. Name : Mr. S. Umesh  
Age : 45 years  
Qualifications : B. Pharm, M.B.A. (Marketing)  
Experience : Mr. Umesh was appointed in August 1994 as Product Manager of the Company's then subsidiary Roussel India Limited (which subsequently merged with the Company). He subsequently held several positions of increasing importance in the Company. In August 2010 he was appointed as Senior Director - Commercial Operations (Tier I and Diabetes). In January 2012 he was appointed as Head of Commercial Operations (Pharmaceuticals).  
He was appointed as Alternate to Mr. A. Ortolini from 4th May 2012. He resigned as Alternate Director with effect from 1st February 2013 as he is taking up the position of Head of Insulins of the Sanofi Group, France.  
Mr. Umesh was not a Director in any other company.

4. Name : Ms. Virginie Simone Jeanine Verrechia  
(Ms. Virginie Boucinha)  
Age : 43 Years  
Qualifications : M.B.A.  
Experience : Ms. Verrechia joined RPR, France in 1991 as Controller Industrial Affairs - Europe. Since then she has held increasingly responsible positions in Internal Audit, Finance and Commercial Operations in Aventis / Sanofi group in U.S.A., Morocco and France.  
She was appointed Chief Financial Officer of the Company from 1st July 2012. She became a non-retiring Director of the Company on 25th July 2012.

Other Directorships (as on 25th February 2013)

<u>Name of the company</u>	<u>Position held</u>
Sanofi-Synthelabo (India) Limited	Director
Sanofi Lanka Limited	Director
sanofi-aventis Bangladesh Limited	Director

She does not hold any shares in the Company.

5. Name : Mr. M. G. Rao  
Age : 62 years  
Qualifications : M.Sc. in Organic Chemistry  
Diploma in Management Studies  
Experience : Mr. Rao joined the Company in 1973 in the Research Centre. He has held senior positions in Manufacturing Operations.  
He is presently designated Senior Director - Industrial Affairs (South Asia).  
Mr. Rao was Alternate Director to Dr. Carlo de Notaristefani from 29th July 2003 to 26th January 2004 and to Mr. A. Peychaud from 26th March 2004 to 31st October 2006. He was Alternate to Mr. J. M. Georges from 10th November 2006 to 26th October 2009. He was appointed as Alternate to Mr. J. M. Georges from 25th October 2010.  
Mr. Rao is not a Director of any other company.  
Mr. Rao does not hold any shares in the Company.

## EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to Item Nos. 6 to 8 of the accompanying Notice of the Annual General Meeting to be held on 30th April 2013:

### 1. Item No. 6

Mr. S. Umesh was appointed as Alternate to Mr. A. Oroli with effect from 4th May 2012 by a resolution passed by the Board of Directors at its Meeting held on 3rd May 2012. Mr. Umesh, being an employee of the Company, was appointed as Wholetime Director for a period of five years from 4th May 2012.

Mr. Umesh was appointed in August 1994 as Product Manager of the Company's then subsidiary Roussel India Limited (which subsequently merged with the Company). He subsequently held several positions of increasing importance in the Company. In August 2010 he was appointed as Senior Director - Commercial Operations (Tier I and Diabetes). In January 2012 he was appointed as Head of Commercial Operations (Pharmaceuticals).

Mr. Umesh resigned as Alternate Director with effect from 1st February 2013 as he is taking up the position of Head of Insulins of the Sanofi Group, France.

Mr. Umesh may be deemed to be holding an office or place of profit within the meaning of Section 314(1) of the Companies Act, 1956. His appointment and remuneration paid to him during the period 4th May 2012 to 31st January 2013 require your approval by a Special Resolution.

The remuneration paid and the perquisites provided to him are set out below :

- i) Salary - Rs. 239,990 per month
- ii) Special Allowance: Rs. 68,715 per month
- iii) (a) Bonus : 20% of Annual Salary  
(b) Performance Bonus - Payment of Performance Bonus with a target payout of Rs. 1,567,799 for the financial year ended 31st December 2012 and a payout range of 0% to 200% of target amount to be paid at the end of the financial year, as may be determined by the Board of Directors. (The target payout will undergo revision every year.)
- iv) Provident Fund - Company's contribution not to exceed 12% of salary.
- v) Gratuity - Gratuity benefits as applicable to Officers of the Company and shall be subject to the maximum amount as may be permitted under the Company's rules in relation to gratuity prevailing from time to time.
- vi) Housing - The Company to provide rent free accommodation in a Company owned or leased flat or to pay Mr. S. Umesh House Rent Allowance of Rs. 125,000 per month or such amount as may be fixed by the Board of Directors from time to time. The flat (either owned or leased or for which House Rent Allowance is paid) shall be partly furnished, painted at such periodic intervals as per rules of the Company and air conditioned with reimbursement of gas, water and electricity bills, the monetary value of which may be evaluated as per the Income-tax Rules, 1962.
- vii) Medical Aid - Medical aid benefits for self and family as applicable to the Officers of the Company, subject to the condition that the cost of medical benefits to the Company shall not exceed one month's salary per year.
- viii) Free use of the Company's car (for which maintenance expenses would be borne by the Company), fuel and reimbursement of salary of driver for use on the Company's business as well as for own use. In case the car is leased by the Company, lease rental and maintenance expenses will be paid as per applicable rules of the Company.
- ix) The Company to pay the premium for the Personal Accident Insurance Policy taken for Mr. S. Umesh along with other Officers of the Company.
- x) The Company to pay the premium for the Group Insurance Policy taken for Mr. S. Umesh as per rules of the Company.
- xi) The Company to pay fees for one Club (including admission or entrance fees and monthly or annual subscriptions).
- xii) Leave Travel Concession for self and family for undertaking one or more journeys in India subject to a ceiling of one and half month's salary in a financial year.

- xiii) Leave on full pay and allowances as per rules of the Company for such number of days of leave as may be granted to other employees of the Company in the Head Office.
- xiv) Reimbursement of bills for residential landline and mobile telephone and actual travelling / entertainment expenses incurred on behalf of the Company, subject to such ceiling on entertainment expenses as may be imposed by the Board of Directors from time to time.
- xv) Interest subsidy @ Rs. 4,500 per lakh per annum towards interest on loan taken by him for purchase of house subject to a maximum loan amount of Rs. 25,00,000.
- xvi) He shall be entitled to such benefits, schemes, awards as may be paid or applicable to other Officers or employees of the Company.

(All the above perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.)

### MINIMUM REMUNERATION

The above remuneration (including perquisites) shall be paid to Mr. S. Umesh as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company but shall not exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956.

### OTHER TERMS AND CONDITIONS

- a) He shall not be paid any sitting fees for attending Board/Committee Meetings.
- b) He shall not become interested or otherwise concerned directly or through his wife and / or minor children in any selling agency without prior approval of the Central Government.
- c) The appointment may be terminated by the Company or by Mr. S. Umesh by giving not less than three months' prior notice in writing.

The Directors are of the opinion that Mr. Umesh's knowledge and experience was of benefit to the Company. The Board, therefore, recommends the acceptance of the resolution set out in item No. 6 of the Notice convening the Meeting.

The said draft agreement referred to in the resolution is available for inspection by the Members at the Registered Office of the Company on any working day between 11 a.m. and 1 p.m. prior to the date of the Annual General Meeting.

No Director is concerned or interested in the resolution set out in item No. 6 of the Notice convening the Meeting.

## 2. Item No. 7

Ms. Virginie Simone Jeanine Verrechia (Ms. Virginie Boucinha) was appointed Chief Financial Officer of the Company from 1st July 2012. She became a non-retiring Director of the Company on 25th July 2012. She consequently became Wholetime Director of the Company and will hold office as Wholetime Director for a period of five years from the said date. Her holding of office as Wholetime Director and remuneration payable to her require your approval by a Special Resolution.

Ms. Verrechia joined RPR, France in 1991 as Controller Industrial Affairs - Europe. Since then she has held increasingly responsible positions in Internal Audit, Finance and Commercial Operations in Aventis / Sanofi group in U.S.A., Morocco and France.

The remuneration proposed to be paid to Ms. Virginie Verrechia (Ms. Virginie Boucinha) and the perquisites proposed to be provided to her are set out below :

- i) Salary - Rs. 120,000 per month.
- ii) Increments- Such increments as may be fixed by the Board of Directors from time to time in the salary range of Rs. 120,000 to Rs. 300,000 per month.
- iii) Special Allowance of Rs. 250,000 per month or such higher amount as may be decided by the Board from time to time.
- iv) Performance Bonus with a target payout of Rs. 576,600 for the financial year ended 31st December 2012 and a payout range of 0% to 200% of target amount to be paid at the end of the financial year as may be determined by the Board of Directors. (The target payout will undergo revision every year.)
- v) Housing - The Company to provide rent free partially furnished, airconditioned, residential accommodation and partial reimbursement of salary of servant with telephone, gas and electricity, the monetary value of which may be evaluated as per the Income-tax Rules, 1962.
- vi) Medical Aid - Medical aid benefits for self and family as applicable to the Officers of the Company, subject to the condition that the cost of medical benefits to the Company shall not exceed one month's salary per year.

- vii) Free use of the Company's car (for which maintenance expenses would be borne by the Company), fuel and reimbursement of salary of driver for use on the Company's business as well as for own use.
- viii) The Company to pay the premium for the Personal Accident Insurance Policy taken for her along with other Officers of the Company.
- ix) The Company to pay the premium for the Group Insurance Policy taken for her as per rules of the Company.
- x) The Company to pay fees for one Club (including admission or entrance fees and monthly or annual subscriptions).
- xi) Leave on full pay and allowances as per rules of the Company for such number of days of leave as may be granted to other employees of the Company in the Head Office.
- xii) Return passage money including all incidental charges to France on Home Leave once a year by Business Class for Ms. Verrechia (Ms. Boucinha), her husband and dependent children.
- xiii) The Company to pay or reimburse packing, forwarding, loading and unloading expenses as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of the personal effects of Ms. Verrechia (Ms. Boucinha), her husband and family and also passage moneys at the time of repatriation.
- xiv) Reimbursement of bills for residential landline and mobile telephone and actual travelling / entertainment expenses incurred on behalf of the Company, subject to such ceiling on entertainment expenses as may be imposed by the Board of Directors from time to time.
- xv) The Company to pay the fees of the French School, Mumbai in respect of her children including registration fees, tuition / school fee and capital levy fee.

(All the above perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.)

#### MINIMUM REMUNERATION

The above remuneration (including perquisites) shall be paid to Ms. Virginie Simone Jeanine Verrechia (Ms. Virginie Boucinha) as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company.

#### OTHER TERMS AND CONDITIONS

- a) She shall not be paid any sitting fees for attending Board/ Committee Meetings.
- b) She shall not become interested or otherwise concerned directly or through her husband and/or minor children in any selling agency without prior approval of the Central Government.
- c) The holding of office as Wholetime Director may be terminated by the Company or by her by giving not less than three months' prior notice in writing.

The Directors are of the opinion that her knowledge and experience will be of benefit to the Company. The Board, therefore, recommends the acceptance of the Resolution set out in item No. 7 of the Notice convening the Meeting.

The said draft Agreement referred to in the Resolution is available for inspection by the Members at the Registered Office of the Company on any working day between 11 a.m. and 1 p.m. prior to the date of the Annual General Meeting.

No Director, excepting Ms. Virginie Simone Jeanine Verrechia (Ms. Virginie Boucinha), is concerned or interested in the Resolution in item No. 7 of the Notice.

### 3. Item No. 8

By a Resolution passed at the Annual General Meeting held on 3rd June 2004, the Members of the Company had approved the appointment of and remuneration payable to Mr. M. G. Rao, Wholetime Director (then Alternate to Mr. A. Peychaud) for a period of five years from 29th July 2003.

By a Resolution passed at the Annual General Meeting held on 24th April 2008, the Members of the Company had approved the re-appointment of and remuneration payable to Mr. M. G. Rao, Wholetime Director (then Alternate to Mr. J. M. Georges) for the period from 29th July 2008 to 5th September 2010.

By Resolutions passed at the Annual General Meetings held on 26th April 2011 and 3rd May 2012, the Members of the Company had approved re-appointment of Mr. M. G. Rao as Wholetime Director (being Alternate to Mr. J. M. Georges) for the periods from 25th October 2010 to 5th September 2011 and 6th September 2011 to 5th September 2012, respectively.



The Board of Directors has, by a Resolution passed at its Meeting held on 25th July 2012, approved the re-appointment of Mr. M. G. Rao as Wholetime Director of the Company (being Alternate to Mr. J. M. Georges) for the period from 6th September 2012 to 5th September 2013, subject to the approval of the Members of the Company.

Mr. Rao may be deemed to be holding an office or place of profit within the meaning of Section 314 (1) of the Companies Act, 1956. The re-appointment of and remuneration payable to Mr. Rao require your approval by a Special Resolution.

The remuneration proposed to be paid and the perquisites proposed to be provided to Mr. Rao are set out below:

- i) (a) Salary - Rs. 315,900 per month
- b) Increments - Such increments as may be fixed by the Board of Directors from time to time in the salary range of Rs. 259,000 to Rs. 400,000 per month.
- ii) Special Allowance : Rs. 102,578 per month.
- iii) (a) Bonus : 20% of Annual Salary
- (b) Performance Bonus - Payment of Performance Bonus with target payout of Rs. 1,762,137 for the financial year ended 31st December 2012 and a payout range of 0% to 200% of target amount to be paid at the end of the financial year, as may be determined by the Board of Directors. (The target payout will undergo revision every year.)
- iv) Provident Fund - Company's contribution not to exceed 12% of salary.
- v) Gratuity - Gratuity benefits as applicable to Officers of the Company and shall be subject to the maximum amount as may be permitted under the Company's rules in relation to gratuity prevailing from time to time.
- vi) Housing - The Company to provide rent free accommodation in a Company owned or leased flat or to pay Mr. Rao House Rent Allowance of Rs. 100,000 per month or such amount as may be fixed by the Board of Directors from time to time. The flat (either owned or leased or for which House Rent Allowance is paid) shall be partly furnished, painted at such periodic intervals as per rules of the Company and air conditioned with reimbursement of gas, water and electricity bills, the monetary value of which may be evaluated as per the Income-tax Rules, 1962.
- vii) Medical Aid - Medical aid benefits for self and family as applicable to the Officers of the Company, subject to the condition that the cost of medical benefits to the Company shall not exceed one month's salary per year.
- viii) Free use of the Company's car (for which maintenance expenses would be borne by the Company), fuel and reimbursement of salary of driver for use on the Company's business as well as for own use. In case the car is leased by the Company, lease rental and maintenance expenses will be paid as per applicable rules of the Company.
- ix) The Company to pay the premium for the Personal Accident Insurance Policy taken for Mr. Rao along with other Officers of the Company.
- x) The Company to pay the premium for the Group Insurance Policy taken for Mr. Rao as per rules of the Company.
- xi) The Company to pay fees for one Club (including admission or entrance fees and monthly or annual subscriptions).
- xii) Leave Travel Concession for self and family for undertaking one or more journeys in India subject to a ceiling of one and half month's salary in a financial year.
- xiii) Leave on full pay and allowances as per rules of the Company for such number of days of leave as may be granted to other employees of the Company in the Head Office.
- xiv) Reimbursement of bills for residential landline and mobile telephone and actual travelling/ entertainment expenses, incurred on behalf of the Company, subject to such ceiling on entertainment expenses as may be imposed by the Board of Directors from time to time.
- xv) Interest subsidy @ Rs. 4,500 per lakh per annum towards interest on loan taken by him for purchase of house subject to a maximum loan amount of Rs. 25,00,000.

(All the above perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.)

#### **MINIMUM REMUNERATION**

The above remuneration (including perquisites) shall be paid to Mr. Rao as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company but shall not exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956, from time to time.



## OTHER TERMS AND CONDITIONS

- a) He shall not be paid any sitting fees for attending Board/Committee Meetings.
- b) He shall not become interested or otherwise concerned directly or through his wife and / or minor children in any selling agency without prior approval of the Central Government.
- c) The appointment may be terminated by the Company or by Mr. Rao by giving not less than three months' prior notice in writing.

The Directors are of the opinion that Mr. Rao's knowledge and experience will be of benefit to the Company. The Board, therefore, recommends the acceptance of the resolution set out in item No. 8 of the Notice convening the Meeting.

The said draft Agreement referred to in the resolution is available for inspection by the Members at the Registered Office of the Company on any working day between 11 a.m. and 1 p.m. prior to the date of the Annual General Meeting.

No Director, excepting Mr. Rao, is concerned or interested in the resolution set out in Item No. 8 of the Notice convening the Meeting.

By Order of the Board

**K. SUBRAMANI**  
**COMPANY SECRETARY**

Registered Office:  
54/A, Sir Mathuradas VasANJI Road  
Andheri East  
Mumbai 400 093

Mumbai, 4th March 2013



**SANOFI INDIA LIMITED**

Registered Office : 54/A, Sir Mathuradas Vasanji Road, Andheri East, Mumbai 400 093

**PROXY FORM**

Reg. Folio No. / DP Id No. / Client Id No. ....

I/We .....

of.....

.....in the district of.....

being a member/members of the above named Company hereby appoint .....

.....of.....

in the district of.....or failing him .....

of.....in the district of.....

as my/our proxy to vote for me/us on my/our behalf at the FIFTY-SEVENTH ANNUAL GENERAL MEETING of the Company to be held on 30th April 2013 and at any adjournment(s) thereof.

Signed this.....day of.....

Signature.....



Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the Meeting.



**SANOFI INDIA LIMITED**

Registered Office : 54/A, Sir Mathuradas Vasanji Road, Andheri East, Mumbai 400 093

**ATTENDANCE SLIP**

Fifty-seventh Annual General Meeting - 30th April 2013

Reg. Folio No. / DP Id No. / Client Id No. ....

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the FIFTY-SEVENTH ANNUAL GENERAL MEETING of the Company at Y. B. Chavan Centre - Auditorium, Near Sachivalaya Gymkhana, General J. Bhosale Marg, Mumbai 400 021 on Tuesday, 30th April 2013.

.....  
Member's/Proxy's name in full

.....  
Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL





57th Annual Report 2012  
Sanofi India Limited

SINGLE FOCUS... BILLION SMILES







SINGLE FOCUS... BILLION SMILES



## FOREWORD

# WITH EVERY STEP AHEAD, OUR ONLY FOCUS IS THE PATIENTS' HEALTH.

Since inception, good health has always been at the heart of everything we do at Sanofi. Through acquisitions, diversifications and the expansion of existing portfolios, our 'single-minded' focus has been unwavering. Every move is dictated by the desire to make a *difference* in the lives of individual patients, by emerging from the traditional pharmaceutical mindset, adapting to changing realities, gearing for future challenges, investing in the best scientific research the world has to offer, reaching out to patients and delivering healthcare solutions...

We believe that the finest measure of success,  
of our single focused approach, is in the smiles it reaps.





SINGLE FOCUS... BILLION SMILES



## 1. INNOVATION

Keeping the patient at the center of everything we do is the surest way of making your Company amongst the most innovative organisations in the healthcare sector. It encourages us to review our portfolios from time to time, and stay in tune with our vision of developing creative solutions for vexing health issues. It fires the imagination of our workforce and partners. It makes us resilient and inspires confidence to challenge norms. Innovation is our bedrock that generates solutions with sustainable impact.

## A new star in the Sanofi galaxy

With diabetes gaining epidemic proportions in India, Sanofi today is at the forefront of diabetes management with a comprehensive offerings of oral and insulin products. The Diabetes Team is deeply engaged in multiple initiatives to equip physicians with the latest scientific updates and has the longest running patient support program (Saath7), additionally undertaking innovative public awareness campaigns.

To meet patients need for a world class re-usable insulin pen, **AllStar™**, the state-of-the-art, re-usable insulin device has been developed indigenously through a unique collaborative team effort involving stakeholders from within the Sanofi world - spread over 5 continents and 4 time zones. Successfully partnering with an Indian technology company, Sanofi has launched **AllStar™** recently - already well received by the patients and healthcare professionals.

It is indeed a testament to our commitment to becoming a 360 degree partner for patients and healthcare professionals in diabetes. **AllStar™** will help physicians improve both, insulin initiation and compliance, and will bring ease and efficacy into the lives of Indian patients, giving them the convenience of western standards at an affordable price.

**AllStar™ was commercially launched in India in October 2012.**



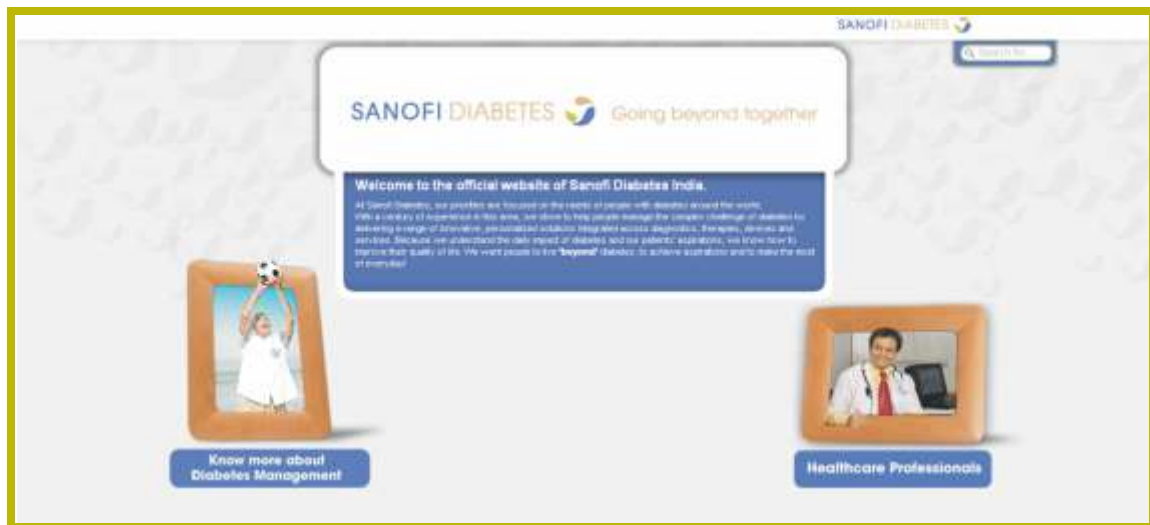
The **AllStar™** pen

Understanding technical nuances of the process

### Diabetes website

The Diabetes Team took an important step towards 'going digital together' by launching a diabetes specific website: [www.sanofidiabetes.in](http://www.sanofidiabetes.in)

With dedicated sections for both patients and doctors, this website enables patients to 'live beyond diabetes'.



### Prayas website

You will recall that Prayas was introduced by Sanofi India with an aim to bridge the diagnosis-treatment gap through a structured continuing education programme for rural doctors. The programme evolved basis multiple learnings gathered from across India.

To further expand our reach, Prayas has gone digital with an interactive portal that facilitates registered physicians to learn, connect and share with peer fraternity. So far, the Portal has more than 14 hours of learning content across most commonly seen communicable and non communicable diseases in areas of respiratory, gastrointestinal tract diseases, emergency care, etc.

## DEVELOPING NEWER SOLUTIONS TO IMPROVE THE QUALITY OF LIFE.

### ● 2. NEW LAUNCHES

The passion to improve the quality of life gives us a very focused target to aim at. It does not let us rest on our laurels, but motivates to try harder, reach higher, grow stronger in our endeavour to constantly develop new solutions. The results continue to speak for themselves.

Your Company is addressing varied needs of patients by launching several new products.

Our relationship with the patient inspires us to foster creativity in scientific research, collaborate with external partners and challenges us to achieve the highest levels across the enterprise.





SINGLE FOCUS... BILLION SMILES





## NEW LAUNCHES

**Anti-infectives** continue to be the biggest segment of the Indian Pharma market. Your Company augmented the anti-infectives portfolio by launching 3 new products - **Caspercid™**, **Carbador™** and **Augeoz™**.

Within ICU (Intensive Care Unit), invasive fungal infections have a very high mortality rate and are on the rise. Sanofi launched **Caspercid™** in order to help millions of patients survive in their battle against these deadly invasive infections. **Carbador™** and **Augeoz™** give doctors more options to manage multi-drug resistant bacteria in the critical care unit.

**Each of the line extensions of Cardace® that were launched, are brands in themselves. Clear segmentation based on specific patient needs has been a hallmark of all our launches.**

**Tri-Cardace®** was launched for chronic disease management. Compliance to therapy is critical to patients who invariably miss out on medication. To reduce pill burden and enhance patient compliance, a packaging innovation in the form of the **Tri-Cardace® kit** was launched which ensures that 3 critical drugs for the management of hypertension and heart disease are never missed.

Eventually, the biggest fear for a patient who has suffered a heart event is that it may happen again. **Cardace® Meto** takes away this fear as it offers protection from a secondary event.



## MAKING IT COUNT. ONE LIFE AT A TIME.

At the same time, our **Cardio-metabolic portfolio** was augmented by the introduction of **Multivite® CD** (Multivitamin customized for cardio-metabolic health), **Triomega® CD** (Fish oil supplement rich in Omega-3) and **CoQ® CD** (coenzyme Q10 supplement for cardiac health).

**Our Women's health portfolio** is now complemented by **BerryCran™** (Cranberry Extract capsules for Urinary Tract health), **Ferrohext™** (Haematinic to address anemia) and **Aminofit® Forte** (L-arginine supplement for foetal health).

**With the launch of Amisped®**, your Company has added high credibility to the treatment of Allergic Rhinitis. **Amisped®** is indicated for the management of Allergic Rhinitis with co-morbid conditions.

All these new products further strengthen your Company's objective of addressing patient needs by playing a synergistic role in disease management.



SINGLE FOCUS... BILLION SMILES



MAKING IT COUNT. ONE LIFE AT A TIME.

### 3. REACH ●

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Patient-centered care goes far beyond medicines. In fact, effective treatment is a powerful integration of research, technologies, awareness, compliance and experiences. One cannot contain a problem of epidemic proportions by medication alone, but by a holistic campaign that impacts our habits and lifestyles.

**Sanofi is privileged to be at the center of a concerted effort to help prevent and manage every day health issues. Through a series of initiatives rolled out nationwide, to manage diabetes and promote immunity-building measures, Sanofi is doing what it does best: Making medicine count. In billions of lives.**

# REACH

## Blue Fortnight

**IDF (International Diabetes Federation) estimated\* that the number of diabetes cases had increased by 2 million since 2011 to 62 million, and that over one million Indians would die from the disease and its complications by the end of 2012.**

To help reduce the diabetes burden of the country, Sanofi reached out to lakhs of patients across the country with the '**Sanofi Diabetes Blue Fortnight**' initiative, India's largest diabetes awareness campaign. Ringing true to the motto of 'Every Voice. One Future.' for the first time, a campaign of this magnitude was carried out for diabetes awareness in India. The online and on-ground campaign reached out to over 35 crore individuals.

The initiatives included screening camps, doctor engagement programs, deliberation summits, a study and survey, media meets, walks and flash mobs, radio spots, digital outreach programmes, mass engagement activities like integration with festivals like Dussehra and Diwali, and our signature activity - the blue monument lighting challenge.

When people from different walks of life came together and actively participated in various activities of the campaign, our aim to spread awareness was realized.

### Highlights of some of the initiatives

#### **India POLD (Perceptions in families Of people Living with Diabetes) Survey**

The survey of 900 individuals in New Delhi, Mumbai and Bengaluru to understand the screening trends, gauge awareness levels and map the impact of myths surrounding diabetes in people at high risk (i.e. those associated with a family member living with the disease), revealed that 85.4% people never got their blood sugar level examined. The results of the study were released through media conferences.

\* <http://www.idf.org/diabetesatlas/>



### **Doctor 4 Diabetes Care**

Considering the pressing need for diabetes awareness, prevention and management, doctors – the most influential stakeholders – were engaged in a pledge campaign. Through various channels like mobile applications, SMS, digital social media, other digital platforms and on-ground activation, around 15,000 doctors participated in the campaign.

### **Diabetes Screening Camps**

Over 15 blood sugar surveillance camps were organised pan India, where more than 10,000 people were screened for diabetes. The camps were also supplemented with sessions by renowned nutritionists on healthy lifestyle and nutrition for managing and preventing diabetes.

### **Blue fortnight**

Along with the Archaeological Survey of India, various corporate and non – government organizations like Radisson BLU, Standard Chartered, Religare Wellness, AIIMS and Mercy Hospital supported the campaign. Over 180 monuments and buildings across the country, along with thousands of homes during Diwali, were illuminated in blue – the international colour for diabetes awareness.

As an 'all religion call for diabetes awareness', Bangla Sahib Gurdwara, Swaminarayan Akshardham Temple, Jama Masjid and Sacred Heart Church, all located at New Delhi, were illuminated in blue.

### **SEACOD® – Superstar of Immunity!**

An interesting campaign with the theme 'Superstar of Immunity' was rolled out and cascaded across several locations pan India, increasing awareness about SEACOD®, a part of the Consumer Healthcare Division portfolio. SEACOD® recently partnered with SPELL BEE - India's largest school level spelling competition, creating an opportunity to connect directly with 5 lakh households in India, across 32 cities. Along with SPELL BEE, SEACOD® was promoted in a 360 degrees media campaign, across the country.

SEACOD® has also made its presence felt in the Delhi Metro through the winter, which proved to be an excellent outdoor branding campaign. Superior visibility, with high concentration and impactful messaging, was achieved. As part of outdoor media, SEACOD® dominated bus shelters, metros and buses across the country. This communication wave resulted in a 40% share-of-voice in the market, thereby creating awareness about the product and leading to a positive increase in sales.

THE QUESTION IS NOT WHETHER WE CAN AFFORD TO,  
BUT CAN WE AFFORD NOT TO?

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● 4. CSR

Corporate Social Responsibility is not an obligation but the Sanofi way of life. We have a responsibility in the way our decisions impact our environment and the lives of others. Our passion for growth and success can never override our concern for humanity and the planet that we inhabit. Our pledge to maintain the highest ethical and quality standards must bear itself out in our actions. As a global leader that values excellence in healthcare, we remain committed to whatever it takes to raise the bar of everyday living.



SINGLE FOCUS... BILLION SMILES





## THE QUESTION IS NOT WHETHER WE CAN AFFORD TO, BUT CAN WE AFFORD NOT TO?

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### **Biomass – the power that fuelled our success**

The innovative utilization of Biomass, from agro waste, to generate energy at our Goa manufacturing site has reduced the dependence on fossil fuels and steam cost to about 75% and in the process, created employment opportunities for people around the site.

Sanofi's Goa site won the Sanofi Group CSR Award at Paris in 2012, for 'the use of biomass for steam generation'. The award recognizes unique environment protection initiatives, in the planet category. The prize money was given to 'Rugnashray' - a charitable organisation (Goa) dedicated towards rendering service to society by providing medical facilities and accommodation, at subsidized rates, to patients who hail from rural India .

### **SEWA Rural**

Continuing your Company's initiative to spread Diabetes awareness in the surrounding rural areas of Bharuch district, the Sanofi Ankleshwar site conducted hypertension and diabetes diagnostic camps for the villages comprising about 500 people.

Post the screening camp, 89 people were found to have hypertension and diabetes. Cases that were detected on screening were then referred to the SEWA rural hospital for further guidance and medical support.

### Goa – Health Camps

Sanofi, in collaboration with the Voluntary Health Association of Goa (VHAG), continues to conduct school health camps with an aim of reaching out to the children of Verna and surrounding areas, providing them early diagnosis and timely care. This project was initiated to improve the health of children, who come from economically weak sections of society and therefore, tend to pay less attention to health.

Last year, Sanofi partnered with VHAG to conduct paediatric and dental camps in the same schools in Verna to check immunisation status, nutritional deficiencies, personal hygiene, cardiovascular problems, eye sight and oral health.

**So far, VHAG has covered a total of 1,626 students.**

### Running for a cause

Sanofi has been supporting CHILDLINE for eight consecutive years, by participating in the Corporate Challenge Category of the Standard Chartered Mumbai Marathon. An enthusiastic team of 25 employees, from the Head Office, completed the 6 km Dream Run, making their contribution to the noble cause.



CHILDLINE, launched in 1996, is the country's first toll-free tele-helpline for street children in distress. To date, CHILDLINE has serviced millions of calls in over 250 cities/districts, through its network of over 400 partner organisations across India.

### Reduction of Maternal Mortality in India

Sanofi recently participated in an Organization of Pharmaceutical Producers of India (OPPI) initiative, 'Reduction of Maternal Mortality in India'. Health check camps were conducted for pregnant women in rural hospitals, where your company contributed through medicine support.




SINGLE FOCUS... BILLION SMILES



ENGAGED IN THE BUSINESS OF IMPROVING THE LIVES OF PATIENTS.

- INFORMATION
- MANAGING DIRECTOR'S MESSAGE
- FINANCIAL SUMMARY / CHARTS
- DIRECTOR'S REPORT
- MANAGEMENT DISCUSSION AND ANALYSIS
- REPORT ON CORPORATE GOVERNANCE
- AUDITOR'S REPORT
- FINANCIAL STATEMENTS





"EVERY INDIAN SMILE IS A  
REFLECTION OF ENERGY  
WELL DIRECTED.

IMAGINE A BILLION SMILES."

SINGLE FOCUS... BILLION SMILES

## MANAGING DIRECTOR'S MESSAGE



### Dear Shareholder,

We began the year with the single focus of becoming the most 'admired healthcare company that is focused on patients' needs. We endeavoured through the year to ensure that the varied needs of patients were addressed through our numerous offerings. We remained steadfast in our goal of making a difference in the lives of the patients who rely on our efficacious medicines and services.

Today we are reaching out to millions of patients. Cardace<sup>®</sup> protects over 17 lakh patients; more than 28 lakh patients avail of solutions for diabetes; over 75 lakh patients are treated for allergies; 1 in every 3 households uses Combiflam<sup>®</sup> to manage pain and over 6 lakh patients are now seizure-free after using your Company's effective products.

A significant milestone in Sanofi India's Diabetes growth story was achieved with the launch of 'AllStar™', the state-of-the-art, re-usable insulin device. Keeping the patient in mind, this device was developed in India through a unique collaborative team effort, involving stakeholders from within the Sanofi world as well as outside. The launch of 'AllStar™' will enable the Company to further underline its leadership ambition in Diabetes solutions.

Through the 'Diabetes Blue Fortnight,' India's largest Diabetes awareness campaign, we empowered valuable partners such as doctors, governments, NGOs, by informing, educating and engaging them in a unique array of activities aimed at spreading awareness about Diabetes and reaching out to patients.

The year gone by saw the launch of several products across disciplines.

This multi-pronged thrust across diverse growth platforms has borne exciting results. Last year, our domestic business grew at 24% with more than 30% growth in the nutraceutical business. SEACOD<sup>®</sup> recorded the highest-ever sales and this, in the first year of acquisition, is an added feather in our cap. Our exports too grew handsomely by 11.3%.

I take pride in sharing with you that your Company's Values are the cornerstones of the Sanofi Culture. These Values - Confidence, Respect, Innovation, Integrity and Solidarity - will increasingly have a great impact on the way in which our employees come together and share responsibilities. This will, in turn, greatly impact the well-being of patients. Despite the dull clouds hovering over the global economy, we remain confident. We don't give up - as is true to the DNA of your Company. When the going gets tough, the tough get going, and Sanofi India believes in making things happen. After all, that is our motto for 2013 - Together, We Can!

Your Company's greatest strengths are the passion, energy and creativity of its people. I thank all employees of the company for their engagement and contribution in our success story.

Finally, dear Shareholders, I would like to thank you for your continued support, trust and encouragement. I thank all our business stakeholders, partners healthcare providers and Government Agencies for their continued trust in your Company. We commit to press on and strive hard to meet the healthcare needs of the nation!

Best regards,

**Shailesh Ayyangar**





SINGLE FOCUS... BILLION SMILES





## BOARD OF DIRECTORS

(as on February 25, 2013)

**Dr. Vijay Mallya**  
(Chairman)

**Dr. Shailesh Ayyangar**  
(Managing Director)

**Mr. F. Briens**

**Ms. Virginie Boucinha**

**Mr. J. M. Gandhi**

**Mr. J. M. Georges**

**Mr. S. R. Gupte**

**Mr. A. K. R. Nedungadi**

**Mr. A. Ortoli**

**Mr. M. G. Rao**  
(Alternate to Mr. J. M. Georges)

Company Secretary  
**Mr. K. Subramani**

### **Registered Office**

54/A, Sir Mathuradas VasANJI Road  
Andheri East, Mumbai 400093

### **Manufacturing Sites**

3501-15, 6310, B-14, GIDC Estate  
Ankleshwar 393002

GIDC, Plot No. L-121  
Phase III, Verna Industrial Estate  
Verna, Goa 403722

### **Registrars & Transfer Agents**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup West,  
Mumbai 400078

### **Auditors**

M/s. S.R. Batliboi & Co.

### **Solicitors**

M/s. Crawford Bayley & Co.

### **Bankers**

Citibank N.A.  
Deutsche Bank  
Hongkong & Shanghai Banking Corpn. Ltd.  
State Bank of India  
HDFC Bank Limited  
BNP Paribas

### **57th Annual General Meeting**

**Date:** Tuesday, April 30, 2013

**Venue:** Y. B. Chavan Centre - Auditorium, Gen. J. Bhosale Marg, Mumbai 400021

**Time:** 2.45 pm

THE QUEST TO INSPIRE LIFE  
HAS ITS REWARDS.

● FINANCIAL SUMMARY



SINGLE FOCUS... BILLION SMILES



## FINANCIAL SUMMARY

(Rs. in Million)

SALES, PROFITS & DIVIDEND	2012	2011	2010 <sup>&amp;&amp;</sup>	2009	2008	2007	2006	2005	2004	2003
Sales (Gross)	15,336	12,586	11,073	9,958	10,294	9,317	9,367	8,581	7,904	7,061
Profit before depreciation interest & tax (PBDIT)	3,530	3,155	2,566	2,589	2,781	2,415	2,677	2,536	2,431	1,627
Profit before interest & tax (PBIT)	2,631	2,844	2,369	2,416	2,599	2,230	2,499	2,364	2,263	1,453
Profit before tax (PBT)	2,617	2,840	2,340	2,415	2,596	2,228	2,497	2,364	2,262	1,451
Profit after tax (PAT)	1,767	1,912	1,550	1,574	1,662	1,444	1,693	1,451	1,485	986
Dividend (Amount)	760	760	1,267	461	368	368	737	368	368	368
Rate (Rs. per share)	33	33	55 <sup>**</sup>	20	16	16	32 <sup>\$</sup>	16	16	16

SHARE CAPITAL & CAPITAL EMPLOYED	2012	2011	2010 <sup>&amp;&amp;</sup>	2009	2008	2007	2006	2005	2004	2003
Share capital	230	230	230	230	230	230	230	230	230	230
Shareholders' funds #	12,041	11,166	10,142	9,318	8,291	7,069	6,082	5,238	4,218	3,213
Capital employed #	12,041	11,166	10,142	9,318	8,291	7,069	6,082	5,238	4,218	3,365
Represented by: Fixed assets (net) & investments #	7,432	7,602	1,848	1,772	1,543	1,503	1,509	1,472	1,597	1,701
Net current & other assets	4,609	3,564	8,294	7,546	6,748	5,566	4,573	3,766	2,621	1,816

RETURN	2012	2011	2010 <sup>&amp;&amp;</sup>	2009	2008	2007	2006	2005	2004	2003
On sales (PBT)%	17.1%	22.6%	21.1%	24.3%	25.2%	23.9%	26.7%	27.5%	28.6%	20.5%
On capital employed (PBIT)%	21.9%	25.5%	23.4%	25.9%	31.3%	31.6%	41.1%	45.1%	53.7%	43.2%
On shareholders' funds (PAT)%	14.7%	17.1%	15.3%	16.9%	20.0%	20.4%	27.8%	27.7%	35.2%	30.7%
Per share (PAT) Rs.	76.71	83.01	67.31	68.35	72.26	62.71	73.51	63.00	64.48	42.80
Personnel cost	2,136	1,764	1,633	1,440	1,192	1,037	785	735	632	549
No. of employees	3,164	2,943	2,282	2,106	2,070	2,065	1,811	1,465	1,250	1,284

<sup>&&</sup> Figures for the year 2010 exclude the impact of exceptional item of Rs. 958 Million (net of tax Rs. 757 Million) relating to sale of 49,00,000 Equity Shares of Chiron Behring Vaccines Private Limited

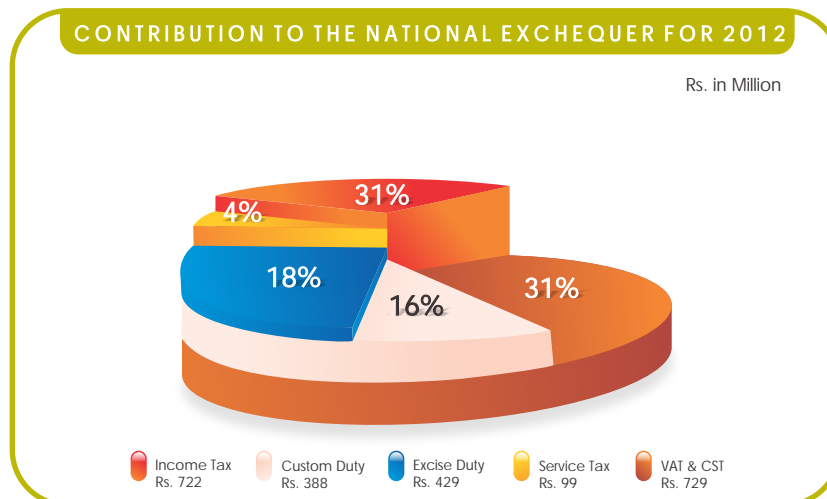
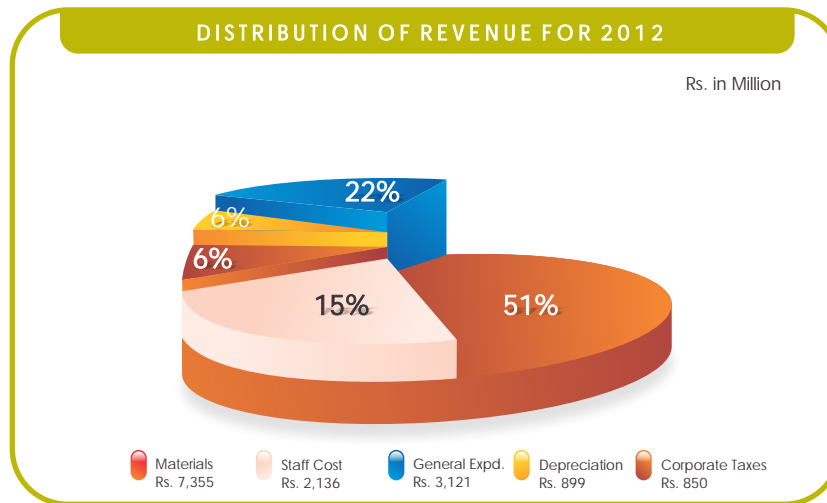
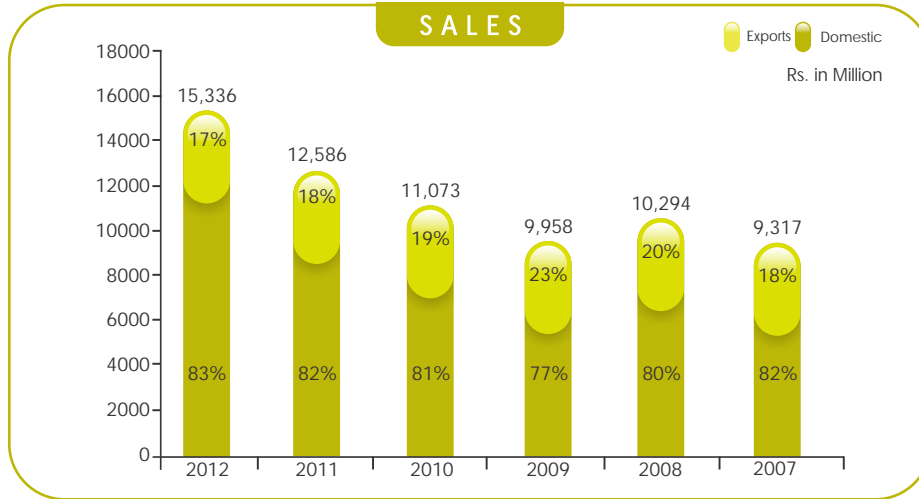
# Includes revaluation of fixed assets since 1986

\$ Includes Special One-Time Golden Jubilee dividend of Rs. 16 per share

\*\* Includes Special One-Time dividend of Rs. 28 per share



# FINANCIAL SUMMARY



# Report of the Directors to the Members of the Company

Your Directors have pleasure in presenting the Audited Accounts of your Company for the Fifty-seventh financial year ended 31st December 2012.

## FINANCIAL RESULTS

	Rs. in Lakhs	
	2012	2011
Net Sales	149,385	122,975
Other Operating Income	7,919	7,159
Other Income	4,117	6,789
Profit before Tax and Exceptional Items	26,171	28,398
Provision for Taxation	8,505	9,280
Net Profit	17,666	19,118
Balance brought forward from previous year	84,265	75,845
Available for appropriation	101,931	94,963
Which your Directors have appropriated as follows:		
Interim Dividend (paid in August 2012)	921	921
Provision for Final Dividend	6,679	6,679
Tax on Interim and proposed Final Dividend	1,232	1,187
Transfer to General Reserve	1,767	1,911
Balance carried to Balance Sheet	91,332	84,265

## CHANGE OF NAME OF THE COMPANY

Pursuant to the resolution passed by the Members at the Annual General Meeting held on 3rd May 2012, the Registrar of Companies, Maharashtra, approved change of name of your Company from Aventis Pharma Limited to Sanofi India Limited with effect from 11th May 2012.

Stickers bearing the new name of the Company were sent to shareholders holding shares in physical form for being affixed on the share certificates held by them.

## DIVIDEND

An Interim Dividend of Rs. 4 per Equity Share of Rs. 10 was declared by the Board of Directors and was paid in August 2012.

Your Directors recommend payment of Final Dividend of Rs. 29 per Equity Share of Rs. 10. If declared by the Shareholders at the Annual General Meeting to be held on 30th April 2013, the Dividend (including Interim Dividend) will absorb Rs. 7,600 Lakhs representing distribution of 43% of the Net Profit of the Company.

The proposed Final Dividend will be paid to:

- those Members whose names appear on the Register of Members of the Company on 30th April 2013; and
- those whose names appear as beneficial owners as at the close of business on 8th April 2013, as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

## MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report is appended.

## **DIRECTORATE**

In accordance with the Articles of Association of the Company, Mr. A. K. R. Nedungadi and Mr. J. M. Gandhi retire by rotation and are eligible for re-election.

Mr. S. Umesh was appointed as Alternate to Mr. A. Ortolli with effect from 4th May 2012. Mr. Umesh, being an employee of the Company, was appointed as Wholetime Director, subject to the approval of the Members of the Company. Mr. Umesh has resigned as Alternate Director with effect from 1st February 2013 as he is taking up a position in the Sanofi Group in France.

Mr. M. Dargentolle, Wholetime Director resigned with effect from 1st July 2012 consequent on his taking up a position with the Sanofi Group in France.

Your Directors have placed on record their appreciation of the services rendered by Mr. Dargentolle and Mr. Umesh during their tenures as Directors.

Ms. Virginie Simone Jeanine Verrechia (Ms. Virginie Boucinha) who had been appointed Chief Financial Officer from 1st July 2012 became a Wholetime Director of the Company with effect from 25th July 2012, consequent on becoming a Director of the Company. Her holding of office as Wholetime Director and remuneration payable to her would be subject to the approval of the Members of the Company and the Central Government.

Mr. M. G. Rao was re-appointed as Wholetime Director (being Alternate to Mr. J. M. Georges) for the period from 6th September 2012 to 5th September 2013, subject to the approval of the Shareholders in General Meeting.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexe to this Report.

## **PARTICULARS OF EMPLOYEES**

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the annexe to the Directors' Report.

Your Directors place on record their appreciation of the valuable contribution made by the employees of your Company.

## **CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS**

As required by Clause 32 of the Listing Agreement, a Cash Flow Statement is appended.

As the Company does not have any subsidiaries, it is not required to publish Consolidated Financial Statements.

## **CORPORATE GOVERNANCE**

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended along with a Certificate of Compliance from the Auditors.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required by Section 217(2AA) of the Companies Act, 1956, your Directors certify as follows:

1. The annexed accounts for the financial year ended 31st December 2012 have been prepared on a going concern basis.
2. In preparation of the said Accounts all the applicable accounting standards have been duly followed and complied with and there were no material departures from the same.
3. Your Directors have selected such accounting policies and applied them consistently along with proper explanation relating to departures, if any and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st December 2012 and of the profit of the Company for that year.
4. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

## **COST AUDIT**

The Central Government had ordered that audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations be conducted by an Auditor with the qualifications prescribed under Section 233B of the Companies Act, 1956. The Board of Directors re-appointed M/s. N. I. Mehta & Co., Cost Accountants, to audit the cost accounts in respect of bulk drugs and formulations for the financial year ended 31st December 2012. The cost audit reports for the financial year ended 31st December 2012 are due to be filed by 30th June 2013.

The cost audit reports for the financial year ended 31st December 2011 were filed on 30th January 2013 within the time permitted by the Central Government for filing the said reports.

## **AUDITORS**

M/s. S. R. Batliboi & Co., your Company's Auditors, are eligible for re-appointment and it is necessary to fix their remuneration.

By Authority of the Board

DR. VIJAY MALLYA  
CHAIRMAN

Mumbai, 25th February 2013



## Annexe to the Report of the Directors

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Report of the Directors.

### A. CONSERVATION OF ENERGY

#### Energy Conservation measures undertaken in 2012:

##### Goa Factory

- Commissioning of Biomass boiler using Agro waste briquettes as a fuel resulting in reduction of carbon foot prints and steam generation cost
- Installation of LED Type light fixtures in Administration block and Managers' cabins
- Installation of Energy efficient dehumidification system for low humidity products (Lithium Chloride based)
- Installation of motion controllers for light operation for unmanned rooms in manufacturing building
- Installation of close loop HVAC frequency drive for AHU Control

##### Ankleshwar Factory

- 160 W MLL-Lamps replaced by 23W CFL lamps
- Economizer installation at Thermax boiler
- 375 TR screw chiller installed in utility for power efficiency
- DKW motor capacity reduced from 20HP to 15HP
- Replacement of conventional tube lights by LED tubes
- High efficient pump with lower capacity motor at DKW
- Motion detector installed in QC AHU
- Advance ceramic composite coating on impeller and casing of CHW supply pumps
- High efficient pump with efficient motor in cooling water application
- Auto tube brushing system at screw chiller
- Replacement of old motor with high efficient motor
- Auto timer in staff canteen to switch off tube lights
- 250 W Metal Halide lamp replaced by CXL lamps

#### Energy Conservation measures proposed to be undertaken in 2013:

##### Goa Factory

- One more Biomass boiler for Chilled water generation through vapor absorption machine
- Use of additional LED based tube lights in plant and motion controllers for unmanned areas

##### Ankleshwar Factory

- Lighting improvement with new LED lamps
- Variable frequency drives in plants
- Maintain power factor above 0.95 to get rebate from Electricity Board
- Advance ceramic composite coating on 2 CHW pumps
- High efficient pump with efficient motor in cooling water application

**REQUISITE DATA IN RESPECT OF ENERGY CONSUMPTION ARE GIVEN BELOW:**

POWER & FUEL CONSUMPTION		YEAR ENDED 31.12.2012	YEAR ENDED 31.12.2011	REASONS FOR VARIATION	
1.	ELECTRICITY				
(a)	Purchased				
	Units	Million KWH	12.588	12.495	Change in product mix, expansion project and increase in rates
	Total Amount	Rs. Million	133.828	111.754	
	Rate/Unit	Rs.	10.631	8.944	
(b)	Own Generation				
(i)	Through Diesel Generator				
	Units	Million KWH	0.441	0.331	Increase in diesel cost
	Units per litre of Diesel Oil	KWH	2.670	4.599	
	Cost/Unit	Rs.	20.135	8.022	
(ii)	Through Steam Turbine / Generator		NIL	NIL	
2.	COAL		NIL	NIL	
3.	FURNACE OIL / LSHS				
	Quantity	K.Lit	23	148	Increase in crude oil cost
	Total amount	Rs. Million	1.089	5.359	
	Average rate per K.Lit	Rs.	47,560	36,155	
4.	NATURAL GAS				
	Quantity	M3	4,732,820	5,123,330	Increase in rates
	Total Amount	Rs. Million	144.521	108.857	
	Average Rate	Rs.	30.536	21.247	
5.	BIOMASS				
	Quantity	Tonnes	619	–	
	Total amount	Rs. Million	4	–	
	Average Rate per Tonne	Rs.	5.835	–	

**CONSUMPTION PER UNIT OF PRODUCTION**

Product	Unit of Production	Standards (If any)	YEAR ENDED 31.12.2012	YEAR ENDED 31.12.2011	REASONS FOR VARIATION
1. ELECTRICITY-KWH					
Bulk Drugs	Tonnes	NONE	5,980	7,347	Consumption depends on product mix
Bulk Drugs	K.Lits	NONE	–	–	
Formulations	Million Units	NONE	1,077	2,589	
2. FURNACE OIL / LSHS (K.LIT)					
Bulk Drugs	Tonnes	NONE	–	–	
Bulk Drugs	K. Lits	NONE	–	–	
Formulations	Million Units	NONE	0.013	0.096	Consumption depends on product mix
3. NATURAL GAS (IN THOUSAND M3)					
Bulk Drugs	Tonnes	NONE	0.191	0.218	Consumption depends on product mix
Bulk Drugs	K. Lits	NONE	–	–	
Formulations	Million Units	NONE	0.007	0.061	

## **B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R&D)**

Specific areas in which R&D carried out :

No basic research is carried out by the Company.

The Company, however, carried out process development and clinical trials for existing and future products.

Expenditure on R&D

- |  |               |
|--|---------------|
| a) Capital   | Rs. 181 lakhs |
| b) Revenue   | Rs. 236 lakhs |
| c) Total   | Rs. 417 lakhs |
| d) Total R&D Expenditure as a percentage of total turnover : | 0.28%         |

## **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Efforts, in brief, towards technology absorption, adaptation and innovation:

The Company interacted with its collaborators who continued to give the latest technology.

2. Benefits derived as a result of the above :

It has helped the Company to retain its market share.

3. Imported Technology :

Technology imported, year of import and whether technology has been fully absorbed

Based on prescriptions received from the collaborators, a number of products were taken up for manufacture and are in regular production. The technology for such products has been fully absorbed.

## **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- |                                  |                  |
|----------------------------------|------------------|
| a) Total Foreign Exchange used   | Rs. 44,063 lakhs |
| b) Total Foreign Exchange earned | Rs. 32,033 lakhs |

# Management Discussion and Analysis

## PHARMACEUTICAL MARKET

Total Indian Pharmaceutical Market during the year ended 31st December 2012 was estimated at Rs. 712 billion. The retail market has slowed down and grew by 11.4% over the previous year. (Source: IMS, Total sales Audit, MAT December 2012).

Key drivers have been volumes (4.1%) and new introductions (5.3%). Prices contributed only 2% to the growth.

Six brands of your Company, **Combiflam®**, **Cardace®**, **Lantus®**, **Clexane®**, **Amaryl®** and **Allegra™** continue to feature in the top 100 brands of the Indian pharmaceutical market.

## OPPORTUNITIES & THREATS

The Indian healthcare industry has become a service driven sector with delivery sector (hospitals) and medical insurance segments gaining prominence. Pharma and delivery sectors together account for 70% of the total healthcare space.

India continues to rank 12th globally in terms of value and 3rd in volumes. The Indian pharmaceutical industry is well poised for growth and is projected to grow at a compounded Annual Growth Rate (CAGR) of 12 to 14%. The drivers of this growth are :

- Epidemiological factors
- Increasing affordability
- Enhanced accessibility
- Rising acceptability

The mix of therapies will continue to gradually move in favour of specialty and super specialty therapies. Metro and Tier I markets will make significant contributions to growth driven by rapid urbanisation and greater economic development. Rural markets will grow fastest. The hospital segment will continue to increase its share.

Lack of enforcement of implementing Intellectual Property rights is a cause for worry as it stifles innovation. Recent delays in regulatory matters and Clinical Research activities, coupled with sluggish growth in the economy are likely to have adverse impact on Foreign Direct Investment (FDI) flowing into this sector.

## SALES AND PROFITABILITY

During the year ended 31st December 2012, your Company had total net sales of Rs. 149,385 lakhs as against Rs. 122,975 lakhs in the previous year, representing a growth of 21.5%.

Profit before Tax decreased from Rs. 28,398 lakhs to Rs. 26,171 lakhs and Net Profit decreased from Rs. 19,118 lakhs to Rs. 17,666 lakhs.

Decline in profit was mainly due to:

- (i) amortisation of brands, acquired in 2011 from Universal Medicare Private Limited and lower interest income as a result of the investment.  
Depreciation and amortisation expense increased from Rs. 3,115 lakhs in 2011 to Rs. 8,987 lakhs in 2012 and Other Income declined from Rs. 6,789 lakhs to Rs. 4,117 lakhs.
- (ii) Change in accounting policy - Your Company decided to amortise goodwill on acquisition of business over a period of 10 years from date of acquisition as against its earlier policy of testing for impairment. Due to the change, Net Profit for the year was lower by Rs. 990 lakhs.

## DOMESTIC SALES REVIEW

Domestic sales, which constituted 83% of total net sales, increased from Rs. 100,203 lakhs in 2011 to Rs. 124,080 lakhs in 2012, reflecting a growth of 23.8%.

## MAJOR BRAND PERFORMANCE REVIEW

**Cardace®** Group grew by 16%. **Cardace®** continues to be No. 1 ACE inhibitor prescribed by cardiologists, diabetologists and consulting physicians.

**Cardace®** Meto, a fixed dose combination of **Cardace®** + Metoprolol was launched. Initial feedback from doctors has been encouraging.



Although there has been a therapy shift to Angiotensin Receptor Blockers (ARB), **Cardace®** and its line extensions continue to grow in terms of prescriptions.

**Lantus®** grew by 25% in value terms. It has a market share of 11.9% and continues to be the 2nd leading brand in insulins in terms of value.

Your Company successfully launched **AllStar™** - an indigenously manufactured reusable insulin pen. It is custom made for patients in India and will help improve both insulin initiation and compliance and bring ease and reassurance to the lives of patients, giving them convenience of international standards at an affordable price.

A campaign "Sanofi Diabetes Blue Fortnight - Every Voice One Future" was done in association with the Ministry of Health and a social advocacy group and was able to reach out to multiple stakeholders in an effort to curb the rising incidence of diabetes in India and improving the lives of diabetics.

**Insuman®** grew by 39% in value terms. **Insuman®** cartridges are well differentiated with unique 3 bullet technology. Cartridges are driving the growth in the human insulin market.

**Apidra®** sales declined due to non-availability of stocks in Q1 2012.

**Amaryl®** group grew by 21% in value terms. It has a market share of 4.6% in the oral antidiabetic (OAD) market.

**Cetapin®** group grew by 31%. **Cetapin®XR** has achieved a market share of 8.4% in the metformin market. It continues to be the largest brand in the metformin market by differentiating itself from other metformin brands with the help of its unique patented technology.

**Cetapin® V** has become the 5th largest brand in the metformin + voglibose category with a market share of 6.7%.

**Clexane®** grew by 8% and continues to be the No. 1 in the injectable anti coagulant market. Your Company is ranked No. 1 in the thrombosis market.

**Targocid®**, which has a market share of 40%, is the No. 1 injectable antibiotic against resistant gram positive bacteria.

**Allegra™** grew by 15%. It has a market share of nearly 12%. It continues to be ranked No. 1 in the total market and solids market.

**Allegra™** Suspension is ranked No. 1 in the liquid anti histaminic market.

**Frisium®** grew by 19%. It is one of the fastest growing anti epileptics and ranks No. 3 in the highly competitive AED market.

**Rejusite™** was launched to neurologists in May 2012.

At the beginning of the year, the Consumer Healthcare OTC division was formed to market the old heritage brands of your Company and OTC products - **Seacod®** and **Combiflam®** Cream.

TV and media campaigns were run for promoting **Seacod®**.

A line extension, **Seacod®** 60 ml has been launched in December 2012.

**Combiflam®** group grew by 15%. **Combiflam®** group (tablets + suspension) has a market share of 5% and is ranked 2nd in the NSAID market.

**Combiflam®** Tablets is ranked No. 1 in units and 1.6 billion tablets were sold in 2012. **Combiflam®** Suspension has a market share of nearly 15% and continues to be ranked 2nd among NSAID oral liquids.

**Soframycin®** Skin Cream had a growth of 12%. It continues to be the 4th largest brand among topical antiseptics.

**Avil®** had a growth of 11% in terms of value. It continues to have volume leadership in the anti histaminic market and has a market share of 6.3%.

Sales of the nutraceutical brands acquired from Universal Medicare Private Limited in 2011 grew significantly.

Line extensions of **Multivite®**, **CoQ®** and **Triomega®** were launched.

Three brands - **Ferrohext™**, **BerryCran™** and **Amino-fit® Forte** were also launched to strengthen the nutraceutical portfolio.

## PRAYAS

Your Company has gone digital in the PRAYAS initiative with the creation of the PRAYAS portal. An interactive portal can now deliver valuable training modules to the rural and urban doctors at their homes and clinics.

## EXPORT SALES

Export sales for 2012, which constituted 17% of total net sales, were Rs. 25,305 lakhs, representing a growth of 11.1% over 2011. This was the highest ever export turnover achieved.

Volumes contributed 8.1% to the growth. New markets, particularly Australia and Germany, contributed significantly as a consequence of which the contribution of the traditional markets of Russia, Ukraine and CIS states came down from 55% in 2011 to 44% in 2012.

Your Company now exports to over 30 countries.

Exports to Russia declined by 19% due to low secondary sales of some products.

Exports to Ukraine grew by 32% as part of a stock building exercise to mitigate impact of new regulations which can affect exports of some of your Company's products.

Exports of Panamax (paracetamol) tablets to Australia which commenced in 2011 contributed handsomely to growth in exports. New line extensions of paracetamol + codeine tablets also contributed substantially to the growth.

Exports to the United Kingdom declined due to high pipeline inventories.

Your Company obtained a large tender in Germany for metformin tablets.

Exports to Sri Lanka grew by 38%. This included exports of nutraceutical products.

Exports of active pharmaceutical ingredients and intermediates grew by 33%.

## MANUFACTURING OPERATIONS

An extension of the manufacturing facility in Ankleshwar was carried out. It will help to increase the capacity of the pharmaceutical plant from 5 billion to 6 billion tablets. With the successful completion of this state of art, HSE and GMP compliant facility, the Ankleshwar plant will be able to fulfill market demand in the coming years.

An upgrade of the dry granulation facility was also completed in Ankleshwar.

Two new granulation lines, a high speed compression machine, a large quantity dispensing system, HVAC to cater to very low humidity requirements and a new blister packing line were installed and commissioned in Goa.

An expansion project has also been started in Goa. This is to cater to the additional requirements for the Indian and export markets. A set of motorized racks to increase the capacity of the existing warehouse has already been commissioned as a first step of the project.

The Goa site was re-accredited by several global regulatory authorities.

New pharma and nutraceutical products were manufactured in own and external manufacturing sites.

The waste water treatment plant was commissioned in Ankleshwar to treat 200 m<sup>3</sup> of effluent on a daily basis. Conservation of natural resources is made feasible with the commissioning of this plant.

## MEDICAL, REGULATORY AFFAIRS AND CLINICAL RESEARCH

The mission of the Medical Affairs team is to translate research into practice by changing treatment paradigms in India, in identified therapy areas, based on scientific disease profiles and current treatment practices.

International speakers were invited who shared best practices and recent advances, across the country, at several medical platforms. Advisory Boards were organised as a part of focused group discussions, with eminent Key Opinion Leaders (KOLs) to gain insights on specific therapy area and your Company's products. A large number of Continuing Medical Education (CMEs) programmes on guidelines for appropriate usage of your Company's products were conducted.

Data on the ORIGIN (Outcome Reduction With Initial Glargine Intervention) study was presented at the American Diabetic Association Scientific Session in June 2012. The study was done over six years with 12,500 patients across the world including nearly 400 patients across 14 sites in India. The study showed that **Lantus®** had no statistically significant positive or negative impact on cardiovascular outcomes versus standard care during the study period. Results also showed that insulin glargine delayed progression from pre-diabetes to type 2 diabetes and there was no association between insulin glargine use and increased risk of any cancer.

As part of your Company's endeavor to improve healthcare delivery in rural India, the Prayas programme successfully conducted 5900 training sessions for more than 11500 doctors, who are registered under the program. Prayas was presented at an international forum held in South Korea.

Approval from the regulatory authority was received for expanding the indication of **Lantus®**, to allow prescription in children above 2 years.

Clinical Research is growing at a very rapid pace in India. This concurrently increases the demand for highly trained and efficient investigators to ensure quality trials. To combat the challenges of this highly regulated industry, your Company routinely conducts training workshops called Clinical Excellence Programs (CEPs) for different stakeholders in clinical research, including investigators/physicians, their hospital staff members and ethics committee members. As a part of your Company's knowledge-sharing mission, a number of training programmes, covering persons at renowned hospitals in India were conducted. These programmes included training sessions emphasising ethical practice in clinical research for physicians with viewpoints from KOLs and other stakeholders involved in trials.

## PERSONNEL

Your Company had 3164 employees as on 31st December 2012.

Industrial relations continued to be cordial.

A Memorandum of Understanding was signed with the Union representing the Medical Representatives which is valid for a period of three years upto March 2013.

Negotiations are continuing with the Union representing the workmen in the Goa factory on their Charter of Demands.

A fresh Charter of Demands has been submitted by the Union representing the workmen in the Ankleshwar factory as the earlier settlement expired in June 2012.

## INTERNAL AUDIT AND CONTROL

Your Company's internal control systems are adequate and commensurate with the size of operations.

The Internal Audit department carried out audits in different areas of your Company's operations. Post audit reviews were carried out to ensure that audit recommendations were implemented. The Audit Committee of the Board of Directors reviewed the audit programme and findings of the Internal Audit department.

## DRUG POLICY

The Government has notified the National Pharmaceutical Pricing Policy, 2012 (NPPP 2012). The policy declares that its objective is to put in place a regulatory framework for pricing of drugs so as to ensure availability of required medicines - "essential medicines" - at reasonable prices even while providing sufficient opportunity for innovation and competition to support the growth of the industry thereby meeting the goals of employment and shared economic wellbeing for all. The key purposes for regulation of pricing in the NPPP 2012 are:

1. Essentiality of drugs
2. Control of formulation prices only
3. Market based pricing

As per the policy all medicines and dosages specified in the National List of Essential Medicines (NLEM) 2011 will be under price control. The ceiling price of NLEM medicines will be fixed by adopting a simple average price of all brands having a market share of 1% or more of the total market turnover of those medicines.

The policy states that a new Drugs (Price Control) Order would be notified soon.

## PRICING ISSUES

Price increases as per norms of the National Pharmaceutical Pricing Authority (NPPA) were obtained for **Combiflam®** Tablets and **Lantus®** 3 ml cartridges.

Price reduction was ordered for **Sofracort®** Eye / Ear Drops, **Insuman®** vials and **Apidra® Solostar®** 3 ml. cartridges.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company strives to continue its endeavour in adapting to needs of society and contributing to make a difference in the lives of patients through various CSR initiatives. By providing easy access to healthcare, it continues to support communities in the vicinity of the manufacturing sites in Goa and Ankleshwar.

### Health Camps in Goa

This unique project was initiated to improve the health of children who come from a low economic background and vulnerable communities near the Goa manufacturing plant. About 1620 children have undergone health checkups and benefited from the camps.

### Diabetes Awareness

The SEWA Rural project in Ankleshwar continues to improve the quality of care and awareness about diabetes in the rural and tribal belt of Bharuch district. More than 300 adults were screened for diabetes by organising camps at various villages. 9500 patients benefited from testing by Cobas C-1 11 machine which is used for any type of blood tests. To educate the patients, a video about diabetes was shown (in local language) and educational material distributed.

Your Company ran a nationwide campaign to create awareness about diabetes using various communication media such as on-ground activities, television, newspapers, magazines, radio and the internet. The two month campaign climaxed with the Sanofi Diabetes Blue Fortnight initiatives that culminated on World Diabetes Day (November 14).

#### **Water Conservation**

Your Company's Ankleshwar site has evaluated that with appropriate treatment of effluent, some amount of water can be reused within the site in cooling towers. This will result in natural resource conservation. The site has also started recycling of steam condensate into the water system thereby reducing the volumes of water intake per year. Implementation of drip irrigation in the garden is underway and is likely to reduce water consumption by 50%.

#### **Patient Education**

The SAATH-7 initiative continues to help in improving the health outcomes of diabetes patients through improvement of compliance to treatment. Over the last 8 years, certified counselors have been helping diabetic patients understand their diseases and provide personalised consultation through home visits. Your Company has reached a large number of patients in 2012 through this initiative.

#### **The 'Joy Of Giving' Program**

Your Company participated for the fourth consecutive year in the national movement called 'Joy Of Giving' which encouraged 'giving' in all our employees. Across all locations in India, employees participated by donating over 25 cartons of clothes, stationery, books, toys and toiletries to deserving NGOs.

Your Company also generated funds for the deprived by holding an NGO bazaar, wherein 12 NGOs were invited to the Head Office to sell items made by the community they were supporting.

#### **Standard Chartered Mumbai Marathon**

Over the years, your Company has been supporting CHILDLINE - a 24-hour, free helpline service for children in distress, by participating in the Standard Chartered Mumbai Marathon which serves as a CSR initiative.

#### **PROSPECTS FOR 2013**

There is a general slowdown in the pharmaceutical segment, somewhat in line with the slowing down of the economic growth. Therefore, the prospects for 2013 are: reasonable growth for your Company - in line with the industry growth- barring the risk of adverse impact due to the new Drugs (Price Control) Order.

Your Company has launched **Allegra™ M** (a combination of Fexofenadine and Montelukast) and **Combiflam® Plus** (for headache).

The manufacturing expansion project in Goa is progressing well and it will be completed during the year.

Export turnover is expected to gain momentum and show reasonable growth.

#### **CAUTIONARY NOTE**

Certain statements in the above Report may be forward looking and are stated as required by legislations in force. The actual results may be affected by many factors that may be different from what the Directors / Management envisage in terms of future performance and outlook.



# Report On Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:

## A. MANDATORY REQUIREMENTS

### 1. Company's philosophy on Code of Governance

The Company believes in and practices good corporate governance. The Company's philosophy is aimed at assisting the top management of the Company in the efficient conduct of the business and in meeting its obligations to all its stakeholders.

### 2. Board of Directors

(As on 31st December 2012)

The Board of Directors comprises of a Non-Executive Chairman, a Managing Director, a Wholetime Director and six other Non-Executive Directors.

Two employees of the Company are Alternates for Directors based abroad and are, therefore, deemed to be Executive Directors.

During the year ended 31st December 2012, four Board Meetings were held on 23rd February 2012, 3rd May 2012, 25th July 2012 and 31st October 2012.

Attendance of each Director at the Board Meetings in 2012 and the last Annual General Meeting and the number of Companies and Committees where he/she is Director/Member (as on 31st December 2012) :

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 3rd May 2012	No. of other companies in which Director (including Private Limited companies)	No. of Committees (other than Sanofi India Limited) in which Member
Dr. Vijay Mallya	Non - Executive Chairman	4	Yes	18 (In India) 36 (Outside India)	Nil
Dr. Shailesh Ayyangar	Managing Director	4	Yes	2 (In India) 2 (Outside India)	1
Mr. F. Briens	NED**	–	No	1 (In India) 5 (Outside India)	1
Ms. Virginie Simone Jeanine Verrechia* (Ms. Virginie Boucinha)	ED	1	–	1 (In India) 2 (Outside India)	Nil
Mr. J. M. Gandhi	Independent NED	2	Yes	4 (In India)	2***
Mr. J. M. Georges	NED**	–	No	2 (Outside India)	Nil
Mr. S. R. Gupte	Independent NED	4	Yes	7 (In India)	4***
Mr. A.K.R. Nedungadi	Independent NED	4	Yes	7 (In India) 9 (Outside India)	4***
Mr. A. Ortoli	NED**	–	–	1 (In India) 5 (Outside India)	1
Mr. M. G. Rao	ED (Alternate to Mr. J. M. Georges)	3	Yes	–	–
Mr. S. Umesh*	ED (Alternate to Mr. A. Ortoli)	2	–	–	–
Mr. M. Dargentolle*	ED	2	Yes	–	–

ED - Executive Director  
NED - Non Executive Director

\*For part of the year

\*\*Employees of Sanofi Group companies

\*\*\*Mr. Gupte, Mr. Gandhi and Mr. Nedungadi are also Members of some Committees in other companies which are not specified in Clause 49 of the Listing Agreement or are to be excluded (such as Remuneration Committee, Share Transfer Committee, Committees of Private Limited companies, etc.).

Mr. Nedungadi is Chairman of one Committee of another company. Mr. Gandhi is the Chairman of one Committee of another company.

### 3. Audit Committee

Terms of Reference and Composition, Names of Members and Chairman:

The Audit Committee comprises of Mr. S. R. Gupte, Chairman, Mr. A.K.R. Nedungadi, Mr. J. M. Gandhi and Dr. S. Ayyangar.

Mr. Gupte, Mr. Nedungadi and Mr. Gandhi are Independent Directors.

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement.

Five Meetings were held during the year ended 31st December 2012. Mr. Gupte and Dr. Ayyangar attended all the meetings and Mr. Gandhi and Mr. Nedungadi attended four of the five meetings.

### 4. Remuneration Committee

The Company has not formed a Remuneration Committee.

#### Remuneration of Directors

The details of remuneration paid to the Directors during the financial year January - December 2012 are given below:

#### a) Executive Directors

Names of Directors	Salary and Allowances ** Rs.	Perquisites*** Rs.	Retirement Benefits**** Rs.
Dr. S. Ayyangar	8,359,200	1,485,108	712,800
Ms. Virginie Simone Jeanine Verrechia*	2,542,412	5,364,963	75,404
Mr. M. Dargentolle*	892,288	1,165,069	79,887
Mr. M. G. Rao	8,902,745	761,699	444,096
Mr. S. Umesh*	5,084,896	495,830	222,431

\*For part of the year

\*\* Includes Performance Bonus

\*\*\*Evaluated as per Income-tax Rules wherever applicable

\*\*\*\*The above excludes provision for leave encashment, gratuity, long service award, pension and provident fund (to extent actuarially valued) which are determined on the basis of actuarial valuation done on an overall basis for the Company.

### NOTES

1. The agreement with each of the Executive Directors is for a specified period. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' notice in writing to the other party.
2. No severance pay is payable on termination of contract.
3. Presently, the Company does not have a scheme for grant of stock options either to the Executive Directors or employees. However, Executive Directors and some Senior Executives of the Company are granted stock options of the ultimate holding Company, Sanofi SA.
4. The Executive Directors are entitled to Performance Bonus with target payouts fixed and payout ranges of 0% to 200% of the target amounts to be paid at the end of the financial year as may be determined by the Board of Directors and are based on certain pre-agreed performance parameters.

## b) Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending Board and Committee Meetings. They are also paid Commission of an amount as may be determined by the Board of Directors from time to time, subject to a ceiling of one per cent of the net profits of the Company.

Names of Directors	Sitting Fees paid during the year ended 31st December 2012 Rs.	Commission paid during the year ended 31st December 2012 (for the previous financial year ended 31st December 2011) Rs.
Dr. Vijay Mallya*	80,000	700,000
Mr. S. R. Gupte	200,000	400,000
Mr. A. K. R. Nedungadi	180,000	400,000
Mr. J. M. Gandhi	140,000	400,000

\*Dr. Vijay Mallya holds 80 Shares of the Company (jointly with Mrs. Ritu Mallya). The other Non-Executive Directors do not hold any Shares.

## 5. Investors'/Shareholders' Grievance Committee

The Members of the Committee are Mr. S. R. Gupte, Chairman, Mr. A.K.R. Nedungadi and Mr. J. M. Gandhi.

One Meeting of the Committee was held during the year ended 31st December 2012 which was attended by all three Members of the Committee.

Mr. K. Subramani, Company Secretary is the Compliance Officer of the Company.

The Company's Registrars, Link Intime India Private Limited had received 493 letters / requests during the year, dealing with various subjects such as revalidation/non-receipt of dividend warrants, change of address, registration of nominations, non-receipt of share certificates, etc. All these matters were resolved to the satisfaction of the shareholders/investors.

The Company had no transfers pending at the close of the financial year.

The power to approve transfers upto 1000 Shares purchased by one individual has been delegated to the Company Secretary.

## 6. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
January - December 2009	27.4.2010	2.45 p.m.	Y. B. Chavan Centre - Auditorium, Mumbai
January - December 2010	26.4.2011	12 Noon	Y. B. Chavan Centre - Auditorium, Mumbai
January - December 2011	03.5.2012	3.15 p.m.	Y. B. Chavan Centre - Auditorium, Mumbai

All the resolutions set out in the respective Notices were passed by the Shareholders.

No special resolutions were required to be put through postal ballot last year.

At this meeting, there are no Special Resolutions for which Clause 49 of the Listing Agreement or Section 192A of the Companies Act has recommended/mandated postal ballot.

## 7. Disclosures

a) There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Statements of transactions with related parties have been placed periodically before the Audit Committee. Transactions with related parties have also been disclosed in Note no.30 of the Financial Statements.

b) There were no instances of non-compliance nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

- c) The Company has also complied with and adopted the mandatory requirements of the amended Clause 49 of the Listing Agreement.
- d) In line with the requirements of the amended Clause 49 of the Listing Agreement, the Audit Committee and the Board of Directors reviewed the Management's perception of the risks facing the Company and measures taken to minimise the same.
- e) As required by Clause 49(V) of the Listing Agreement, the Managing Director and the Chief Financial Officer have submitted a Certificate to the Board of Directors in the prescribed format for the financial year ended 31st December 2012. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

## 8. Means of Communication

### Half yearly report sent to each household of shareholders:

No, as the Results of the Company are published in the Newspapers.

### Quarterly Results:

No, as the Results of the Company are published in the Newspapers.

### Any Website where displayed:

[www.sanofiindialtd.com](http://www.sanofiindialtd.com)

### Whether it also displays official News releases:

Yes

### Newspapers in which Results are normally published in:

- i) Economic Times
- ii) Maharashtra Times

### Whether Management Discussion and Analysis is a part of the Annual Report:

Yes

## 9. General Shareholder Information

**AGM Date, Time and Venue:** Tuesday, 30th April 2013 at 2.45 p.m. at Y.B. Chavan Centre - Auditorium, Gen. J. Bhosale Marg, Nariman Point, Mumbai 400 021

### Financial Calendar - 2013 /2014

Financial Year	-	January to December
First Quarter Results	-	Between 16th April and 15th May 2013
Half Yearly Results	-	Between 16th July and 14th August 2013
Third Quarter Results	-	Between 16th October and 14th November 2013
Audited Results for the year ending 31st December 2013	-	February 2014

### Dates of Book Closure:

9th April 2013 to 30th April 2013 (both days inclusive)

### Dividend payment date:

On 6th May 2013, if declared at Annual General Meeting on 30th April 2013

### Listing on Stock Exchanges:

The Company's Shares are listed on the Stock Exchanges mentioned below and the Company has paid the Listing Fees to them for 2012-2013 and is in the process of paying the fees for 2013-2014.

The Bombay Stock Exchange Limited

The National Stock Exchange of India



**Stock Code:**

500674 on the Bombay Stock Exchange Limited

**Demat ISIN Number for NSDL & CDSL:**

INE 058A01010

**Market Price Data:**

High/Low during year/month in the last financial year

Share Price on the Bombay Stock Exchange Limited (Face Value Rs. 10)

Months	Open Rs.	High Rs.	Low Rs.	Close Rs.
January 2012	2350.00	2429.95	2218.00	2296.55
February 2012	2298.85	2344.00	2170.00	2275.75
March 2012	2270.00	2289.95	2044.20	2209.25
April 2012	2229.00	2343.90	2190.00	2217.45
May 2012	2215.00	2250.00	2030.00	2079.95
June 2012	2080.00	2196.00	2002.10	2156.90
July 2012	2177.00	2257.25	2116.10	2200.80
August 2012	2218.85	2300.00	2080.00	2174.85
September 2012	2190.00	2403.00	2132.00	2373.75
October 2012	2398.90	2398.90	2165.00	2216.20
November 2012	2215.00	2380.00	2060.00	2300.05
December 2012	2301.00	2381.00	2078.60	2290.60

Stock Performance in comparison to broad based indices such as BSE Sensex

January - December 2012 (in percentage %)

Sanofi India Limited

(-) 1.28%

BSE Sensex

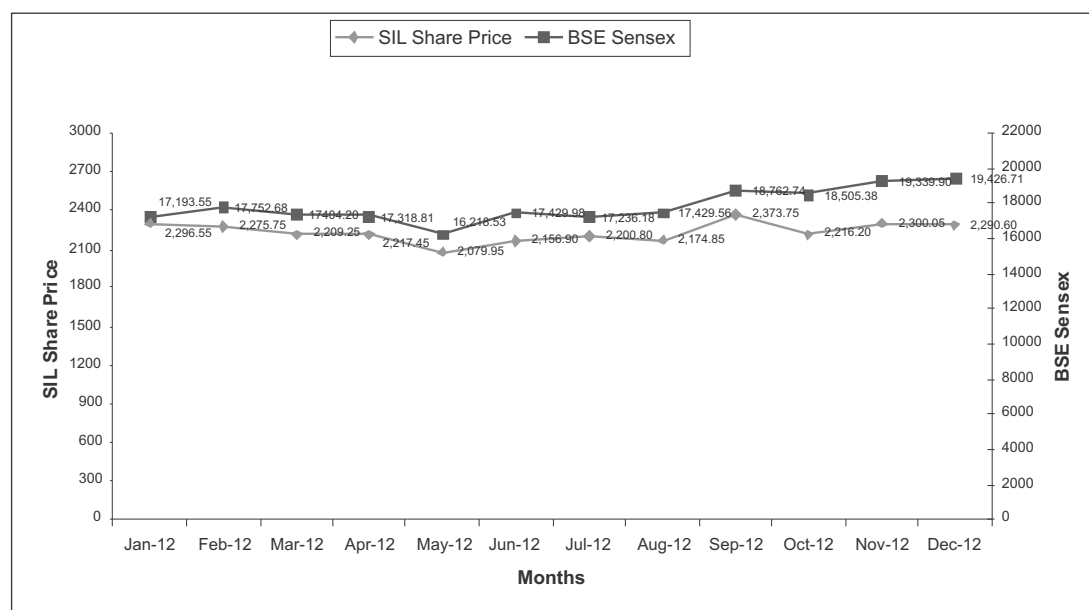
(+) 25.70%

BSE 200

(+) 30.98%

BSE 100

(+) 29.96%



**Registrars & Transfer Agents:**

Link Intime India Pvt. Ltd. (formerly called Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup West, Mumbai 400 078

**Persons to contact:**

Mr. Manohar Shirwadkar/Mr. Dnyanesh Gharote / Ms. Sangeeta Lotankar

Telephone No. : (022) 25946970 Fax No. : (022) 25946969 E.Mail : rnt.helpdesk@linkintime.co.in

**Share Transfer System:**

The power of approving transfers upto 1000 Shares purchased by any individual has been delegated to the Company Secretary. Transfers are approved every week.

**Distribution of Shareholding as on 31.12.2012:**

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 100	12549	91.65	738319	3.21
101 to 200	616	4.50	111181	0.48
201 to 300	171	1.25	47068	0.20
301 to 400	73	0.53	27475	0.12
401 to 500	64	0.47	31080	0.13
501 to 1000	102	0.75	77701	0.34
1001 to 2000	32	0.23	46994	0.20
2001 to 3000	9	0.07	24125	0.10
3001 to 4000	3	0.02	11100	0.05
4001 to 5000	8	0.06	35871	0.16
5001 to 10000	14	0.10	98224	0.43
10001 and above	51	0.37	21781484	94.58
<b>TOTAL</b>	<b>13692</b>	<b>100</b>	<b>23030622</b>	<b>100</b>

**Shareholding Pattern as on 31.12.2012**

	Percentage %
a) Foreign Promoters (Hoechst GmbH/ Sanofi)	60.40
b) Mutual Funds/ UTI	11.33
c) Foreign Institutional Investors	12.52
d) Banks	0.66
e) Insurance Companies	2.86
f) Bodies Corporate	6.00
g) Trusts/Clearing Members	0.03
h) Individuals holding upto Rs.1 lakh in nominal capital	4.74
i) Individuals holding more than Rs.1 lakh in nominal capital	0.56
j) Non-Resident Indians (with repatriation benefits)	0.03
k) Non-Resident Indians (without repatriation benefits)	0.84
Total	<u>100.00</u>

**Dematerialisation of Shares and liquidity:**

As on 31.12.2012, 98.87% of the paid-up Share Capital had been dematerialised.

**Outstanding GDRs / ADRs / warrants or any Convertible instruments, Conversion date and likely impact on equity :**

Not Issued

**Plant locations:**

Ankleshwar (Gujarat) and Verna (Goa)

**Address for correspondence:**

Shareholder correspondence should be addressed to the Company's Registrars, Link Intime India Pvt. Ltd. at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup West, Mumbai 400 078

Investors may also write to or contact the Company Secretary, Mr. K. Subramani at the Registered Office for any assistance that they may need. Telephone No. (022) 28278530 Fax No. (022) 28360862

E-Mail - K.Subramani@sanofi.com; igrc.sil@sanofi.com

Shareholders holding Shares in dematerialised form should address all their correspondence (including change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, powers of attorney, etc.) to their Depository Participant.

**(B) Non-Mandatory Requirements****a) Chairman of the Board :**

**Whether Chairman of the Board is entitled to maintain a Chairman's Office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties:**

Yes

**b) Remuneration Committee :**

The Company has not set up a Remuneration Committee.

**c) Shareholder Rights:**

Half yearly declaration of financial performance including summary of the significant events in last six months to be sent to each household of Shareholders:

The Company's half yearly Results are published in English and Marathi newspapers having wide circulation and are also displayed on the Company's website. Hence, same are not sent to the Shareholders.

Second half yearly Results are not taken on record by the Board as audited Results are approved by the Board. The audited Results for the financial year are communicated to the Shareholders through the Annual Report.

**d) Audit Qualifications:**

The Auditors have issued an unqualified opinion for the year ended 31st December 2012.

**e) Training of Board Members:**

All the Directors have expertise in their areas of specialisation.

**f) Mechanism for evaluating Non Executive Directors:**

The Board of Directors may consider adopting this requirement in future.

**g) Whistle Blower Policy:**

The Board of Directors may consider adopting this requirement in future.

**COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS**

In accordance with Clause 49 of the Listing Agreements with the Stock Exchanges, the Board Members and Senior Management personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st December 2012.

For SANOFI INDIA LIMITED

DR. SHAILESH AYYANGAR  
MANAGING DIRECTOR

Mumbai, 25th February 2013

## Auditors' Certificate

To

The Members of Sanofi India Limited (formerly 'Aventis Pharma Limited')

We have examined the compliance of conditions of corporate governance by Sanofi India Limited, for the year ended on December 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.R. BATLIBOI & CO.**

Firm registration number: 301003E

Chartered Accountants

**per Vijay Maniar**

Partner

Membership No.: 36738

Place: Mumbai

Date: February 25, 2013



# Auditors' Report

To

The Members of Sanofi India Limited (formerly 'Aventis Pharma Limited')

1. We have audited the attached Balance Sheet of Sanofi India Limited ('the Company') as at December 31, 2012 and also the Statement of Profit and Loss and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
  - v. On the basis of the written representations received from the directors, as on December 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2012;
    - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

**For S.R. BATLIBOI & CO**

Firm registration number: 301003E

Chartered Accountants

**per Vijay Maniar**

Partner

Membership No.:36738

Place: Mumbai

Date: February 25, 2013

## Annexure referred to in paragraph [3] of our report of even date

Re: Sanofi India Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company had granted loan to a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 7,900 lacs and year-end balance of loan granted to such party was Rs. Nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and read with the explanations given to us, certain items of inventory that are purchased from strategic vendors or are of special nature for which suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, *we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.*
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act related to the manufacture of formulations and bulk drugs, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of wealth-tax, income-tax, customs duty, service tax and cess which have not been deposited on account of any dispute. According to the records of the Company, the dues outstanding of excise duty and sales tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount Rs. in Lacs	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty on Samples	5	1994 to 1999	Customs Excise and Service tax Appellate tribunal.
	Disallowance of Modvat	17	1993	Commissioner of Appeals, Surat.
	Disallowance of Modvat	4	1993	Commissioner of Appeals, Surat.
Medicinal & Toilet Preparations (Levy of Excise Duty) Act, 1955	Dispute Whether Central or State Excise duty	232	1990 to 1997	Central Board of Excise and Customs
	Dispute Whether Central or State Excise duty	132	1996 to 1999	Commissioner of State Excise Maharashtra.
Sales Tax Act	Submission of 'F' form	56	2008-09	Joint Commissioner of Sales tax, Uttar Pradesh
Service Tax	Service Tax on sponsorship	1	2011-12	Commissioner of Customs, Central Excise and Services Tax

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions or by way of debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S. R. BATLIBOI & CO.**

Firm registration number: 301003E

Chartered Accountants

**per Vijay Maniar**

Partner

Membership No.:36738

Place: Mumbai

Date: February 25, 2013

## Balance Sheet

as at December 31, 2012

	Notes	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	2,303	2,303
Reserves and surplus	3	118,109	109,359
		<b>120,412</b>	<b>111,662</b>
<b>Non-current liabilities</b>			
Other long term liabilities	4	–	100
Long term provisions	5	1,928	1,956
Deferred Tax Liabilities (Net)	6	2,128	846
		<b>4,056</b>	<b>2,902</b>
<b>Current liabilities</b>			
Trade Payables	7	15,417	14,764
Other current liabilities	7	8,499	7,090
Short-term provisions	8	14,747	13,836
		<b>38,663</b>	<b>35,690</b>
<b>TOTAL</b>		<b>163,131</b>	<b>150,254</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	9		
I Tangible assets		19,425	16,736
II Intangible assets		50,511	56,961
III Capital Work in Progress			
Tangible assets		4,063	2,051
Intangible assets under development		284	235
Non current investments	10	36	36
Long term loans and advances	11	5,818	7,498
Other non-current assets	12	264	63
		<b>80,401</b>	<b>83,580</b>
<b>Current assets</b>			
Inventories	13	27,245	25,427
Trade receivables	14	9,860	10,409
Cash and Bank Balances	15	42,885	23,423
Short term loans and advances	16	2,330	6,773
Other current assets	17	410	642
		<b>82,730</b>	<b>66,674</b>
<b>TOTAL</b>		<b>163,131</b>	<b>150,254</b>
<b>Significant accounting policies</b>	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Co.  
Firm Registration No : 301003E  
Chartered Accountants  
per **Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai : February 25, 2013

For and on behalf of the Board of Directors of  
Sanofi India Limited (formerly "Aventis Pharma Limited")

**Dr. Vijay Mallya** Chairman  
**Dr. S. Ayyangar** Managing Director  
**Virginie Boucinha** Director  
**J. M. Gandhi** Director  
**S. R. Gupte** Director  
**A. K. R. Nedungadi** Director  
**M. G. Rao** Director  
**K. Subramani** Company Secretary

Mumbai : February 25, 2013



## Statement of Profit and Loss

for the year ended December 31, 2012

	Notes	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>Income</b>			
Revenue from Operations (gross)		161,282	133,020
Less :Excise Duty		3,978	2,886
Revenue from Operations (net)	18	157,304	130,134
Other income	19	4,117	6,789
<b>Total Revenue</b>		<b>161,421</b>	<b>136,923</b>
<b>Expenses</b>			
Cost of material consumed	20	55,911	49,155
Purchases of traded goods	21	18,531	13,538
Changes in inventories of finished goods, work-in-progress and traded goods	22	(893)	(1,012)
Employee benefits expenses	23	21,360	17,642
Other expenses	24	31,214	26,045
Depreciation and Amortisation Expense	9	9,071	3,199
Less: recoupment from revaluation reserve		(84)	(84)
Net Depreciation and Amortisation Expense		8,987	3,115
Finance Costs		140	42
<b>Total Expenses</b>		<b>135,250</b>	<b>108,525</b>
<b>Profit before Tax</b>		<b>26,171</b>	<b>28,398</b>
<b>Tax Expense</b>			
- Current tax	25	7,223	7,432
- Deferred tax	25	1,282	1,848
<b>Total Tax Expenses</b>		<b>8,505</b>	<b>9,280</b>
<b>Profit for the year</b>		<b>17,666</b>	<b>19,118</b>
<b>Earnings per equity share</b>			
Basic and Diluted Earning Per Share in Rs.(Nominal Value of Equity Share of Rs 10 Each (2011- Rs. 10 each))	32	76.71	83.01
<b>Significant accounting policies</b>	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S. R. Batliboi & Co.**  
Firm Registration No : 301003E  
Chartered Accountants  
per **Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai : February 25, 2013

For and on behalf of the Board of Directors of  
Sanofi India Limited (formerly "Aventis Pharma Limited")

**Dr. Vijay Mallya** Chairman  
**Dr. S. Ayyangar** Managing Director  
**Virginie Boucinha** Director  
**J. M. Gandhi** Director  
**S. R. Gupte** Director  
**A. K. R. Nedungadi** Director  
**M. G. Rao** Director  
**K. Subramani** Company Secretary

Mumbai : February 25, 2013

# Cash Flow Statement

for the year ended December 31, 2012

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>Cash flow From operating activities</b>		
Net Profit before taxation	26,171	28,398
<b>Adjustment for:</b>		
Depreciation and amortization	8,987	3,115
Unrealised exchange gain (net)	(10)	(25)
Loss on sale of fixed assets (net)	7	2
Finance costs	140	42
Interest income	(2,845)	(5,387)
Provision for doubtful debts and advances	(3)	(3)
Dividends	(4)	(1)
<b>Operating profit before working capital changes</b>	<b>32,443</b>	<b>26,141</b>
<b>Movements in working capital</b>		
Decrease/ (Increase) in Trade Receivables	710	(262)
Decrease/ (Increase) in Loans and Advances and other current/ non- current assets	857	(447)
(Increase) in inventories	(1,586)	103
Increase in trade payables, current/ non-current liabilities and provisions	1,387	2,897
<b>Cash generated from operations</b>	<b>33,811</b>	<b>28,432</b>
Direct taxes paid	(5,174)	(7,930)
<b>Net inflow from operating activities (A)</b>	<b>28,637</b>	<b>20,502</b>
<b>Cash flow from Investment activities</b>		
Proceeds from sale of fixed assets	35	34
Dividend received	4	1
Interest received	2,820	5,751
Repayment of loan	7,900	15,000
Loan given	(4,500)	(5,400)
Purchase of Fixed Assets	(6,601)	(6,570)
Business Purchase (Refer Note 43)	–	(56,707)
<b>Net cash (outflow)from investing activities (B)</b>	<b>(342)</b>	<b>(47,891)</b>
<b>Cash flow from financing activities</b>		
Interim and final dividend paid (including tax thereon)	(8,833)	(14,722)
<b>Net cash (outflow) from financial activities (C)</b>	<b>(8,833)</b>	<b>(14,722)</b>
<b>Net increase in cash &amp; cash equivalents (A+B+C)</b>	<b>19,462</b>	<b>(42,111)</b>
Cash and Cash Equivalents at the beginning of the year	23,423	65,534
<b>Cash and Cash Equivalents at the end of the year</b>	<b>42,885</b>	<b>23,423</b>

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>Components of Cash and Cash Equivalents</b>		
Cash and Bank Balances (as per Note 15) - (Refer note 3 below)	42,885	23,423

**Notes:**

- (1) Comparative figures have been regrouped wherever necessary.
- (2) The cash flow statement has been prepared under the indirect method as set out in the Accounting standard -3 on cash flow statements issued by the Institute of Chartered Accountants of India.
- (3) Cash and Bank Balance as per Schedule 8 includes Rs 99 lacs (2011 : Rs 109 lacs) which are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

**For S. R. Batliboi & Co.**  
Firm Registration No : 301003E  
Chartered Accountants  
per **Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai : February 25, 2013

For and on behalf of the Board of Directors of  
Sanofi India Limited (formerly "Aventis Pharma Limited")

<b>Dr. Vijay Mallya</b>	Chairman
<b>Dr. S. Ayyangar</b>	Managing Director
<b>Virginie Boucinha</b>	Director
<b>J. M. Gandhi</b>	Director
<b>S. R. Gupte</b>	Director
<b>A. K. R. Nedungadi</b>	Director
<b>M. G. Rao</b>	Director
<b>K. Subramani</b>	Company Secretary

Mumbai : February 25, 2013

# Notes forming part of the Financial Statements

for the year ended December 31, 2012

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## **Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation was carried out.

The Company has changed its name from Aventis Pharma Limited to Sanofi India Limited w.e.f. May 11, 2012.

During the year ended 31st December 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company, for the preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in current year.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

## **1. Significant accounting policies:**

### **Change in Accounting Policy**

During the current year ended December 31, 2012, the Company has changed its accounting policy with respect to amortization of Goodwill. The Company has amortized Goodwill on acquisition of business over a period of ten years starting from the date of acquisition. In the previous year, Goodwill was not amortized but tested for impairment.

Consequent to this, the current year's depreciation and amortization expenses are higher and net profit before tax is lower by Rs. 1,462 lacs (net of tax Rs. 988 lacs).

### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### **Tangible and intangible fixed assets**

Fixed assets are stated at cost (or revalued amounts, as the case may be) less accumulated depreciation/amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Freehold land and buildings are recorded at revalued amounts and the incremental values are shown as capital reserve and revaluation reserve respectively. Capital and revaluation reserves are adjusted to the extent of revalued assets disposed off.

### **Depreciation/amortisation**

Depreciation is provided on all fixed assets, considering the useful life estimated by the management at rates not lower than those prescribed in Schedule XIV of the Companies Act 1956, on straight line method (SLM) at the following rates per annum on the cost / enhanced cost.

Description of Assets	Rate (SLM)
<u>Intangible Assets</u>	Amortised over:
Brand	10 years
Software	3 years
Marketing and technical rights for formulations	10 years
Technical know how	5 years
Goodwill	10 years
<u>Tangible Assets</u>	
Leasehold land	Amortised over lease period
Buildings	3.34 %
Leasehold Improvements	Amortised over lease period
Plant and Machinery	10.34 % / 9.5%
Furniture and Fixtures	10.34 %
Office equipments	9.50 %
Computer	25.00 %
Motor vehicles	16.21 %
Laptops	33.33%

The incremental depreciation on revalued amount is transferred to statement of profit and loss from revaluation reserve. Fixed assets costing Rs. 5,000 or less are fully depreciated in a year from acquisition.

### Research and development cost

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is capitalized when the recognition criteria are met. Development expenditure capitalised is amortised over the period of expected future sales from the related project, not exceeding future sales.

### Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

### Leases

#### Company is the Lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### Company is the Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.



## Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. These are valued at lower of cost or fair value (repurchase price or market value) on an individual item basis.

Investments other than current are classified as Non-Current Investments which are valued at cost less provision for diminution in value, other than temporary, if any.

## Inventories

Inventories are valued as follows:

### Raw Material and Packing Material

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined using standard cost method adjusted for variances, which approximates actual cost based on weighted cost formula.

### Work-in-progress and finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined using standard cost method adjusted for variances, which approximates actual cost based on weighted cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## Cash and Cash equivalents

Cash and cash equivalents for the purpose of Cash flow statement comprise of cash at bank and in hand and short term investments with an original maturity of three months or less.

## Foreign currency transactions

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transactions. Foreign currency monetary items are translated into rupees at the rate of exchange prevailing on the date of the balance sheet. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### Forward exchange contracts not intended for trading or speculation purposes

The premium or discounts arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

## Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### Sale of Goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership are transferred to customers, which is generally on dispatch of goods. Sales are stated exclusive of sales tax and net of trade discount. Excise duty deducted from revenue (Gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

## Service Income

Income from service rendered is recognised based on the terms of the agreements and when services are rendered. Service income is net of service tax.

## Interest

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

## Dividend

Dividend Income is recognised when the company's right to receive dividend is established by the reporting date.

## Others

Other income is accounted for on accrual basis except where the receipt of income is uncertain.

## **Retirement & Other employee benefits**

### (i) Long-term Employee Benefits

#### (a) **Defined Contribution Plans**

The Company has defined contribution plans for post employment benefits in the form of Superannuation Fund which is recognised by the Income-tax authorities and administered through trustees and/or Life Insurance Corporation of India (LIC). Further the Company also has a defined contribution plan in the form of a provident fund scheme for its staff and workmen at the Ankleshwar unit & Nepal and pension scheme under the Employee's Pension Scheme 1995 for its all employees, which are administered by the Provident Fund Commissioner.

All the above mentioned schemes are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the statement of profit and loss as incurred.

#### (b) **Defined Benefit Plans**

The Company has for all employees other than Ankleshwar Staff & Workmen, defined benefit plans for post employment benefits in the form of Provident Fund which is administered through trustees (treated as a defined benefit plan on account of guaranteed interest benefit). Further Company has defined benefit plan for post retirement benefit in the form of Gratuity which is administered through trustees and/or LIC for all its employees and pension for certain employees. Schemes of Provident Fund and Gratuity are recognised by the Income-tax authorities. Liability for Defined Benefit Plans is provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

#### (c) **Other Long-term Employee Benefit**

The Company has for all employees other long-term benefits in the form of Long Service Award and Leave Encashment as per the policy of the Company. Liabilities for such benefits are provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary for measuring the liability is the Projected Unit Credit method.

(ii) Actuarial gains and losses (for defined benefit and other long term benefit) comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expense.

(iii) Termination benefits are recognised as an expense as and when incurred.

## **Taxation**

Tax expense comprises of current and deferred tax. Provision for Income tax is made on the basis of the estimated taxable income as per the provisions of Income Tax Act, 1961 and the relevant Finance Act, after taking into consideration judicial pronouncements and opinions of the Company's tax advisors. Tax payments are set off against provisions.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right

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exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

### **Earnings per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **Provisions and Contingencies**

The Company creates a provision when there exist a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provision are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

# Notes forming part of the Financial Statements

for the year ended December 31, 2012

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>2. SHARE CAPITAL</b>		
<b>Authorised:</b>		
23,500,000 (2011: 23,500,000) Equity Shares of Rs 10 each	2,350	2,350
	2,350	2,350
<b>Issued, Subscribed and Fully Paid-up</b>		
23,030,622 (2011: 23,030,622) Equity Shares of Rs. 10 each	2,303	2,303
	2,303	2,303

- a) **Shares held by holding and ultimate holding company**  
13,904,722 (2011: 13,904,722) equity shares are held by Hoechst GmbH, Germany, holding company and 4,865 (2011: 4,865) Equity shares are held by Sanofi S.A., France ultimate holding company

- b) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**

	December 31, 2012		December 31, 2011	
	Numbers	Amount in Lacs	Numbers	Amount in Lacs
At the beginning of the year and outstanding at the end of the year	23,030,622	2,303	23,030,622	2,303

- c) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The final Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 December 2012, the amount of per share dividend (including interim dividend of Rs. 4 (Dec 2011: Rs. 4)) recognized as distributions to equity shareholders was Rs 33 (Dec 2011: Rs. 33).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholder.

- d) **Details of Shareholders holding more than 5% shares in the company**

	December 31, 2012		December 31, 2011	
	No of Shares	% of Holding	No of Shares	% of Holding
Hoechst GmbH, Germany	13,904,722	60.38	13,904,722	60.38
Reliance Capital Trustee Company Limited	1,780,804	7.73	1,946,028	8.45
Aberdeen Global Indian Equity Fund (Mauritius) Ltd	1,338,883	5.81	1,144,883	4.97

As per the records of the company, including its register of shareholder/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

# Notes forming part of the Financial Statements

for the year ended December 31, 2012

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>3. RESERVES AND SURPLUS</b>		
Capital Reserve	349	349
Securities premium account	204	204
<b>Revaluation Reserves</b>		
Balance as per last balance sheet	1,195	1,279
Less: Transferred to statement of profit and loss as reduction from depreciation	84	84
<b>Closing Balance</b>	<b>1,111</b>	<b>1,195</b>
<b>General reserve</b>		
Balance as per last balance sheet	23,346	21,435
Add: Transferred from surplus balance in the statement of profit and loss	1,767	1,911
<b>Closing Balance</b>	<b>25,113</b>	<b>23,346</b>
<b>Surplus in the statement of profit and loss</b>		
Opening balance	84,265	75,845
Profit for the year	17,666	19,118
Less: Appropriations		
Interim dividend on equity shares (Amount per share Rs 4 (Dec 2011 Rs 4))	921	921
Proposed final dividend on equity shares (Amount per share Rs 29 (Dec 2011 Rs 29))	6,679	6,679
Tax on dividend	1,232	1,187
Transferred to general reserves	1,767	1,911
<b>Net surplus in the statement of profit and loss</b>	<b>91,332</b>	<b>84,265</b>
<b>Total reserves and surplus</b>	<b>118,109</b>	<b>109,359</b>
<b>4. OTHER LONG TERM LIABILITIES</b>		
Security Deposit	-	100
	-	<b>100</b>
<b>5. LONG TERM PROVISIONS</b>		
Provision for Employee Benefits (ref note No 31)		
Employees' retirement and other long term benefits	107	11
Employees' Retirement benefits - Pension	122	134
Employees' Retirement benefits - Provident fund	195	499
Other Provision		
Provision for Sales Returns (ref note No 34)	1,504	1,312
	<b>1,928</b>	<b>1,956</b>



## Notes forming part of the Financial Statements

for the year ended December 31, 2012

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>6. DEFERRED TAX LIABILITY</b>		
Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	4,747	3,127
<b>Gross deferred tax liabilities</b>	<b>4,747</b>	<b>3,127</b>
Employee retirement and other long term benefits	596	624
Effect of expenditure debited to Profit & Loss Account in current year but allowed for tax purposes in following years	1,923	1,557
Provision for doubtful debts and advances	100	100
<b>Gross deferred tax assets</b>	<b>2,619</b>	<b>2,281</b>
<b>Net Deferred Tax Liability</b>	<b>2,128</b>	<b>846</b>
<b>7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>		
Trade Payables (ref note No 36)	15,417	14,764
<b>Other current liabilities</b>		
Liability for capital goods	1,590	422
Employee related liabilities	5,115	4,716
Statutory liabilities	1,415	1,028
Security Deposits	200	647
Advances from customers	80	168
Unclaimed Dividend (ref note (a) below)	99	109
	<b>8,499</b>	<b>7,090</b>
	<b>23,916</b>	<b>21,854</b>
(a) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
<b>8. SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits (ref note No 31)		
Employees' retirement and other short term benefits	1,708	1,291
Employees' Retirement benefits - Pension	22	33
Other Provision		
Proposed final dividend	6,679	6,679
Tax on proposed dividend	1,083	1,083
Provision for sales returns (ref note No 34)	1,203	874
Others (ref note No 34)	4,052	3,876
	<b>14,747</b>	<b>13,836</b>

## Notes forming part of the Financial Statements

for the year ended December 31, 2012

### 9. FIXED ASSETS

(Rupees in Lacs)

	GROSS BLOCKS AS AT			DEPRECIATION/ AMORTISATION			NET BLOCK AS AT	
	As at 01.01.2012	Additions	Deductions	As at 31.12.2012	For the Year	Deductions	As at 31.12.2012	31.12.2011
<b>Intangible Assets</b>								
Goodwill (1)	12,529	-	-	12,529	1,462	-	1,462	12,529
Brand (1)	40,711	-	-	40,711	4,070	-	4,749	40,033
Software (2)	738	-	-	738	63	-	726	75
Marketing and technical rights for formulations	2,004	-	-	2,004	-	-	2,004	-
Technical know-how (3)	4,958	121	-	5,079	975	-	1,609	4,324
<b>Sub Total (A)</b>	<b>60,940</b>	<b>121</b>	<b>-</b>	<b>61,061</b>	<b>6,570</b>	<b>-</b>	<b>10,550</b>	<b>56,961</b>
Previous Year	3,703	57,240	3	60,940	1,092	3	3,979	56,961
<b>Tangible Assets</b>								
Freehold Land	348	-	-	348	-	-	-	348
Leasehold Land	528	-	-	528	5	-	86	447
Buildings (4) and (5)	11,081	962	-	12,043	475	-	5,020	6,535
Leasehold Improvement	281	-	-	281	89	-	190	179
Plant & Machinery	19,757	3,841	479	23,119	1,512	445	12,820	8,004
Furniture & Fixtures	1,038	129	14	1,153	84	11	666	445
Office Equipment	583	36	6	613	21	4	448	152
Computers	2,156	261	207	2,210	303	204	1,678	576
Motor Vehicles	82	-	-	82	12	-	44	50
<b>Sub Total (B)</b>	<b>35,854</b>	<b>5,229</b>	<b>706</b>	<b>40,377</b>	<b>2,501</b>	<b>664</b>	<b>20,952</b>	<b>16,736</b>
Previous Year	33,845	2,590	581	35,854	2,107	545	19,115	16,736
<b>Total (A+B)</b>	<b>96,794</b>	<b>5,350</b>	<b>706</b>	<b>101,438</b>	<b>9,071</b>	<b>664</b>	<b>31,502</b>	<b>73,697</b>
Previous Year Total	37,548	59,830	584	96,794	3,199	548	23,097	73,697

#### Notes:

- 1) Remaining amortisation period upto 106 months.
- 2) Remaining amortisation period upto 22 months.
- 3) Remaining amortisation period from 3 months to 46 months.
- 4) Buildings include investments representing ownership of Office premises and Residential flats in co-operative societies.
- 5) Buildings include buildings given on operating lease (refer note 33).

# Notes forming part of the Financial Statements

for the year ended December 31, 2012

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>10. NON CURRENT INVESTMENTS</b>		
<b>UNQUOTED EQUITY INSTRUMENTS</b>		
<b>Trade Investments</b>		
(i) <b>Bharuch Enviro Infrastructure Limited</b> 2,188 ( 2011: 2,188 ) Equity shares of Rs 10 /- each fully paid up.	*	*
(ii) <b>Bharuch Eco-Acqua Infrastructure Limited</b> 236,000 ( 2011: 236,000 ) Equity shares of Rs.10/- each fully paid up.	24	24
	24	24
* denotes figure less than a lac		
<b>QUOTED</b>		
<b>Other Than Trade</b>		
(i) <b>United Breweries (Holdings) Limited</b> 99,636 ( 2011:99,636 ) Equity shares of Rs 10/- each fully paid up.	8	8
(ii) <b>United Breweries Limited</b> 332,120 ( 2011: 332,120 ) Equity shares of Rs 1/- each fully paid up.	4	4
	12	12
Aggregate market value of quoted investment Rs. 3,208 Lacs (2011: Rs. 1,336 Lacs)		
	36	36
<b>11. LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Employee loans and advances	575	451
Tender Security Deposits		
Unsecured, considered good	110	58
Unsecured, considered doubtful	101	106
	211	164
Less : Provision for Doubtful security deposits	(101)	(106)
	110	58
Advance tax (net of provision)	2,784	4,833
Capital Advances	1,110	752
Security Deposits	1,239	1,404
	5,818	7,498

## Notes forming part of the Financial Statements

for the year ended December 31, 2012

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>12. OTHER NON CURRENT ASSETS</b>		
Margin Money Deposits	264	63
	<b>264</b>	<b>63</b>
<b>13. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)</b>		
Raw Materials and packing materials (Including in transit Rs 1,392 Lacs; 2011: 1,566 Lacs)	10,978	10,053
Work-in-progress	2,908	2,792
Finished goods/traded goods (Including in transit Rs. 670 Lacs; 2011: 395 Lacs)	13,359	12,582
	<b>27,245</b>	<b>25,427</b>
<b>Details of Work-in-progress</b>		
Formulations	2,908	2,792
<b>Details of Finished goods/Traded goods (refer note 22)</b>		
Formulations	13,359	12,582
<b>14. TRADE RECEIVABLES</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding for period exceeding six months from the date they are due for payment		
Considered - good	379	150
- doubtful	187	190
	566	340
Others		
Considered - good	9,481	10,259
	9,481	10,259
	10,047	10,599
Less : Provision for doubtful debts	187	190
	<b>9,860</b>	<b>10,409</b>

## Notes forming part of the Financial Statements

for the year ended December 31, 2012

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>15. CASH AND BANK BALANCES</b>		
Cash on hand	2	2
<u>With scheduled banks in</u>		
Current accounts	6,534	6,112
Bank Deposit with original maturity of less than three months	36,250	17,200
Unpaid dividend accounts	99	109
	<b>42,885</b>	<b>23,423</b>
<b>16. SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good unless stated otherwise)</b>		
Advances recoverable in cash or in kind or for value to be received	407	1,428
<b>Loans and advances to related parties (ref note 30)</b>		
Advances recoverable in cash and kind or for value to be received	247	224
Loans given *	-	3,400
<b>Other Loans and Advances</b>		
Employee loans and advances		
Unsecured, considered good	175	159
Unsecured, considered doubtful	19	19
	194	178
Less: Provision for doubtful advances	(19)	(19)
	175	159
Prepaid Expenses	303	249
Balances with government/statutory authorities (ref note 26)	947	1,036
VAT/Service credit (input) receivable	218	269
Interest Accrued on Fixed Deposits	33	8
	<b>2,330</b>	<b>6,773</b>

\* M/s Shantha Biotechnics Limited

Maximum outstanding during the year Rs.7,900 lacs (2011: Rs.18,400 lacs)



## Notes forming part of the Financial Statements

for the year ended December 31, 2012

	Notes	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>17. OTHER CURRENT ASSETS</b>			
Finished goods - Sample inventory		410	642
		<b>410</b>	<b>642</b>
<b>18. REVENUE FROM OPERATIONS (NET)</b>			
Sale of Products (gross)		153,363	125,861
Less: Excise Duty (Refer Note (a) below)		3,978	2,886
Sale of Products (net)	18(a)	149,385	122,975
Sale of Services	18(b)	6,996	5,962
Other operating income	18(c)	923	1,197
<b>Revenue from operations</b>		<b>157,304</b>	<b>130,134</b>
(a) Excise duty on sales amounting to Rs. 3,978 Lacs (2011: Rs. 2,886 Lacs) has been reduced from sales in statement of profit & loss and increase of excise duty on inventories, sample etc. amounting to Rs. 309 Lacs (2011: Rs. 255 Lacs) has been considered as expense in Note 24 of financial statements.			
<b>18(a) Details of Products sold</b>			
Formulations		149,151	122,746
Bulk Drugs		234	229
		149,385	122,975
<b>18(b) Details of Services rendered</b>			
Business Auxiliary Services		6,996	5,962
		6,996	5,962
<b>18(c) Other Operating Income</b>			
Sale of Scrap		59	74
Export Incentives		331	628
Indirect taxes set off/ refunds		519	479
Others		14	16
		923	1,197

## Notes forming part of the Financial Statements

for the year ended December 31, 2012

	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>19. OTHER INCOME</b>		
Interest	2,040	3,714
Bank deposits		
Others (Includes interest on inter-corporate loans, income tax refunds, employee loans, etc)	805	1,673
Rent	1,026	1,033
Exchange difference (net)	103	–
Provision for doubtful debts written back (net)	3	3
Miscellaneous Income	136	365
<b>Income from investments:</b>		
i) Trade - dividends	–	*
ii) Other - dividends	4	1
	<b>4,117</b>	<b>6,789</b>
* denotes figure less than a lac		
<b>20. COST OF MATERIAL CONSUMED</b>		
Inventory at the beginning of the year	10,053	9,486
Add: Purchases	56,836	49,722
Less: Inventory at the end of the year	10,978	10,053
Cost of Material Consumed	<b>55,911</b>	<b>49,155</b>
<b>Details of Material Consumed</b>		
Active Pharma Ingredients	47,957	41,601
Packing Materials	7,954	7,554
	<b>55,911</b>	<b>49,155</b>
<b>Details of Inventory at the end of the year</b>		
Active Pharma Ingredients	9,559	9,007
Packing Materials	1,419	1,046
	<b>10,978</b>	<b>10,053</b>

## Notes forming part of the Financial Statements

for the year ended December 31, 2012

	Notes	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>21. PURCHASE OF TRADED GOODS</b>			
Purchase of Traded Goods		18,531	13,538
		<b>18,531</b>	<b>13,538</b>
<b>Details of Purchase of Traded Goods</b>			
Formulations		18,531	13,538
		18,531	13,538
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS</b>			
<u>Inventory at the beginning of the year</u>			
Traded Goods		6,336	5,115
Work-in-progress		2,792	2,365
Finished Goods		6,246	6,882
		15,374	14,362
<u>Inventory at the end of the year</u>			
Traded Goods		7,214	6,336
Work-in-progress		2,908	2,792
Finished Goods		6,145	6,246
		16,267	15,374
<b>(Increase) in Inventory</b>		<b>(893)</b>	<b>(1,012)</b>
<b>23. EMPLOYEE BENEFITS EXPENSES</b>			
Salaries, wages and bonus		19,185	15,534
Contribution to provident fund / other funds (refer Note No 31)		983	1,154
Staff welfare expenses		1,192	954
		<b>21,360</b>	<b>17,642</b>

## Notes forming part of the Financial Statements

for the year ended December 31, 2012

	Notes	December 31, 2012 Rupees in Lacs	December 31, 2011 Rupees in Lacs
<b>24. OTHER EXPENSES</b>			
Advertisement and sales promotion		9,293	8,002
Travelling and conveyance		5,565	4,954
Selling and distribution expenses		6,542	6,173
Power and fuel		3,415	2,708
Toll Manufacturing Charges		2,925	2,809
Decrease of excise duty on inventory		309	255
Legal and professional fees		997	1,096
Training & meetings		1,355	1,168
Repairs - building		92	110
- plant and machinery		506	458
- others		841	716
Insurance		585	522
Rent		1,264	1,041
Auxiliary and other materials		750	603
Rates and taxes		902	510
Stores and spares		270	233
Loss on disposal of fixed assets (net)		7	2
Auditors remuneration			
Audit fees		52	45
Tax audit fees		4	4
Certifications		5	3
Out of pocket expenses		1	2
Donations (other than political parties)		15	22
Exchange difference (net)		-	37
Others		3,822	3,344
		39,517	34,817
Less: Reimbursement of expenses*		8,303	8,772
		31,214	26,045

\* Reimbursement of expenses includes expenses recovered from common shared utilities and services from third parties. Further it also includes marketing support and clinical trial reimbursement from fellow subsidiaries.

## Notes forming part of the Financial Statements

for the year ended December 31, 2012

25. The tax year for the Company being the year ending March 31, the provision for taxation for the year is the aggregate of the provision made for the three months ended March 31, 2012 and the provision based on the profit for the remaining nine months up to December 31, 2012, the ultimate liability of which will be determined on the basis of the profit for the tax year April 1, 2012 to March 31, 2013.
26. Balance with customs and excise authorities includes excise and cenvat deposit Rs. 230 Lacs (2011: Rs. 362 Lacs) with toll manufacturers.
27. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs: 2,388 Lacs (2011: Rs. 2,569 Lacs).

### 28. Contingent Liabilities and commitments:

	Dec 2012 Rupees Lacs	Dec 2011 Rupees Lacs
Tax demands in respect of which*		
➤ Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	6,162	4,628
➤ Company's appeals are pending before appropriate authorities	5,782	9,730

\* Contingent liabilities in respect of pending tax assessments in relation to similar matters are not determinable and hence not disclosed.

29. The operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers. All the business assets of the Company are situated in India except assets which are directly identifiable.

(Rupees Lacs)

Particulars	Dec 2012			Dec 2011		
	India	Outside India	Total	India	Outside India	Total
Revenues (Net)	131,189	26,115	157,304	106,278	23,856	130,134
Carrying amount of segment assets	118,774	4,892	123,666	121,730	6,275	128,005
Capital expenditure for the year	7,410	–	7,410	61,172	–	61,172

### 30. Related parties

#### i. Parties where control exists:

- Hoechst GmbH, Germany, holding Company (holds 60.38% of the equity share capital as at December 31, 2012)
- Sanofi S.A., France, ultimate holding Company



ii. Other related parties with whom transactions have taken place during the year: -

a) Fellow subsidiaries

Aventis Pharma Limited. UK	Sanofi-aventis (Malaysia) SDN. BHD
Francopia S.A.R.L.	Sanofi-Aventis (Thailand) Limited
Genzyme India Private Limited	Sanofi-Aventis Australia Pty Limited
PT Aventis Pharma	sanofi-aventis Bangladesh Limited
Sanofi-Aventis Deutschland GmbH	Sanofi-aventis Comercial e Logistics
Sanofi-Aventis Groupe S.A.	Sanofi-Aventis Egypt SAE
Sanofi Aventis Ilaclari Ltd. Sirketi	Sanofi-Aventis Groupe S.A.
sanofi-aventis Lanka Limited	Sanofi-aventis Korea Co Limited
Sanofi-Aventis Recherche et Développement S.A.	Sanofi-Aventis Nigeria Limited
Sanofi-Aventis South Africa (Pty) Limited	sanofi-aventis Pakistan limited
Sanofi Chimie S.A	Sanofi-Aventis Spa
Sanofi Pasteur India Pvt. Limited	Sanofi-Aventis Singapore Pte. Limited
Sanofi-Aventis Taiwan Co. Limited	sanofi-aventis U.S.Inc.
Sanofi Winthrop Industrie S.A.	Sanofi-Synthelabo (India) Limited
Shantha Biotechnics Limited	Winthrop Pharmaceuticals UK Limited

b) Key management personnel of the Company for the year

Name	Category of Directorship
Dr. Shailesh Ayyangar	Managing Director
Mr. Madhusudan Garimela Rao	Executive Director
Mr. Susheel Umesh	Executive Director from 04th May 2012 to 24th October 2012 and 31st October 2012 to 31st December 2012
Mr. Michel Dargentolle	Executive Director from 01st January 2012 to 30th June 2012
Ms. Virginie Boucinha	Executive Director 25th July 2012 to 31st December 2012

c) Transactions during the year:

(Rupees Lacs)

Particulars	Dec 12	Dec 11
<b>Holding Company</b>		
<b>Dividend</b>		
Sanofi S.A.	2	3
Hoechst GmbH	4,589	7,648
<b>Payment of Common shared expenses</b>		
Sanofi S.A.	28	303
<b>Fellow subsidiaries</b>		
<b>Sale of Raw Material and Finished Goods</b>		
Sanofi Winthrop Industrie S.A.	–	3,428
Sanofi-Aventis Singapore Pte. Limited	21,254	15,013
Others	3,585	4,220
<b>Total</b>	<b>24,839</b>	<b>22,661</b>

<b>Purchase of Raw Material and Finished Goods</b>		
Sanofi Winthrop Industrie S.A	4,714	4,667
Sanofi-Aventis Singapore Pte. Limited	29,216	26,231
Others	3,818	2,846
<b>Total</b>	<b>37,748</b>	<b>33,744</b>
<b>Purchase of Fixed Assets</b>		
Genzyme India Private Limited	5	–
<b>Recovery of expenses</b>		
Sanofi-Aventis Singapore Pte. Limited	7,017	7,676
Others	56	353
<b>Total</b>	<b>7,073</b>	<b>8,029</b>
<b>Income from Service rendered</b>		
Sanofi-Synthelabo (India) Limited	5,631	4,730
Sanofi Pasteur India Private Limited	971	776
Others	490	459
<b>Total</b>	<b>7,092</b>	<b>5,965</b>
<b>Refund of Inter Corporate Loan given</b>		
Shantha Biotechnics Limited	7,900	15,000
<b>Inter Corporate Loan given</b>		
Shantha Biotechnics Limited	4,500	5,400
<b>Interest income (others) on loan/inter Company deposits given</b>		
Shantha Biotechnics Limited	180	1,330
<b>Payment of Common shared expenses</b>		
Sanofi-Aventis Groupe S.A	55	82
Sanofi-Aventis Singapore Pte. Limited	52	42
Sanofi-Synthelabo (India) Limited	72	89
Sanofi Pasteur India Private Limited	95	277
Sanofi-Aventis Deutschland GmbH	132	49
sanofi-aventis Lanka Limited	76	25
Others	57	51
<b>Total</b>	<b>539</b>	<b>615</b>
<b>Payment towards Intangibles under development</b>		
Sanofi-Synthelabo (India) Limited	130	273
<b>Key Management Personnel</b>		
<b>Remuneration</b>		
Dr. Shailesh Ayyangar	106	101
Mr. Madhusudan Garimela Rao	101	87
Mr. Shirish Chandrakant Ghoge	–	18
Mr. Michel Dargentolle	21	37
Mr. Susheel Umesh	58	–
Ms Virginie Boucinha	80	–
<b>Total</b>	<b>366</b>	<b>243</b>

## d) Outstanding as at December 31, 2012

(Rupees Lacs)

Particulars	Dec-12	Dec-11
<b>Holding Company</b>		
Sanofi S.A.	29	308
<b>Fellow Subsidiaries</b>		
<b>Trade Receivables</b>		
Sanofi-Aventis Singapore Pte. Limited	3,176	3,155
sanofi-aventis Lanka Limited	503	471
Others	366	313
<b>Total</b>	<b>4,045</b>	<b>3,939</b>
<b>Other Receivables</b>		
Sanofi-Synthelabo (India) Limited	554	469
Sanofi-Aventis Singapore Pte. Limited	639	2,097
Others	145	284
<b>Total</b>	<b>1,338</b>	<b>2,850</b>
<b>Trade Payables</b>		
Sanofi Winthrop Industrie S.A.	581	724
Sanofi-Aventis Singapore Pte. Limited	3,516	4,099
Sanofi-Aventis Spa	623	354
Others	897	500
<b>Total</b>	<b>5,617</b>	<b>5,677</b>
<b>Loan to Others</b>		
Shantha Biotechnics Limited	–	3,400

## 31. Employee Benefits

## A) Defined Contribution Plans

The Company has recognised the following amounts in the statement of profit and loss for the year:

Particulars	Dec 12 Rupees Lacs	Dec 11 Rupees Lacs
i) Contribution to Employees' Provident Fund (Ankleshwar and Nepal)	23	19
ii) Contribution to Employees' Superannuation Fund	94	89
iii) Contribution to Employee's Pension Scheme, 1995	189	150

## B) Post Employment Defined Benefit Plans

Valuations in respect of Gratuity, Pension Plan and Interest shortfall on Provident Fund have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 12	Dec 11	Dec 12	Dec 11	Dec 12	Dec 11
(a) Discount Rate (per annum)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
(b) Expected Rate of Return on Plan Assets	8.50%	8.50%	8.50%	8.50%	8.00%	8.00%
(c) Salary Escalation rate#	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
(d) Mortality	LIC-Ultimate 94-96	LIC-Ultimate 94-96	LIC-Ultimate 94-96	LIC-Ultimate 94-96	NA*	NA*
(e) Employees' turnover	Age related	Age related	Age related	Age related	Age related	Age related

\*NA - Not Applicable

#The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.

### i) Change in Benefit Obligation

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 12	Dec 11	Dec 12	Dec 11	Dec 12	Dec 11
Liability at the beginning of the period	2,819	2,744	168	163	11,981	10,381
Interest Cost	246	220	14	13	759	1,009
Current Service Cost	214	200	2	3	569	494
Employees Contribution	-	-	-	-	978	818
Interest Guarantee	-	-	-	-	120	82
Benefits Paid	(254)	(264)	(32)	(29)	(1,327)	(964)
Transfer from previous employer's	-	-	-	-	-	-
Liability Transfer In	75	(4)	-	-	155	36
Liability Transfer Out	-	-	-	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-	-	-
Actuarial (gain)/loss on Obligations	133	(77)	(7)	18	(467)	125
<b>Liability at the end of the year</b>	<b>3,233</b>	<b>2,819</b>	<b>145</b>	<b>168</b>	<b>12,768</b>	<b>11,981</b>
Funded benefit obligation	2,937	2,774	-	-	12,574	11,483
Non Funded Benefit Obligation	296	45	145	168	194	498

ii) Fair value of Plan Assets

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 12	Dec 11	Dec 12	Dec 11	Dec 12	Dec 11
Fair Value of Plan Assets at the beginning of the year	2,774	2,033	–	–	11,483	10,006
Expected Return on Plan Assets	237	163	–	–	716	979
Interest Shortfall paid by the Company	–	–	–	–	–	114
Employer's Contributions	173	675	32	29	569	494
Employees Contribution	–	–	–	–	978	818
Benefits Paid	(253)	(153)	(32)	(29)	(1,327)	(964)
Transfer from Other Approved Funds	–	–	–	–	155	36
Provision for diminution in fair value of Plan assets	–	–	–	–	–	–
Actuarial gain/(loss) on Plan Assets	6	56	–	–	–	–
<b>Fair Value of Plan Assets at the end of the year</b>	<b>2,937</b>	<b>2,774</b>	<b>–</b>	<b>–</b>	<b>12,574</b>	<b>11,483</b>
Contributions expected to be paid to the Plan in 2013	254	223				

iii) Actual Return on Plan Assets

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 12	Dec 11	Dec 12	Dec 11	Dec 12	Dec 11
Expected Return on Plan Assets	237	163	–	–	716	979
Actuarial gain/(loss) on Plan Assets	6	56	–	–	–	–
<b>Actual Return on Plan Assets</b>	<b>243</b>	<b>219</b>	<b>–</b>	<b>–</b>	<b>716</b>	<b>979</b>

iv) Amount Recognised in the Balance Sheet

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 12	Dec 11	Dec 12	Dec 11	Dec 12	Dec 11
Liability at the end of the year	3,233	2,818	145	168	12,768	11,981
Fair Value of Plan Assets at the end of the year	2,937	2,773	–	–	12,574	11,483
Difference	296	45	145	168	194	498
Unrecognized Past Service Cost	–	–	–	–	–	–
<b>Amount Recognised in the Balance Sheet</b>	<b>296</b>	<b>45</b>	<b>145</b>	<b>168</b>	<b>194</b>	<b>498</b>

v) Expenses Recognised in the Income Statement

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 12	Dec 11	Dec 12	Dec 11	Dec 12	Dec 11
Current Service Cost	246	200	2	3	569	494
Interest Cost	214	220	14	13	759	1,009
Expected Return on Plan Assets	(237)	(163)	–	–	(716)	(979)
Interest Guarantee	–	–	–	–	120	82
Net Actuarial (Gain)/Loss to be Recognised	127	(133)	(7)	18	(467)	125
<b>Expense Recognised in Profit and Loss under personnel expenses</b>	<b>350</b>	<b>124</b>	<b>9</b>	<b>34</b>	<b>265</b>	<b>731</b>

vi) Amount for the current period and previous periods are as follows:

(Rupees Lacs)

Particulars	Gratuity					Pension Plan					Provident Fund				
	Dec 12	Dec 11	Dec 10	Dec 09	Dec 08	Dec 12	Dec 11	Dec 10	Dec 09	Dec 08	Dec 12	Dec 11	Dec 10	Dec 09	Dec 08
Defined Benefit Obligation	3,233	2,818	2,744	2,477	2,082	144	168	163	179	220	12,768	11,983	10,381	9,101	8,195
Plan assets	2,937	2,773	2,033	1,639	1,419	–	–	–	–	–	12,574	11,484	10,006	8,853	7,923
Surplus/ (deficit)	296	45	711	839	663	144	168	163	179	220	194	499	375	248	273
<b>Experience adjustment on benefit obligation</b>															
Net Actuarial (Gain)/Loss due to Experience	133	(77)	116	273	253	(7)	18	(9)	(29)	(45)	(467)	125	66	(116)	(36)
Net Actuarial (Gain)/Loss due to Change in Assumption	–	–	–	12	(43)	–	–	–	1	5	–	–	–	–	–
<b>Experience adjustment on Plan Assets</b>															
Net Actuarial Gain/(Loss) due to Experience	6	56	37	–	14	–	–	–	–	–	–	–	–	–	–
Net Actuarial (Gain)/Loss due to Change in Assumption	–	–	–	(2)	–	–	–	–	–	–	–	–	–	–	–



**Vii) Basis used to determine expected rate of return on assets**

Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year.

**viii) General descriptions of significant defined Plans**

**Gratuity Plan**

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement in terms of provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn base salary

**Pension Plan**

Under the Company's Pension scheme, certain executives are eligible for fixed pension for five years, depending on their level at the time of retirement on superannuation, death or early retirement with the consent of the Company.

**Provident Fund**

The Company manages the provident fund through a Provident Fund Trust for its employees (except Staff and Workmen at Ankleshwar unit) which are permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The Plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee, together with interest, are payable at the time of separation from service or retirement.

**(ix) Broad category of Plan assets relating Gratuity and Provident Fund as a percentage of total Plan assets**

Particulars	Gratuity		Provident Fund	
	Dec 12	Dec 11	Dec 12	Dec 11
Government of India securities	–	–	20%	20%
Bonds	–	–	45%	42%
Special Deposit Scheme, 1975	–	–	30%	34%
Other assets	–	–	5%	4%
Administered by Life Insurance Corporation of India	100%	100%	–	–
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**32. Earnings per share:**

Particulars	Dec 12	Dec 11
Numerator used for calculating basic and diluted earnings per share - profit after taxation (Rs. in Lacs)	17,666	19,118
Numerator used for calculating basic and diluted earnings per share - profit after taxation (Rs. In Lacs)	17,666	19,118
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share.	23,030,622	23,030,622
Nominal value per share (Rupees)	10	10
Basic and diluted earnings per share		
Computed on the basis of earnings divided by weighted average number of shares (Rupees)	76.71	83.01

### 33. Operating leases:

Future lease commitments in respect of non-cancellable operating leases:

Where Company is the lessee:

(Rupees Lacs)

Particulars	Dec 12	Dec 11
Charged to Statement of profit and loss *	77	89
Not later than one year	52	77
Later than one year but not later than five years	82	139

\*Cars are obtained on operating lease. The lease is for a period of five years for cars and one to three years for premises and there is no provision for renewal. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

In respect of cancellable operating leases, lease charges charged to Statement of profit and loss

(Rupees lacs)

Particulars	Dec 12	Dec 11
Car Lease Charges**	187	129
Premises Lease Charges**	1,001	823
<b>Total</b>	<b>1,188</b>	<b>952</b>

\*\* Premises and Cars are obtained on operating lease. There is no provision for renewal. There is no escalation clause in the lease agreement. There are no restrictions imposed by leased arrangements. There are no subleases.

Where Company is the lessor:

In respect of non-cancellable operating leases

(Rupees lacs)

Particulars	Dec 12	Dec 11
Credited to Statement of profit and loss #	1,025	1,033
Not later than one year	503	716
Later than one year but not later than five years	–	493

Uncollectible minimum lease payments receivable at the balance sheet date Rs Nil (2011 : Rs. Nil)

#The Company has leased out building on operating lease. The lease term is for a period ranging from 33-60 months and thereafter not renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Details in respect of assets given on operating lease:

(Rupees lacs)

Particulars	Dec 12	Dec 11
Gross carrying amount of buildings	1,963	1,963
Accumulated depreciation on cost and re-valued amount	1,077	1,011
Depreciation recognised in statement of profit and loss	66	66
Less: Transferred from revaluation reserve	63	63
Net depreciation as per Statement of profit and loss	3	3

In respect of cancellable operating leases, lease income is credited to Statement of profit and loss

#### 34. Other provisions:

Movements in provisions:

(Rupees Lacs)

	Class of provisions			Total
	Indirect tax	Provision for Sales Returns	Others	
Balance as at January 1, 2012	700 (925)	2,186 (1,733)	3,176 (3,234)	6,062 (5,892)
Amount provided during the year	56 (4)	2,532 (1,205)	120 (120)	2,708 (1,329)
Amount written back/adjusted during the year	– (229)	2,011 (752)	– (178)	2,011 (1,159)
Balance as at December 31, 2012	756 (700)	2,707 (2,186)	3,296 (3,176)	6,759 (6,062)

Note: Figures in brackets are for the previous year.

- i) Provision for indirect taxes represents differential excise duty, sales tax, custom duty and service tax in respect of which the claims are pending before various authorities for a considerable period of time and based on management's estimate of claims provision is made on prudent basis that possible outflow of resources may arise in future.
- ii) Provision for sales returns are on account of expected date expiry and breakages returns based on historical trends
- iii) Other provisions on prudent basis are towards possible outflow of resources in respect of legal cases pending against the Company or in respect of contractual obligations of the Company.

35. Derivative Instruments and Un-hedged Foreign Currency Exposure:

Particulars of Derivatives	Purpose	Currency	Dec 2012	Dec 2011
Forward Contract for Sale of EURO	Hedge of future Receivable	EURO	–	3,000,000

Particulars of un-hedged Foreign Currency exposure as at Balance sheet date

Particulars	Foreign currency	Dec 12		Dec 11	
		Foreign currency Value	(Rupees in Lacs)	Foreign currency Value	(Rupees in Lacs)
Trade Payables	EUR	5,265,847	3,821	5,889,272	4,047
	JPY	267,500	2	–	–
	USD	403,471	222	174,359	93
	GBP	–	–	5,264	4
Shot term loans and advances	NPR	44,616	*	–	–
Trade Receivables	EUR	5,801,594	4,210	5,357,695	3,682
	USD	1,241,680	683	1,003,704	533
Cash and Bank Balances	EUR	17,402	13	21,228	15
	USD	–	–	9,571	5

\* denotes less than a lac

36. Micro and Small Enterprises

Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006	(Rupees Lacs)	
	Dec 12	Dec 11
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal Amount	38	60
Interest thereon remaining unpaid	–	–
Amount of interest paid in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	–	–
Amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006		

(Rupees Lacs)

37. Value of imports on CIF basis:	Dec 12	Dec 11
Raw and packing materials	19,245	18,719
Components, spares and auxiliary	21	40
Capital goods	877	541
Finished goods	23,113	19,028

(Rupees Lacs)

38. Expenditure in foreign currency (on accrual basis)	Dec 12	Dec 11
Commission	61	17
Traveling and conveyance	269	257
Telecommunication Charges (included in Others of note 24)	189	153
Legal and professional fees	27	324
Others	261	134

39. Earnings in foreign exchange (on accrual basis):

(Rupees Lacs)

	Dec 12	Dec 11
FOB value of exports	24,467	21,953
Income from services rendered	491	498
Reimbursement of expenses & Market Support	7,075	8,047
	<b>32,033</b>	<b>30,498</b>

(Rupees Lacs)

40. Consumption of raw materials, packing materials spare parts and components	Dec 12	%	Dec 11	%
<b>Raw Materials and packing materials:</b>				
Indigenous	18,551	33	15,756	32
Imported	37,360	67	33,399	68
<b>Total</b>	<b>55,911</b>	<b>100</b>	<b>49,155</b>	<b>100</b>
<b>Spare parts and components:</b>				
Indigenous	261	97	219	94
Imported	9	3	15	6
<b>Total</b>	<b>270</b>	<b>100</b>	<b>234</b>	<b>100</b>
<b>Total</b>	<b>56,181</b>	<b>100</b>	<b>49,389</b>	<b>100</b>

41. Consequent upon the decision of the Supreme Court in the matter of prices of certain bulk drugs fixed by the Government of India under the Drug (Prices Control) Order, 1979, the Company paid an amount of Rs. 312 lacs in 1988 being the liability determined by the Special Team appointed by the Government. However, during 1990, fresh demands aggregating to Rs. 7,810 lacs alleged to be payable into the Drug Prices Equalisation Account (DPEA) were made by the Government on account of alleged unintended benefit enjoyed by the Company. The Government has also made certain claims for applicable interest. On a Writ Petition filed by the Company in 1991, the Bombay High Court passed an order whereby the demands were to be treated as show cause notices. The High Court directed the Company and the Government to furnish relevant data to each other based on which the Government was to rework the figures. The Government did not furnish the requisite data to the Company. In 1995, a further demand of Rs. 795 lacs was made by the Government.

In the meantime, a Committee was constituted by the Government to determine the liabilities of the Drug Companies. The Company filed written submissions with the Committee and contended during the personal hearing that in the absence of the Government furnishing the requisite data as directed by the Bombay High Court, the Company was not in a position to make an effectual presentation before the Committee.

In January 1999, the Company filed an Application before the Bombay High Court seeking directions to the Government to furnish the requisite data. The Application is pending. In the meantime, the Committee has deferred further hearing of the Company's case, until the Application is heard and decided by the Bombay High Court. In any event, the Company is contesting the above demand.

42. Dividend remittances in foreign currency:

(Rupees Lacs)

	Dec 12	Dec 11
Dividend remitted in foreign currency		
Final for the year 2010	–	7,094
Interim for the year 2011	–	556
Final for year 2011	4,034	–
Interim for the year 2012	556	–
Number of non-resident shareholders	2	2
Number of shares held	13,909,587	13,909,587

All remittances are made in EURO.

43. During the previous year, the company had entered into Business Purchase Agreement with Universal Medicare Private Limited for purchase of marketing and distribution business of branded nutraceutical formulations in India on a going concern basis via slump sale effective from November 3, 2011 for a net consideration of Rs 56,707 lacs. The excess of consideration paid over net assets recorded and intangible assets recognised amounting to Rs 12,529 lacs was accounted as Goodwill.
44. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

Signatures to Notes 1 to 44

As per our report of even date

**For S. R. Batliboi & Co.**  
Firm Registration No : 301003E  
Chartered Accountants  
per **Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai : February 25, 2013

For and on behalf of the Board of Directors of  
Sanofi India Limited (formerly "Aventis Pharma Limited")

<b>Dr. Vijay Mallya</b>	Chairman
<b>Dr. S. Ayyangar</b>	Managing Director
<b>Virginie Boucinha</b>	Director
<b>J. M. Gandhi</b>	Director
<b>S. R. Gupte</b>	Director
<b>A. K. R. Nedungadi</b>	Director
<b>M. G. Rao</b>	Director
<b>K. Subramani</b>	Company Secretary

Mumbai : February 25, 2013



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Company Identification Number (CIN): L24239MH1956PLC0009794

State Code 11

Balance Sheet Date 31.12.2012

### II. Capital Raised during the year (Amount in Rs. Lacs)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lacs)

Total Liabilities

163,131

Total Assets

163,131

Sources of Funds

Paid-up Capital

2,303

Reserves & Surplus

118,109

Secured Loans

Nil

Unsecured Loans

Nil

Application of Funds

Net Fixed Assets

74,283

Investments

36

Net Current Assets and Other Assets

46,093

Misc. Expenditure

Nil

Accumulated Losses

Nil

### IV. Performance of company (Amount in Rs. Lacs)

Turnover\*

161,421

Total Expenditure

135,250

\* Includes Other Income

Profit/Loss before Tax

+26,171

Profit/Loss After Tax and

Exceptional items

+17,666

Earnings per Share in Rs.

76.71

Dividend Rate %

330

### V. Generic Names of Three Principal Products/Services of company (as per monetary terms)

Item Code No. (ITC Code) : 3004 90 71

Product Description : RAMIPRIL TABLETS

Item Code No. (ITC Code) : 3004 90 63

Product Description : IBUPROFEN AND PARACETAMOL TABLETS

Item Code No. (ITC Code) : 2935 00 90

Product Description : GLIMEPIRIDE





## ANNEXE TO THE REPORT OF THE DIRECTORS

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended December 31, 2012 and forming part of the Directors' Report for the said financial year.

**A. Employed throughout the year under review and were in receipt of remuneration in aggregate of not less than Rs. 6,000,000**

Name	Age (Years)	Qualifications	Designation	Date of commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Particulars of last employment
Dr. Ayyangar Shailesh	58	B.V.Fc & A.H., P.G.D.M. IIM (Ahmedabad)	Managing Director	25-10-2005	33	9,586,500	Wholtime Director, Sanofi-Synthelabo (India) Limited
Mr. Rao Madhusudan	62	M.Sc. (Organic Chemistry), D.B.M.	Senior Director - Industrial Affairs, India	20-06-1973	39	9,724,757	First Employment
Mr. Umesh Susheel	46	B. Pharm, MBA Marketing	Senior Director - Commercial Operations (Diabetes & Tier I)	22-08-1994	22	8,991,399	Product Manager, Rallis India Limited
Mr. Vaishnav Pradeep	56	B.Sc., Masters in Social Work	Senior Director - Human Resources	27-01-2003	31	6,567,337	General Manager - Human Resources (Sales), Aventis Pharma Limited
Dr. Chopra Pravin	56	M.B.B.S., M.D.(Pharmacology)	Senior Director - Medical and Regulatory Affairs	08-07-2011	27	9,062,578	Head - Medical Affairs, Primary Care, Emerging Markets, Pfizer Inc., USA
Mr. Chowdhury Anindya	43	PG.D.M., B.E.T.C.E	Senior Director - Consumer Healthcare BU	08-11-2011	19	6,034,178	Senior Director , Dr Reddy's Laboratories Ltd.
Ms. Cama Yasmin J	58	B.A. , L.L.B. , L.L.M.	Senior Director - Legal Affairs	16-09-1985	33	6,682,968	Advocate Assistant - Legal, M/S Crawford Bayley & Co.
Mr. Cherian Mathew	48	B. Tech ( Hons ) Chem.	Senior Director - Industrial Affairs, India	30-03-1993	25	6,077,534	Asst. Project Manager, Ranbaxy Labs LTD.
Mr. Wadhawan Lalit	59	B.Sc. Diploma in Marketing	Senior Director - Nutraceuticals BU	17-03-2006	38	6,184,751	Glaxo Laboratories India Limited

**B. Employed for part of the year under review and were in receipt of remuneration in aggregate of not less than Rs. 500,000 per month**

Name	Age (Years)	Qualifications	Designation	Date of Commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Particulars of last employment
Ms. Virginie Boucinha	43	MBA (Ecole Superieure de Gestion, Paris)	Chief Financial Officer	01-07-2012	21	7,029,534	Associate VP Organizational Effectiveness, Corporate Finance
Mr. Vete Pratin	45	Masters in Management Studies (Marketing)	Senior Director - Commercial Operations (Tier II and IM)	04-08-2003	23	10,614,014	Manager Business Planning & MIS, Novartis India Limited
Mr. Madhu P	60	B.Sc. ( Tech )	Senior Director - External Manufacturing Site	20-02-1979	33	11,476,398	First Employment
Mr. Chopra Yogesh K	56	B.Sc., D.B.M. Marketing	Associate Director - Institutional Sales	01-03-1978	37	3,307,141	Sharpe Age Ltd.
Mr. Gangopadhyay Amitabha	47	B.Sc., B Pharm & MBA ( Mktg )	Senior Director - Business Excellence & Strategy	14-04-2004	22	3,602,774	Marketing Manager - Asclepius GSK
Mr. Shirwaikar Ramesh A	61	B.Sc. ( Tech )	Associate Director - Plant Logistics	01-08-1974	38	3,239,139	First Employment

**NOTES :**

- All appointments are/were contractual
- Remuneration includes salary, bonus, rent/house rent allowance and other allowances, Company's contribution to Provident Fund, Superannuation Fund, leave travel assistance, medical expenses, depreciation of furniture /appliances and perquisite value of car as per Income Tax rules, but excludes Company's contribution to Gratuity Fund.
- Other terms and conditions of employment are as per agreement of service and rules of the Company.
- None of the employees is a relative of any Director of the Company.

By Authority of the Board

**DR. VIJAY MALLYA**  
CHAIRMAN