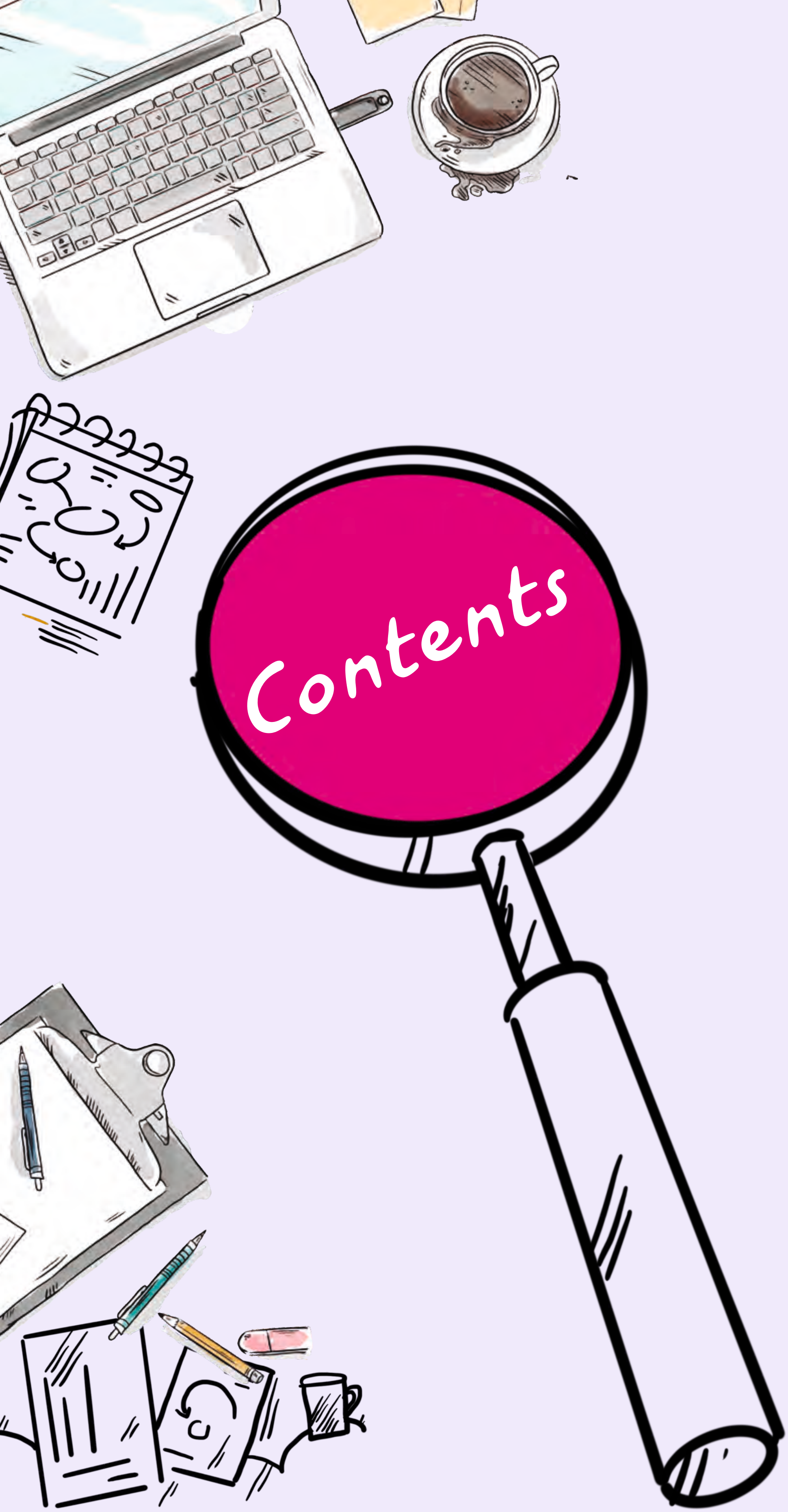
64TH ANNUAL REPORT 2019

SANOFI INDIA LIMITED


Contents

Message from the MANAGING DIRECTOR

Dear Shareholders,

The world stands united today in its fight to protect life from the fast-spreading impact of COVID-19. The Sanofi group worldwide is fully engaged in the critical task of accelerating the development and availability of potential treatments to fight this infection. Even as you read this edition of our Annual Report, your Company is at the forefront of the mission to ensure uninterrupted supplies of essential medicines across India.

Putting duty before self, employees at all our factories and sites continue to report to work, ensuring that we manufacture at maximum possible capacity, while being fully compliant with COVID-19-related safety measures. At the same time, other employees have been working from home since mid-March 2020 to stay safe and conform to the lockdown guidelines. Our significant investments in technology and digital capabilities over the last few years, have enabled employees to transition smoothly to working remotely and staying connected with key stakeholders. We remain fully committed to making a real difference to the lives of millions of patients every day, even as we prepare for the *new normal.*

While the recent onslaught of the Coronavirus has clouded every other conceivable health hazard that modern times have witnessed, the burden of many other diseases continues to rise in India. The alarming rise in non-communicable diseases has put significant pressure on our healthcare system.

The enormity of the challenge however presents a unique opportunity for innovation, new business models and use of technology to solve healthcare problems.

The Government has put healthcare at the center of its agenda. The last year, was particularly pivotal for the Indian healthcare industry. The passing of the National Medical Council Act 2019, offers a great opportunity for our Government to work with corporates and build the much-required pool of skilled healthcare workers in the Country. In its first year of completion, the Government's healthcare scheme PMJAY (Pradhan Mantri Jan Arogya Yojana) delivered encouraging results - especially, when many parts of India were impacted by natural calamities like floods and cyclones.

India has an abundance of talent to rise to this challenge and secure the health of its citizens. Government policies would need to remain predictable and progressive, to ensure that we are all able to operate in a business climate which is based on trust and encourages innovation and entrepreneurship.

Your Company is steering well through this ecosystem, with strong planning, sharp execution and future-focused initiatives, which keep patients at the center of everything we do. Overall, we continue to grow in line with the market, often delivering double-digit growth in key therapies. Along with empowering patients with the assurance of best-in-class medication, backed by data-driven *outcomes*, we now also build solutions *around the treatment* - like counselling, education and creating awareness for early diagnosis and better disease management. Our world-class manufacturing facilities and supply chain have stretched to deliver uninterrupted supply of high-quality medicines, across the wide geography of India and other countries. A true example of make-in-India, for India, and for the World. Through all this, we remain committed to maintaining the highest standards of ethics and integrity in all our actions - never hesitating to *do what's right*.

Our world today is being shaped by new technologies which have the potential to truly transform healthcare. This has received further boost due to the world adapting to digital communication during the lockdown. Advanced decision systems, delivery planning tools, intuitive shopping algorithms, new learning gadgets and many other applications are now finding use, thanks to the emergence of artificial intelligence, machine learning and blockchain technology. Organisations need to learn, adapt and even stay ahead of these developments to remain relevant. Your Company sees tremendous value in delivering results through unique, digital-first, outcome-based initiatives. We are constantly working with our partners to develop efficient and agile processes, in order to deliver insights and analysis. This enables us to empower patients with customised, on-demand services. Today, your Company's sales force has transitioned to using mobile devices which generate real-time insights and help them have richer, deeper and engaging conversations with healthcare professionals.

At Sanofi, we believe that happy people make happy employees. Your Company was awarded the 'TOP Employer of 2019' in recognition of its employee practices and work culture. This certification was granted to Sanofi in India, and in the Asia-Pacific region. From making policies that are inclusive, diverse and gender-balanced, to creating opportunities for wellness and volunteering time for community service, we stay committed to honing our talent and making Sanofi a great place to work.

I cannot thank our employees enough, for making Sanofi a company where everyone feels comfortable, safe and free to bring their best selves to work each day. The expertise of our Board of Directors has been invaluable in steering your Company through this challenging but rewarding journey.

I reiterate my gratitude to all our shareholders for believing in the potential and promise of Sanofi. We are inspired by your continued trust and confidence in your Company, and I wish to thank you for your encouragement and support.

2020 is no doubt a hugely challenging year for your Company, the industry and for the entire world. During such times, our commitment to *Empowering Life* is further strengthened, as it provides each of us the resolve and purpose to bring hope and health to millions of people.

Wishing your families and you the best of health. Stay safe.

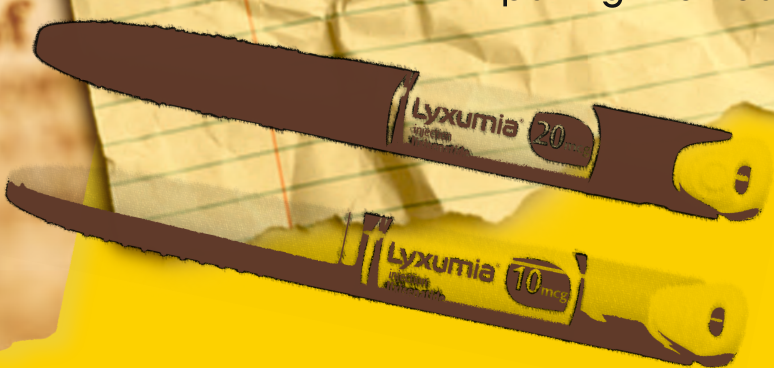
Yours sincerely,

Rajaram Narayanan


INNOVATE
around the pill
disease
drug
digital
D
VITAMIN D
GOA
LANDMARC
Safe & Smart
3D

EMPOWERING WITH EDUCATION

In addition to the right medicines and therapies, we help patients make informed health decisions by raising awareness, offering counsel and imparting knowledge.



Tackling the epidemic called DIABETES

In India, the prevalence of Diabetes is rapidly increasing, especially in urban and semi-urban geographies. As a result, Diabetes-related complications are also on the rise and contribute significantly to overall incidents of deaths and disabilities. While there are many cross-sectional studies (an observational study of data relating to the disease burden at a particular point in time), there has been no large-scale longitudinal study (data gathered for the same subjects repeatedly over a period of time) in India, to understand the development of Diabetes complications. Taking the lead, your Company initiated a pan-India prospective observational study of a cohort of patients with Type 2 Diabetes for macrovascular and microvascular complications, glycemic control, and time-to-treatment adaptation over three years.

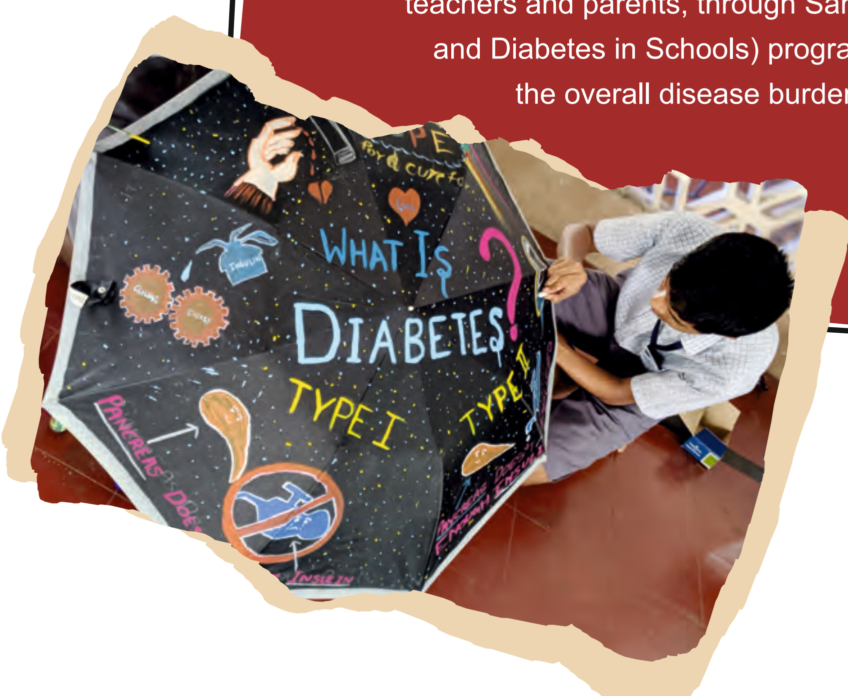
The study is called **LANDMARC**, which stands for **L**ongitudin**A**l **N**ationwide stu**D**y on **M**anagement **A**nd **R**eal-world Out**C**omes of Diabetes in India.

LANDMARC
A LongitudinAl Nationwide stuDy on Management And Real-world outComes of Diabetes in India

Close to 6,300 patients from 450 centres have participated in the study. Data is being recorded every six months for three years. Results from this study will help with the development of patient-centered care and individualise both, treatment outcomes and treatment strategies. Your Company's efforts in this direction will also help identify the disease burden (especially complications) on the Government's health exchequer and help public health agencies invest appropriate resources for Diabetes.

Adopting a progressive approach to holistic healthcare, your Company has forged a **3-year partnership with the Directorate of Health Services (DHS) in Goa**, to build capacity and create awareness of Diabetes and its management. This CSR public-private partnership follows a two-pronged approach.

One, where training on Diabetes management was conducted for the healthcare personnel (doctors, counsellors and ANMs) at the Rashtriya Bal Swasthya Karyakram (RBSK) cell and the Medical Officers of the Health and Wellness centres (as a part of Ayushman Bharat). The other, where education and engagement about Diabetes amongst school children (10-15 years old), teachers and parents, through Sanofi's global KiDS (Kids and Diabetes in Schools) programme will help curtail the overall disease burden on the State.



DePURA delivers

THE DAILY DOSE OF SUN

DePURA by Sanofi™*

Numerous studies on bone mineral health from across India, indicate a wide prevalence of Vitamin D deficiency. Inspite of living in a country blessed with abundant sunshine through the year, primarily - life is confined to the indoors, and constrained to desks, air-conditioned rooms or screens. Most Indians, across age-groups - including infants, school children, pregnant/lactating women, adult males and females, face a Vitamin D deficiency across rural and urban India.

To impart knowledge around this widespread problem, your Company partnered and brought on board Major General (Retired) Dr. R. K. Marwaha – an expert in endocrine research and the recipient of several honors for original work in Vitamin D deficiency and Thyroid disorder – to launch Sanofi's new 'Bioavailability Study on DePURA.' The results demonstrated that DePURA ensures 36% greater absorption of Vitamin D in the body, compared to soft gels.

These findings led to a partnership with the Federation of Obstetric & Gynaecological Societies of India (FOGSI) to develop key practice points (KPP) in the treatment of Vitamin D deficiency in various conditions for women - Pregnancy, Lactation, PCOS, Infertility and Menopause.

Thousands of gynaecologists at the All India Congress of Obstetrics and Gynaecology 2019, and the 'Women's Health Conclave' in Mumbai and Pune, along with doctors across 28 centres, can now leverage these learnings for their patients. There are now, 3 published studies on the superiority of DePURA with the latest being published in the 'British Journal of Nutrition' in 2019.

The
3D PICTURE

Two out of every three patients* managed with oral Diabetic drugs are prescribed Sulphonylureas (Sus), making it the mainstay in Diabetes therapy. Endorsing the crucial role SUs play in Type 2 Diabetes management, your Company had introduced its Safe and Smart initiative to discuss the study of SU combinations with other oral and injectable drugs, and get consensus on the same. In 2015, this initiative had participation from 8 countries across the South Asian Federation of Endocrine Societies.

Last year, to deepen the impact of this initiative, your Company rechristened the program to *Safe and Smart 3D* - a forum where 31 eminent doctors from 11 countries came together to discuss aspects of Diabetes management - namely - ***D**isease*, ***D**rug* and ***D**igital*. They shared their views on going beyond the pill (e.g. significance of doctor-patient communication), the drug therapy, and the use of digital technology for Diabetes management. Your Company, then, cascaded the expert views with physicians across India.

(*cMARC prescription of June 2019)

THINK Empowerment
THINK DIGITAL

EMPOWERING THROUGH TECHNOLOGY

Redefining our way of life, digitised healthcare solutions will dramatically simplify how people access and benefit from them.

Diabetes Care

GOES DIGITAL

Over more than a decade, your Company, through its annual reports, has shared with you how we have reached and supported many people living with Diabetes, through Saath7 (India's longest running on-ground patient support program). Given that Diabetes has reached epidemic proportions, it was time to take Saath7 online to extend its benefits to all those who need it.

So, in 2019, your Company launched 'Saath7 Connect' - an app-based program with tele-counseling for newly insulinised patients. Guided by the tenets of education (through the app), adherence (to therapy) and guidance (with counsellors), our experience, over the past few months, has given us in-depth insights into supporting patients through online tools and resources.

Busting

INSULIN MYTHS

With the world's largest Diabetes population residing in India, it is indeed unfortunate that patients struggle with accepting and adhering to the medications prescribed, more so - when on injectables like insulin. More people living with Diabetes need to be educated about the myths clouding insulin and the benefits of its early adoption. While doctors play a pivotal role in information, consultation and guidance of good Diabetes management, they also constantly struggle to find time to advice and counsel the large number of patients visiting them, each day.

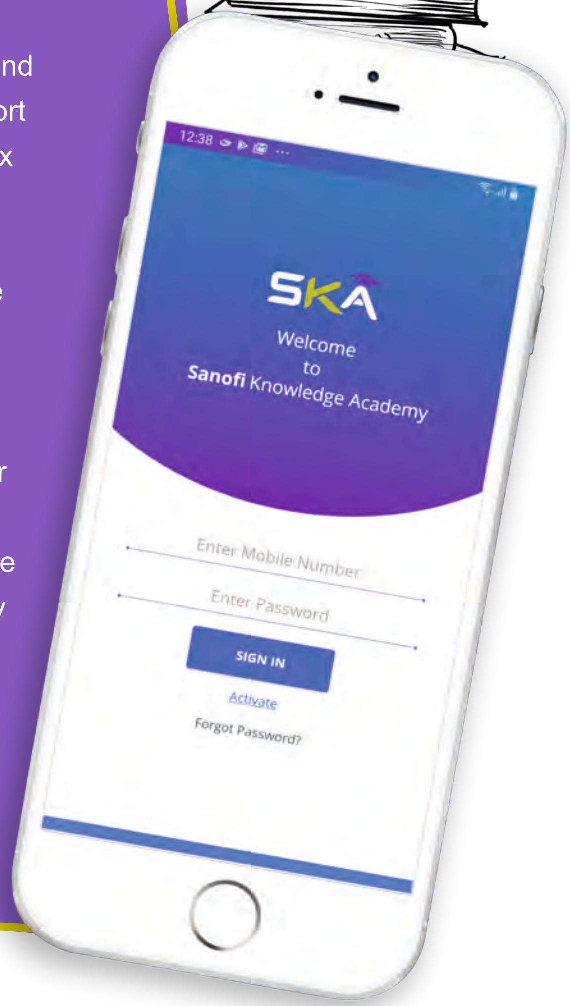
In addition to Saath7 Connect, your Company has also launched a Diabetes public awareness CSR initiative for education, called ***IntoLife***. The website empowers people with Diabetes and guides them to manage the disease, better. Complete with carefully curated information on integrated care, busting myths about insulin and community support, the **IntoLife.in** website helps people with Diabetes live a life of no compromise.

Sanofi launches
KNOWLEDGE ACADEMY

SKA
Sanofi Knowledge Academy

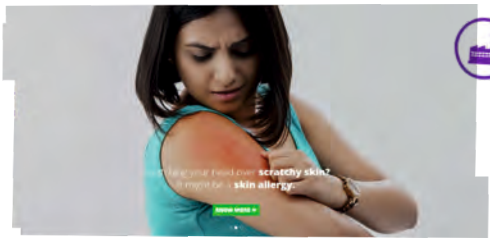
The ever-increasing complexity of Diabetes is changing ground realities today, more than ever before. The recent Bain Report illustrates how 85% of specialists are treating more complex cases today, compared to five years ago. As a result, a majority of doctors report that they find it challenging to keep pace with the breadth and evolution of the disease and treatment protocols.

They are looking for multiple types of support to manage this complexity - in fact, many doctors rank ‘upgrading their clinical skills’ as the most important skill to acquire. Furthering its commitment in working with doctors to engage and upskill them on Diabetes management, your Company launched the Sanofi Knowledge Academy - an app that connects 1500+ doctors, particularly primary care physicians, to eminent thought-leaders in their region.



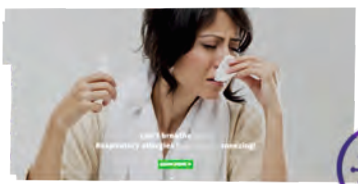
We facilitate virtual peer-group meetings to *discuss* cases, *participate* in trainings on insulinisation, *exchange* ideas and best practices on insulin management, and share tools and resources to counsel patients on Diabetes. Sanofi’s Knowledge Academy provides the right resources for doctors to manage patient complexities and improve overall patient outcomes.

Decoding ALLERGIES



Outdoor air pollution adversely affects health, causing death in over 9 million people every year. It is also the fourth leading cause of death. Over 260 million Indians suffer from respiratory allergies. Few people know that indoor pollution is as dangerous at triggering allergies, as outdoor pollution.

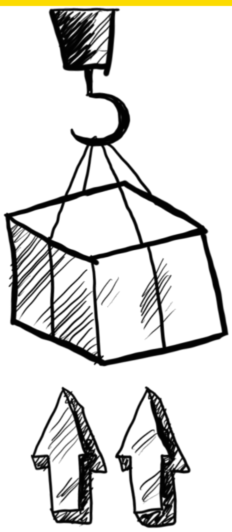
Indoor pollution causes Allergic Rhinitis and aggravates its symptoms like coughs, cold, itching throat and sleeping disorders. Numerous things contribute to indoor pollution, viz: smoking, cooking and fuel fumes, cleaning products, pet hair and dander, mould spores and dust mites to name a few.



During multiple consumer interactions & researches, we learnt that as people do not understand allergies adequately, they either ignore treating them or treat them with incorrect medications (cough, cold medicines most often). Respiratory allergies - when left untreated, could lead to more severe problems, including asthma.

To help people recognise the dangerous effects this invisible enemy has on health, and take the first step towards understanding and managing allergies, your Company launched an educative website - **www.allergyfree.co.in** - on World Allergy Week, last April. The site imparts detailed information by experts, on subjects of outdoor, indoor and childhood allergies, and educates people on the myths, facts, types and treatments of allergies.

Digitising
SUPPLY CHAIN TOUCHPOINTS



For years,
data-entry tasks have been time-consuming, complex and prone to error. Especially when there are lakhs of orders received from a large base of customers, across the country. At Sanofi, over 350,000 data entries are done manually. This task was hugely laborious and reduced efficiencies.

Your Company decided to change that. With the implementation of 1Order - a tool that translates and helps upload machine-readable orders directly to the business software online - our Carrying and Forwarding Agents (C&FAs) are empowered to directly invoice those orders further, online. The process saves a lot of precious time and enables more efficient customer service.

Further, invoice alerts that earlier went to our distributors as paper invoices, did not allow them to pre-plan their cash flows - basis the products invoiced, or credit notes raised/settled. Bringing this convenience to their fingertips, our distributors now receive auto-alerts indicating the value of their order, allowing them to plan ahead and efficiently.

Spirit of TOGETHERNESS

EMPOWERING THROUGH PASSION

Coming together for a cause, a sport or an event,
helps go above and beyond our work.
Collaboration and engagement at work,
keeps the spirit, high - and the motivation, higher.
Coming together makes winning, sweeter.

top EMPLOYER भारत 2019
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Making Sanofi

A TOP EMPLOYER

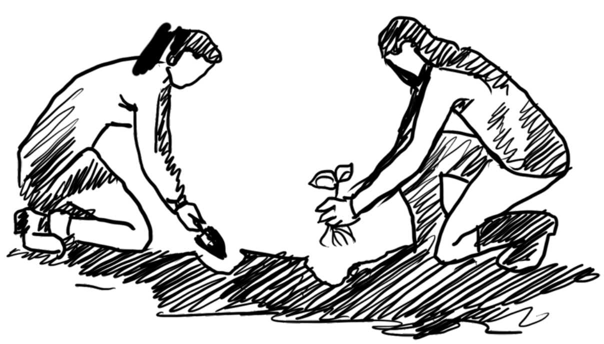
Last year, Sanofi India was proudly certified as a *TOP Employer* for 2019. The win came after extensive global research and subsequent certification, worldwide. The selection certified Top Employers that lead the way in outstanding 'people-first' HR practices, and your Company is elated to amongst one of them. Reigning as a winner through the Top Employer's Institute Certification Program over 1,200 global organizations, was not easy.

The Company's practices were assessed through an analysis of 100 questions, covering over 600 people and practices across various topics like: Talent Strategy, Learning & Development, Career & Succession Management and many more.

We also make MEDICINES

The delight of working together also comes from the joy of bonding together, often for a social cause outside work. In the last 6 years, employees across Sanofi have given over 7,500 hours to volunteering. That's nearly 900 man-days. But this year, your Company made it even bigger. 2,600 employees across 54 cities came together and gave 11,160 hours to volunteering, all in just one week.

Our people transformed from managers and team leaders to being co-workers and friends, for activities like classroom painting, seed-ball making, tree plantation and animal shelter visits, where employees experienced a heightened sense of satisfaction, calm and fulfilment. By planting over 1,000 trees, making more than 62,400 seed-balls, educating 615 young minds and caring for numerous animals, your Company was overwhelmed by the happiness - this brought us all.



Building a 'PEOPLE-FIRST' CULTURE

People remain our pride at Sanofi, and your Company continues to accord great importance to employee welfare and engagement. Various initiatives were hosted through last year, to ensure the health and well-being of our employees remains a top priority. Accordingly, your Company conducted a unique challenge called Stepathlon – a 90-day holistic fitness program – where employees participated in various activities, spot contests and games - to monitor their lifestyle, eating habits and exercise routines.

STEPATHLON FOR SANOFI
90 DAY RACE

Stepathlon brought to the fore, the importance of employees living a healthy and active life that eventually builds an agile and forward-looking organisation.

We are consistently looking at ways to build a human capital strategy that stands tall on the pillars of *maximising organisation effectiveness, developing leaders, honing capabilities for growth* and *evolving our culture*. Our people-first policies exude various elements like strong referral programs, high emphasis on gender, talent and experience diversity, the leeway for flexi-timings and the option to work-from-home once a week.

Your Company continues to evolve its high-performance culture - while empowering employees to take charge, live the values and build an ever-evolving culture. Promoting a healthy work-life balance has always been a primary goal. Our employees are happy and productive at work, because their family supports and encourages them.

So, we hosted their spouses and kids respectively, at special events like 'Family Day' and 'Kids@Sanofi'. It was little wonder then, that over 36 employees celebrated their 25^{th}, 30^{th} and 35^{th} work anniversary in 2019 at Sanofi India.

Board of Directors & CORPORATE INFORMATION

(Details as on 19th May 2020)

Mr. Aditya **NARAYAN**
Chairman

Mr. Cyril **GRANDCHAMP-DESRAUX**
Non-Executive Director

Mr. Rajaram **NARAYANAN**
Managing Director

Mr. Charles **BILLARD**
Whole Time Director &
Chief Financial Officer

Ms. Usha **THORAT**
Independent Director

Mr. Cherian **MATHEW**
Whole Time Director

Company Secretary
Mr. Girish **TEKCHANDANI**

Registered Office
Sanofi House, CTS No. 117-B
L&T Business Park
Saki Vihar Road
Powai, Mumbai - 400 072.

Registrar and Transfer Agents
Link Intime India Private Limited
C - 101, 247 Park, L B S Marg
Vikhroli West, Mumbai - 400 083.

Manufacturing Sites
Plot No. 3501 to 3515
6301 to 6313 &16.00 Meter Road/C
GIDC Estate
Ankleshwar - 393 002.

GIDC, Plot No. L -121 Phase III
Verna Industrial Estate
Verna, Goa - 403 722.

Auditors
Price Waterhouse & Co Chartered Accountants LLP

64th Annual General Meeting
Tuesday, 7th July, 2020 at 3.00 pm
Through video-conferencing facility

Financial SUMMARY

(₹ in Million)

Financial Summary

For last 5 years

SALES, PROFIT & DIVIDEND	2019[1]	2018[1]	2017[1]	2016[1]	2015[2]
Revenue from operations (Gross)	30,706	27.708	24,914	24.197	22,429
Profit before Depreciation Finance Cost & Tax (PBDFT)	7,594	7,132	6,179	6,015	5,105
Profit before Finance Cost & Tax (PBFT)	6,595	6,105	5,157	4,827	3,975
Profit before Tax (PBT)	5,999	6,098	5,146	4,804	3,971
Profit after Tax (PAT)	4,142	3,806	3,260	3,042	2,377
Total Comprehensive Income net of Tax	3,977	3,819	3,247	2,984	-
Dividend (Amount)	8,038	1,935	1,636	1,567	1,497
Rate (₹ per share)	349[(4)]	84	71	68	65[(3)]

SHARE CAPITAL & CAPITAL EMPLOYED

Share Capital	230	230	230	230	230
Shareholder's Funds[5]	24,423	22,192	20,264	18,830	16,271
Capital Employed[5]	24.423	22,192	20,264	18,830	16,271
Represented by: Fixed Assets (Net) & Investments[5]	5,161	7,541	7,993	8,507	8,994
Net Current & Other Assets	19,262	14,651	12,271	10,323	7,277

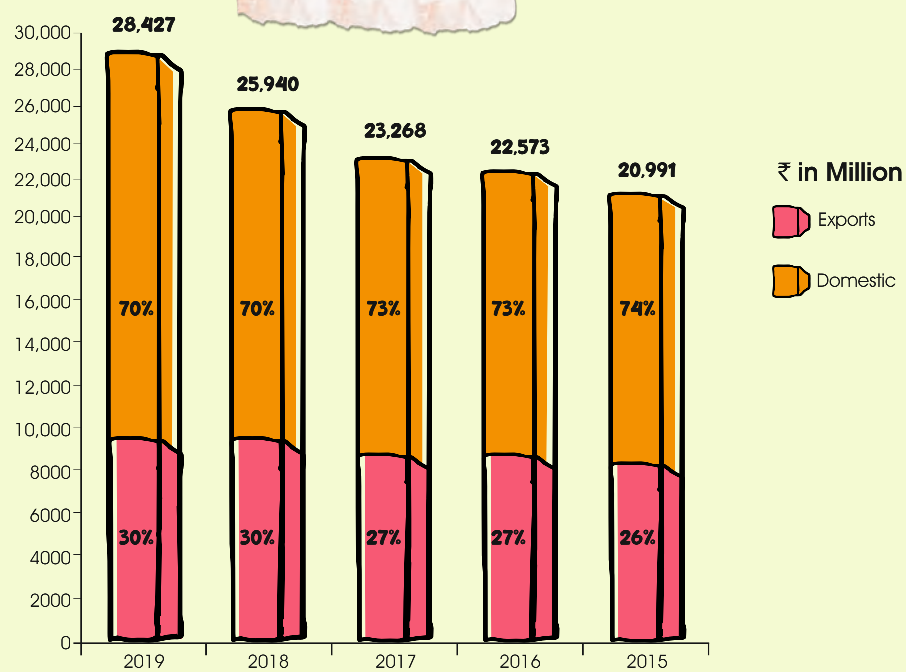
RETURN

On Sales (PBT) %	19.5%	23.5%	22.1%	21.3%	18.9%
On Capital Employed (PBFT) %	27.0%	27.5%	25.4%	25.6%	24.4%
On Shareholders Funds (PAT) %	17.0%	17.2%	16.1%	16.2%	14.6%
Per Share (PAT) `	179.85	165.48	141.74	132.28	103.18
Personnel Cost	4,497	4,068	3,685	3,553	3,333
No. of Employees	3,426	3,301	3,239	3,623	3,663

1. As per Ind_AS
2. As per Previous GAAP
3. Includes special dividend of ` 14 and diamond jubilee dividend 8 per share
4. Includes special dividend of ` 243 per share
5. Includes revaluation of fixed assets since 1986
6. All above figures excludes the impact of exceptional item if any

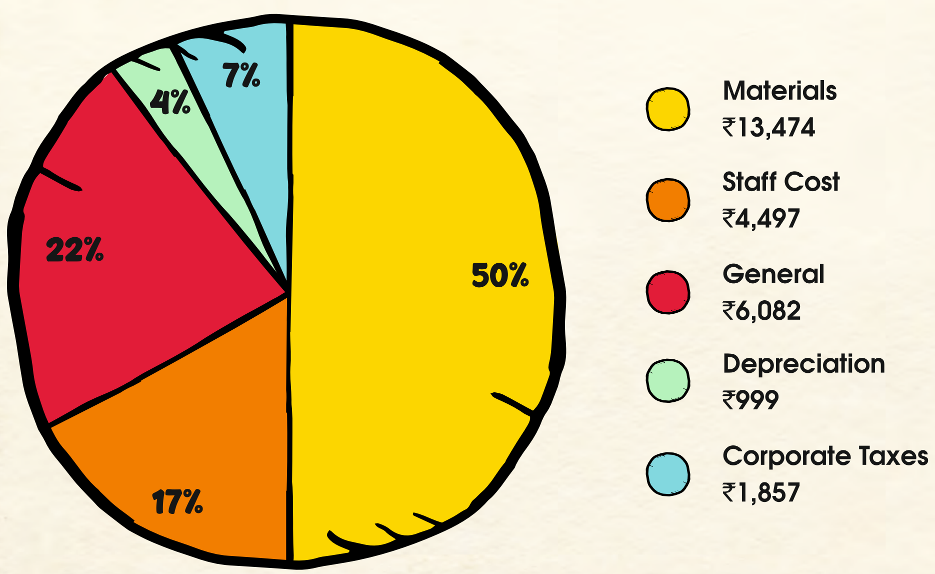
Financial SUMMARY

Sales



Distribution of Revenue for 2019

₹ in Million



NOTE TO THE MEMBERS

The Board of Directors of the Company at its meeting held on 25th February 2020 decided to hold the Annual General Meeting (AGM) of the Company on 28th April 2020 and approved book closure date for payment of Dividend from 21st April 2020 to 28th April 2020 (both days inclusive). It was also decided that the Dividend, if approved by members at the AGM, will be paid on or after 5th May 2020. These details were intimated to the Stock Exchanges after the Board meeting held on 25th February 2020. It was also expected that the Board meeting for approving the Q1 2020 financials would be convened in 2nd Fortnight of April 2020. Accordingly, AGM date, book closure date, expected date of dividend payment and expected date of announcement of Q1 financial results were included in the Directors' Report and Corporate Governance Report which were approved by the Board of Directors on 25th February 2020 for publication in the Annual Report for the year 2019.

Due to COVID-19 pandemic situation, effective 21st March 2020, all offices and business establishments in Mumbai (except essential services) were closed. Under these circumstances, the Company was unable to print and dispatch the Annual Reports to the members in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the Company postponed the AGM and cancelled the book closure dates till further clarity on the COVID-19 pandemic situation and informed the same to members through stock exchange announcement on 23rd March 2020.

In view of the continuing lockdown and restriction on movement across the country imposed by the Government due to the COVID -19 pandemic situation, the Ministry of Corporate Affairs (MCA) has vide General Circular No. 20/2020 dated 5th May 2020 read with General Circular No. 14/2020 dated 8th April 2020 and General Circular No. 17/2020 dated 13th April 2020, allowed companies:

1. to send the annual reports to shareholders only on email who have registered their email ID with the Company / Depositories,
2. to hold AGM through video conferencing or other audio-visual means, and
3. to keep the dividend on hold for those shareholders who have not provided details of their bank accounts for electronic payment and dispatch their cheque / demand draft upon normalization of the postal services.

Accordingly, the Board of Directors has at its meeting held on 19th May 2020, decided to hold the AGM on 7th July 2020 at 3.00 pm through video-conferencing facility. The Board approved the Notice of the AGM which is part of this Annual Report. The details on participation in the AGM are given in the Notes to the Notice of the AGM. The Notes also include details on payment of final dividend as well as one-time special dividend for the year 2019.

In the above circumstances, the details on AGM date, book closure date, expected date of dividend payment and expected date of announcement of Q1 financial results as appearing in the Directors' Report and Corporate Governance Report which were approved by the Board of Directors on 25th February 2020, have changed. The revised details have been explained by way of footnotes on Page 39 and Page 93 of the Annual Report. The said changes have no impact on the financial statements of the Company for the financial year ended 31st December 2019.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the sixty-fourth Annual General Meeting of Sanofi India Limited will be held on Tuesday, 7th July 2020 at 3.00 p.m. through video conferencing facility to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st December 2019 including the audited Balance Sheet as on 31st December 2019 and the statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare a final dividend of Rs. 106 per equity share and a one-time special dividend of Rs. 243 per equity share for the financial year ended 31st December 2019.

3. To re-appoint Mr. Rajaram Narayanan (DIN 02977405), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

   "RESOLVED THAT Mr. Cherian Mathew (DIN 08522813) who was appointed as an Additional Director by the Board of Directors under Section 161 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) with effect from 29th July 2019 and who holds office up to the date of this Annual General Meeting of the Company, be and is hereby appointed as Director of the Company, whose term of office shall be liable to retire by rotation."

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

   "RESOLVED THAT pursuant to provisions of Sections 196 and 197 and all other applicable provisions of the Companies Act, 2013 read with Schedule V thereto, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) approval of members is hereby accorded to the appointment of Mr. Cherian Mathew (DIN 08522813) as Whole Time Director of the Company for a period of five years with effect from 29th July 2019 and to his receiving remuneration, benefits and amenities as Whole Time 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. Cherian Mathew.

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

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

   "RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, M/s. Kirit Mehta & Co., Cost Accountants, to conduct the audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations for the financial year ending 31st December 2020 be paid remuneration of Rs. 390,000 plus Goods and Services Tax and out of pocket expenses, in performance of their duties.

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

By Order of the Board

GIRISH TEKCHANDANI
COMPANY SECRETARY

19th May 2020

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the Act) with respect to item nos. 4 to 6 of the Notice is annexed hereto and forms part of this Notice.

2. The meeting shall be deemed to be conducted at the Registered Office of the Company situated at Sanofi House, CTS No. 117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072.

3. As per the decision taken by the Board of Directors on 25th February 2020, the Annual General Meeting (AGM) of the Company was originally scheduled on 28th April 2020. The date was communicated to the members through stock exchange announcement on 25th February 2020. Due to continued spread of COVID-19, effective 21st March 2020, all offices and business establishments in Mumbai (except essential services) were closed. Under these circumstances, the Company was not able to print and dispatch the annual reports (including AGM Notice) to the members in compliance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). Accordingly, the Company postponed the AGM till further clarity on the COVID-19 situation and informed the same to members through stock exchange announcement on 23rd March 2020.

4. In view of the countrywide lockdown and restriction on movement across the country imposed by the Government due to the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide General Circular No. 20/2020 dated 5th May 2020 read with General Circular No. 14/2020 dated 8th April 2020 and General Circular No. 17/2020 dated 13th April 2020, allowed companies:

   i. to send the annual reports to shareholders only on email who have registered their email ID with the Company / Depositories,

   ii. to hold Annual General Meeting (AGM) through video conferencing (VC) or other audio-visual means (OVAM) and

   iii. to keep the dividend on hold for those shareholders who have not provided details of their bank accounts for electronic payment and dispatch their cheque / demand draft upon normalization of the postal services.

5. The Annual Report and Notice of the AGM is being sent to members who have registered their email ID with the Company / Depositories. The members who have not registered their email ID with the Company can access the Annual Report on the website of the Company www.sanofiindialtd.com. Members who would like to obtain pdf copy on their email ID may write an email to IGRC.SIL@sanofi.com. Pursuant to the Circulars mentioned above, the Company has not printed the Annual Reports and hence no hard copies of the Annual Report will be provided.

6. The Company will hold the AGM through VC facility without physical presence of the members. The necessary details for joining the meeting are given below:

   i. Members may attend the AGM using VC facility on a live streaming link available at www.evotingindia.com under shareholders / members login by using the remote e-voting login credentials. The link for live streaming of the AGM will be available under the EVSN of the Company. The members holding shares either in demat form or in certificate form shall follow the instructions given in para 15 below to join the AGM through VC facility.

   ii. Members can participate in the AGM through desktop / laptop/smart phone / tablet. However, for better experience and smooth participation, it is advisable to join the Meeting through desktop / laptop connected through broadband.

   On desktop / laptop

   a. On clicking the link to attend the AGM, a webpage will open which will ask for your name and email ID

   b. Fill name of the 1st shareholder as appearing in the demat account statement / share certificate

   c. Fill the email ID registered with the depository / the Company

   d. Click on submit

   On smart phone / tablet

   a. Download the Zoom app on your smart phone / tablet. Zoom app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. This app can be downloaded without any charge.

b. On clicking the link to attend the AGM, a new page will open in the app which will ask for your name and email ID

c. Fill name of the 1st shareholder as appearing in the demat account statement / share certificate

d. Fill the email ID registered with the depository / the Company

e. Click on submit

Members who face any technical difficulty in accessing www.evotingindia.com may contact toll free no. 1800 225 533. After login, the members who face any technical difficulty in accessing the VC link may contact toll free no. 1800 919 0772.

7. The meeting will be conducted following the below process:

i. The link for joining the meeting will be made active 15 minutes prior to the meeting i.e. at 2.45 p.m. on 7th July 2020. Members are requested to join the meeting on time.

ii. Since this meeting is being held through video conferencing, physical attendance of members has been dispensed with. Therefore, appointment of proxies is not applicable.

iii. Pursuant to Section 113 of the Act, corporate members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM, by e-mail before e-voting / attending AGM, to IGRC.SIL@sanofi.com.

iv. Chairman of the Company will make a statement on the affairs of the Company at the meeting.

v. Members who have questions or seeking clarifications on the Annual Report or on the proposals as contained in this Notice are requested to send e-mail to the Company on IGRC.SIL@sanofi.com on or before 5.00 pm on Thursday, 2nd July 2020. This would enable the Company to compile the information and provide the replies at the meeting. The Company will be able to answer only those questions at the meeting which are received in advance as per the above process.

The Company will allot time for members to express their views or give comments during the meeting. The members who wish to speak at the meeting need to register themselves as a speaker by sending an e-mail from their registered e-mail ID mentioning their name, DP ID and Client ID / Folio number and mobile number, on e-mail ID, IGRC.SIL@sanofi.com on or before 5.00 pm on Thursday, 2nd July 2020. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.

vi. The voting on the proposals contained the Notice of AGM will be conducted as under:

a. The members who have registered their email addresses with the Company / their depository can cast their vote through remote e-voting or through the e-voting during the meeting using the process mentioned below for e-voting through electronic system means.

b. The members who are holding shares in physical form and who have not registered their email ID with the Company, can write to evoting.investors@linkintime.co.in by providing their name and folio number and obtain default PAN (if PAN is not registered with the Company) for the purpose of e-voting in CDSL portal and exercise their vote either through remote e-voting or vote electronically during the AGM. The credentials will be provided to the members after verification of all details.

Detailed instructions for voting are contained in Para 15 below.

vii. The Board of Directors of the Company has appointed Mr. Makarand M. Joshi, Practising Company Secretary (FCS 5533, CP 3662), or failing him, Ms. Kumudani Bhalerao, Practising Company Secretary (FCS 6667, CP 6690) as the Scrutinizer for conducting the process of remote e-voting and e-voting during AGM in a fair and transparent manner.

viii. The Scrutinizer shall submit his / her report, to the Chairman or any person authorized by him, on the voting in favour or against, if any, within forty-eight hours from the conclusion of the Meeting.

ix. The results declared along with the consolidated Scrutinizer's Report and the recorded transcript of the meeting shall be placed on the website of the Company www.sanofiindialtd.com. The results shall simultaneously be communicated to the Stock Exchanges.

8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred to in the Notice can be inspected in electronic mode by sending a request on email to IGRC.SIL@sanofi.com.

9. The Register of Members of the Company shall remain closed from 1st July 2020 to 7th July 2020 (both days inclusive).

10. Payment of dividend as recommended by the Board of Directors, if approved at the Meeting, will be made to those members whose names are on the Company's Register of Members on 7th July 2020 and those whose names appear as Beneficial Owners as at the close of the business hours on 30th June 2020 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

11. In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Act, 2020, with effect from 1st April 2020, dividend declared and paid by the Company is taxable in the hands of its members and the Company is required to deduct tax at source (TDS) from dividend paid to the members at the applicable rates. A separate email will be sent at the registered email ID of the members describing about the detailed process to submit / upload the documents / declarations along with the formats in respect of deduction of tax at source on the dividend payout. Sufficient time will be provided for submitting the documents / declarations by the members who are desiring to claim beneficial tax treatment. The intimation will also be uploaded on the website of the Company www.sanofiindialtd.com.

12. Members holding shares in electronic form are advised to keep the bank details updated with the respective Depositories, viz. NSDL and CDSL. Member holding shares in certificate form are requested to update bank details with the Company's Registrar and Transfer Agents after following the process available on link https://linkintime.co.in/emailreg/email_register.html. Pursuant to the General Circular No. 20/ 2020 dated 5th May 2020 read with General Circular No. 14/2020 dated 8th April 2020 and General Circular No. 17/2020 dated 13th April 2020, issued by Ministry of Corporate Affairs, Members who have not registered their bank details, will be paid dividend through cheque / demand draft upon normalization of postal services.

13. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and Amendment Rules 2017 notified by the Ministry of Corporate Affairs, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more in the name of Investor Education and Protection Fund (IEPF) Suspense Account. Adhering to various requirements set out in the Rules, the Company has taken appropriate action for transferring the shares to the Demat Account opened by the IEPF Authority. The Company has also uploaded details of such members whose shares are transferred to IEPF Suspense Account on its website at www.sanofiindialtd.com.

    The shares transferred to IEPF Suspense Account including all benefits accruing on such shares, if any, can be claimed by the members from IEPF Authority, after following the procedure prescribed under the Rules.

    Pursuant to the provisions of Sections 124 and 125 of the Act, dividends which remain unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend account are required to be transferred to IEPF established by the Central Government. The details of unpaid dividend are uploaded on the website of the Company at www.sanofiindialtd.com.

    During the year 2019, the Company transferred unclaimed dividend amounts of Rs. 1,801,277 and Rs. 265,732 from the Final Dividend for the year 2011 and Interim Dividend for the year 2012 respectively, to the IEPF.

    Members who have not encashed their dividend warrants for last seven year are requested to write to the Company's Registrar and Transfer Agents and claim their dividends. The total amount of unclaimed dividend has been disclosed in the financial statements. Members are requested to note that the unclaimed dividends will be transferred to the IEPF after the below mentioned last date of claim which has been calculated by adding 37 days and 7 years in the date of declaration:

Dividend and Year	Dividend per Share (Rs.)	Date of Declaration	Last Date for Claim
Interim Dividend 2013	10	30-07-2013	03-09-2020
Final Dividend 2013	35	29-04-2014	03-06-2021
Interim Dividend 2014	10	23-07-2014	27-08-2021
Final Dividend 2014	35	29-04-2015	03-06-2022

Dividend and Year	Dividend per Share (Rs.)	Date of Declaration	Last Date for Claim
Interim Dividend 2015	18	21-07-2015	25-08-2022
Final Dividend 2015	47	29-04-2016	04-06-2023
Interim Dividend 2016	18	22-07-2016	27-08-2023
Final Dividend 2016	50	05-05-2017	09-06-2024
Interim Dividend 2017	18	19-07-2017	23-08-2024
Final Dividend 2017	53	08-05-2018	12-06-2025
Interim Dividend 2018	18	25-07-2018	31-08-2025
Final Dividend 2018	66	07-05-2019	11-06-2026

14. Pursuant to Regulation 39 and Schedule V and VI of the Listing Regulations the Company has transferred unclaimed shares in its Unclaimed Suspense Account details of which are given below:

Particulars	No. of Records	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders / records and the outstanding shares in the Unclaimed Suspense Account	266	249	13,300
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	14	13	700
Number of shareholders / records whose shares were transferred from suspense account to the demat account of Investor Education and Protection Fund under the provisions of Section 124(6) of the Companies Act, 2013	3	3	150
Number of shareholders / records and aggregate number of shares transferred to the Unclaimed Suspense Account during the year	–	–	–
Aggregate number of shareholders and outstanding shares in the Unclaimed Suspense Account lying as on 31st December 2019	249	233	12,450

Voting rights on shares lying in the Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares establishes his / her title of ownership to claim the shares.

15. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations the Company is pleased to offer e-voting facility which will enable the Members to cast their votes electronically on all the resolutions set out in the Notice. Please refer the instructions given below relating to voting through electronic means.

E-voting facility:

The remote e-voting period will begin on 4th July 2020 at 9.00 a.m and will end on 6th July 2020 at 5.00 p.m. During this period members of the Company holding shares either in physical form or dematerialized form as on cut-off date, i.e 30th June 2020 may exercise their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

A person whose name is recorded in the register of members or in the beneficial owners maintained by depositories as on the cut-off date i.e 30th June 2020 shall be entitled to avail the facility of remote e-voting as well as voting through e-voting system during the AGM. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial Owner (in case of shares held in dematerialised form) as on the cut-off date i.e. Tuesday, 30th June 2020.

Any person who becomes a member of the Company after dispatch of the Notice of the Annual General Meeting and holding shares as on the cut-off date i.e. Tuesday, 30th June 2020 and wishing to participate in the e-voting may obtain User ID and password by sending a letter or email to the Company's Registrar and Transfer Agents, Link Intime India Private Limited to C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 (Email ID: evoting.investors@linkintime.co.in) providing details such as name of the Member, DPID / Client ID no. and name of the Company. User ID and password will be provided through email or SMS or letter as per details of the Member provided by the Depositories or available with the Registrars. Members can also contact Mr. Jayprakash V P of Link Intime India Private Limited on no. 022 - 49186270. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The voting during the AGM will begin on 7th July 2020 at 3.00 pm and will end on completion of 30 minutes from the time of the conclusion of the AGM. Within this period, all members who are present at the AGM through VC facility and who have not yet exercised their vote through remote e-voting, can exercise their vote electronically.

The facility for e-voting during the meeting is available only to those members participating in the meeting through VC facility. If a member has exercised his / her vote during the AGM through e-voting but not attended the AGM through VC facility, then the votes casted by such member shall be considered invalid.

The procedure for remote e-voting and e-voting during the AGM is the same.

The instructions for members voting electronically are as under:

i. You should log on to the e-voting website www.evotingindia.com.

ii. Click on Shareholders / Members.

iii. Now Enter your User ID

- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.

iv. Next enter the Image Verification as displayed and click on Login.

v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

vi. If you are a first time user follow the steps given below:

For members holding shares in demat form and physical form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company / Depository Participant are requested to send an email to evoting.investors@linkintime.co.in providing details such as name of the Member, DPID / Client ID no. and name of the Company and obtain default PAN.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the Depository or Company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction iii.

vii. After entering these details appropriately, click on "SUBMIT" tab.

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

ix. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

x. Click on the EVSN of Sanofi India Limited.

xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the Resolution.

xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.

xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xvi. If a demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xvii. Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xviii. Note for Non – Individual Members and Custodians:

a. Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

c. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

d. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

xx. For any grievances connected with facility for e-voting members may contact:
Mr. Girish Tekchandani, Company Secretary
Address: Sanofi House, CTS No.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072, India.
Tel: (022) 28032000
Email: IGRC.SIL@sanofi.com

16. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to the Registrar and Transfer Agents of the Company, in the prescribed Form SH-13 for this purpose.

17. As required by Regulation 36(3) of the Listing Regulations and the Secretarial Standards on General Meetings (SS-2) as laid down by The Institute of Company Secretaries of India, additional information relating to the particulars of Directors who are proposed to be appointed / re-appointed are given below:

Agenda Item No.	3
Name	Mr. Rajaram Narayanan
Age	51
Qualifications	B.E. (BITS, Pilani), MBA (Indian Institute of Foreign Trade) He is also an alumnus of the Advanced Managed Program of the Harvard Business School
Brief profile including expertise and experience	Mr. Rajaram Narayanan has over 25 years' experience across different industries. Mr. Rajaram Narayanan started his career with Unilever, where he held a variety of leadership roles in sales for over 19 years. Along the way he built and managed iconic consumer brands in India and other Asian markets. Prior to joining Sanofi, he worked for 3 years in the telecom industry as Chief Marketing Officer at Airtel, India's leading mobile services company. Mr. Rajaram Narayanan joined Sanofi in 2014 as the Country Head and General Manager. He joined the Board of the Company as Whole Time Director on 21st October 2015 and was appointed as Managing Director w.e.f. 1st January 2018. Over the last 4 years, he has led the strategic reorientation of Sanofi in India leading to accelerated growth in key therapies, setting up of new business models and significant transformation of its market operations.
Directorships in other companies in India	Sanofi-Synthelabo (India) Private Limited Apollo Sugar Clinics Limited Organization of Pharmaceutical Producers of India
Committee Memberships and Chairmanships	He is member of Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Chairman of Risk Management Committee of Sanofi India Limited.
Number of Board meetings attended during the year	In the year 2019, Mr. Narayanan attended 6 out of 6 Board meetings
Remuneration last drawn for the financial year 2019	Remuneration was paid as Managing Director of the Company as approved by the members at the Annual General Meeting of the Company held on 8th May 2018. Details are disclosed in the Corporate Governance section of the Annual Report. No change has been proposed in this re-appointment.
Remuneration sought to be paid	No change has been proposed
Terms and conditions of appointment	As approved by the members at the Annual General Meeting of the Company held on 8th May 2018. No change has been proposed in the terms and conditions.
Relationship with other Directors and KMP	None
Date of first appointment on the Board	21st October 2015
Shareholding in Sanofi India Limited	Nil

Agenda Item No.	4 & 5
Name	Mr. Cherian Mathew
Age	55
Qualifications	Graduated in Chemical Engineering from IIT Kharaghpur.
Brief profile including expertise and experience	Mr. Cherian Mathew started his career in 1987 with Shaw Wallace and then had a brief stint with Ranbaxy Laboratories Limited. He joined Sanofi in 1993 (with the erstwhile Hoechst India Limited) as a Project Engineer. Over the last 26 years, he has held ever increasing responsibilities in India as well as with various other Sanofi affiliates across the world. He has been actively involved in the formulation of Sanofi's industrial strategy and in its implementation. Presently, Mr. Cherian Mathew is the Head of Manufacturing Operations in India. Mr. Cherian Mathew was appointed Additional Director & Whole Time Director of the Company with effect from 29th July 2019.
Directorships in other companies in India	None
Committee Memberships and Chairmanships	He is member of Audit Committee and Risk Management Committee of Sanofi India Limited
Number of Board meetings attended during the year	In the year 2019, Mr. Mathew attended 3 out of 3 Board meetings held in his tenure
Remuneration last drawn for the financial year 2019	The resolution has been proposed for appointment of Mr. Mathew as Whole Time Director. He was not a Director of the Company before the proposed appointment.
Remuneration sought to be paid	As disclosed in explanatory statement
Terms and conditions of appointment	As disclosed in explanatory statement
Relationship with other Directors and KMP	None
Date of first appointment on the Board	29th July 2019
Shareholding in Sanofi India Limited	Nil

EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (the Act) sets out all material facts relating to the business mentioned in item nos. 4 to 6 in the accompanying Notice of the Annual General Meeting.

Item No. 4 and 5

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Cherian Mathew as Additional Director of the Company with effect from 29th July 2019 in accordance with Section 161 of the Act. He holds office up to the date of the Annual General Meeting of the Company. The Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director.

The Board of Directors of the Company at its meeting held on 29th July 2019, subject to the approval of the members of the Company, approved the appointment of Mr. Cherian Mathew as Whole Time Director of the Company for a period of 5 years.

A brief profile of Mr. Cherian Mathew is provided in the notes to the Notice of the Annual General Meeting.

The remuneration proposed to be paid to Mr. Cherian Mathew with effect from 29th July 2019 is set out below:

1. Basic Salary - Rs. 76,00,000 /- per annum.
2. Flexi Compensation Allowance of Rs. 98,54,920/- per annum and such higher amount as may be decided by the Board from time to time and in alignment with the Company's policy on Flexi-Compensation.
3. Provident Fund - Company's contribution not to exceed 12% of Basic salary.
4. Gratuity - Company's contribution not to exceed 8.33% of Basic salary.
5. Increments - Such increments with effect from 1st April 2020 as may be decided by the Board of Directors from time to time, not exceeding 25% per annum.
6. Performance Bonus with a target payout of Rs. 57,00,000/- per annum for the financial year ending 31st December 2019 and a payout range of 0% to 200% of target amount to be paid at the end of the financial year, and all future Performance bonuses, as may be determined by the Board of Directors.
7. Housing - House Rent Allowance as part of the Flexi-Compensation Structure (FCP). In addition, residential gas & electricity utility on actuals can be claimed as reimbursement.
8. Medical Hospitalisation Insurance Benefit - Medical aid benefits for self and dependant family as per Company's policy which is currently INR 800,000 floater coverage. This may be revised from time to time as per Company's policy.
9. The Company to pay the premium for the Personal Accident Insurance Policy taken for Mr. Cherian Mathew along with other Officers of the Company.
10. The Company to pay the premium for the Group Insurance Policy taken for Mr. Cherian Mathew as per rules of the Company.
11. The Company to pay fees for one Club (including admission or entrance fees and monthly or annual subscriptions) as per Company's policy.
12. 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.
13. Reimbursement of actual travelling and 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.
14. Reimbursement of expenses on mobile phone and landline phone at residence as per the Company's policy.
15. Stock linked incentive plans whether existing or declared by the holding company, and the cost thereof will be borne by 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

In any financial year, if the Company has no profits or its profits are inadequate, the Company shall pay the remuneration to the Director in accordance with the provisions of Section 197 read with Schedule V of the Act and rules framed thereunder and any other applicable provisions of the Act or any statutory modification or re-enactment thereof.

The draft agreement between the Company and Mr. Cherian Mathew will be available to members on request. Members may write to the Company Secretary on email IGRC.SIL@sanofi.com for inspecting the draft agreement until the date of the Annual General Meeting or any adjournment thereof.

Mr. Cherian Mathew is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Whole Time Director of the Company.

The Board of Directors is of the opinion that Mr. Cherian Mathew's knowledge and experience will be of immense value to the Company. The Board, therefore, recommends the approval of the resolutions set out at item no. 4 & 5 of the Notice convening the Meeting.

Except Mr. Cherian Mathew, being the proposed appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this resolution.

Item No. 6

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as Cost Auditors to conduct the audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations for the financial year ending 31st December 2020.

In accordance with the provisions of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st December 2020.

The Board recommends the approval of the remuneration payable to M/s. Kirit Mehta & Co., Cost Accountants for conducting the cost audit and passing of the resolution set out at item no. 6 of the Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

By Order of the Board

GIRISH TEKCHANDANI
COMPANY SECRETARY

19th May 2020

REPORT OF THE DIRECTORS
TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting the Audited Accounts of your Company for the financial year ended 31st December 2019.

FINANCIAL RESULTS

	Rs. in million	
	2019	**2018**
Revenue from operations	30,706	27,708
Other income	941	897
Total income	31,647	28,605
Profit before exceptional items and tax	6,592	6,098
Profit before tax	5,999	6,098
Tax expense	1,857	2,292
Profit for the year	4,142	3,806
Other comprehensive income (Net of tax)	(165)	13
Total comprehensive income for the year	3,977	3,819

Your Company does not propose to transfer any amount in the general reserves of the Company.

DIVIDEND

Your Directors recommend payment of dividend of Rs. 106 per equity share of Rs. 10 for the year ended 31st December 2019. In addition, after reviewing the cash requirements for the Company's operations, a one-time special dividend of Rs. 243 per equity share of Rs.10 is being recommended. The total dividend of Rs. 349 per equity share of Rs. 10 will be paid after approval of shareholders at the ensuing Annual General Meeting of the Company. The total dividend, if approved by the members at the Annual General Meeting (AGM) scheduled on [28th April 2020][1], will result in cash outflow of Rs. 8,038 million.

The dividend payment is in accordance with the Dividend Distribution Policy of the Company which is available on the Company's website www.sanofiindialtd.com.

MANAGEMENT DISCUSSION AND ANALYSIS

As required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Management Discussion and Analysis Report is part of this Report.

The state of the affairs of the business along with the financial and operational developments has been discussed in detail in the Management Discussion and Analysis Report.

SLUMP SALE AND TRANSFER OF THE COMPANY'S MANUFACTURING FACILITY AT ANKLESHWAR

The Board of Directors at its meeting held on 10th September 2019 approved a transaction for the slump sale and transfer of the manufacturing facility of the Company at Ankleshwar, Gujarat to Zentiva Private Limited (Zentiva) for a consideration of Rs. 2,617 million, subject to customary working capital adjustments. This transaction was subject to the approval of the members and few other conditions / approvals of regulatory authorities as defined under the Business Transfer Agreement. The members of the Company approved the transaction on 30th October 2019 by passing a Special Resolution which was conducted through postal ballot process. Your Company and Zentiva are working on the conditions / approvals of regulatory authorities on this transaction. The closing of this transaction is expected by 31st March 2020.

Note added for explanation. Not part of the Directors' Report approved by Board on 25th February 2020.

[1] Due to COVID-19 pandemic, Government of India announced National lockdown in March 2020. In compliance with the National lockdown, on 23rd March 2020, the Company announced postponement of its AGM till further clarity was obtained on the COVID-19 situation. Considering that the printers, courier companies and Company's share transfer agents had stopped their operations due to the National lockdown, the Annual Report publication was also kept on hold by the Company. On 5th May 2020, Government of India vide its General Circular No. 20/2020 allowed companies to organize Annual General Meeting by using video-conferencing facility. In view of the General Circular, the AGM is now scheduled on - **Tuesday, 7th July 2020 at 3.00 pm through video-conferencing facility** as per the AGM Notice which forms part of this Annual Report.

The said change has no impact on the financial statements of the Company for the financial year ended 31st December 2019.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Mr. Ashwani Sood vide his letter dated 7th May 2019 informed the Board that due to his new role within Sanofi he is required to spend most of his time outside Mumbai and hence he would like to step down as Director and Whole Time Director of the Company. The Board accepted this resignation with effect from end of day on 31st May 2019.

The Board of Directors at its meeting held on 29th July 2019, subject to approval of members, approved appointment of Mr. Cherian Mathew as Additional Director and Whole Time Director of the Company. The necessary resolutions for appointment of Mr. Cherian Mathew as Director and Whole Time Director of the Company has been included in the Notice of the forthcoming AGM for the approval of the members.

As on 31st December 2019, Mr. Rajaram Narayanan, Managing Director; Mr. Charles Billard, Whole Time Director and Chief Financial Officer; Mr. Cherian Mathew, Whole Time Director and Mr. Girish Tekchandani, Company Secretary were designated as Key Managerial Personnel (KMP).

The Company has received declarations from all Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act) and the Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

Mr. Rajaram Narayanan retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

After conclusion of the financial year, two more changes took place in the Board. Dr. Shailesh Ayyangar informed the Company vide his letter dated 25th February 2020 that due to his retirement as an employee of Sanofi group, he would step down as Director of the Company with effect from end of the day on 25th February 2020. Mr. Thomas Rouckout informed the Company vide his letter dated 25th February 2020 that he has taken up a new role within Sanofi group and would not be able to spend time on Sanofi business in India. Therefore, he would step down as Director of the Company with immediate effect. The Board noted these resignations at its meeting held on 25th February 2020.

The Board placed on record its deep appreciation for exceptional contribution made by Mr. Ashwani Sood, Dr. Shailesh Ayyangar and Mr. Thomas Rouckout during their tenure as Director.

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in **Annexure - A** to this Report.

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

As required under Regulation 34 of the Listing Regulations, a Cash Flow Statement is part of the Annual Report.

The Company does not have any subsidiaries and hence not required to publish Consolidated Financial Statements.

CORPORATE GOVERNANCE

As required under Regulation 34 of the Listing Regulations, a Report on Corporate Governance along with a Certificate of Compliance from the Auditors is part of this Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for the year ended 31st December 2019, as stipulated under Regulation 34 of the Listing Regulations is given in **Annexure – B** to this Report.

MEETINGS OF THE BOARD OF DIRECTORS

Six meetings of the Board of Directors were held during the year. Dates of the meetings are given in the Report on Corporate Governance.

AUDIT COMMITTEE

Details pertaining to composition of the Audit Committee are included in the Report on Corporate Governance. All the recommendations made by the Audit Committee were accepted by the Board.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The Directors are regularly informed during meetings of the Board and Committees on the business strategy, business activities, manufacturing operations and issues faced by the pharmaceutical industry.

The details of familiarization programs provided to the Directors of the Company are available on the Company's website www.sanofiindialtd.com.

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

Your Company does not have any subsidiaries, joint ventures or associate companies.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee to monitor implementation of CSR activities of your Company.

The details of the composition of the CSR Committee, CSR policy, CSR initiatives and activities undertaken during the year are given in the Annual Report on CSR activities in **Annexure - C** to this Report.

RELATED PARTY TRANSACTIONS

All related party transactions which were entered into during the year under review were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interests of the Company at large.

Your Company has entered into material related party transactions with sanofi-aventis Singapore Pte. Ltd for the purchase and sale of products and services and with Sanofi Healthcare India Private Limited (formerly known as Shantha Biotechnics Private Limited) to provide a loan. These transactions were in the ordinary course of business and at arm's length duly certified by the third-party experts. The transactions were within the limits approved by the members.

The Board of Directors at its meeting held on 12th November 2019 approved extension of tenure of loan to Sanofi Healthcare India Private Limited (formerly known as Shantha Biotechnics Private Limited) i.e. till 15th April 2021 with all other terms remaining same including the continuation of the corporate guarantee.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy is available on the Company's website www.sanofiindialtd.com. Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts / arrangements entered into by the Company with related parties referred to in sub section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto are required to be disclosed in Form AOC–2.

The Form AOC–2 envisages disclosure of material contracts or arrangements or transactions at arm's length basis. The details of the material Related Party Transactions in financial year ended 31st December 2019, as per the Policy on dealing with Related Parties adopted by the Company are disclosed in **Annexure - D** to this Report.

DEPOSITS FROM PUBLIC

Your Company has not accepted any deposits from the public and as such no amount of principal or interest on deposits from the public was outstanding as on the date of the Balance Sheet.

LOANS, GUARANTEES OR INVESTMENTS

The particulars of the loan to Sanofi Healthcare India Private Limited (formerly known as Shantha Biotechnics Private Limited) are disclosed in Form AOC-2 which forms part of this Report.

Details of the loans and investments made by your Company are also given in the notes to the financial statements.

RISK MANAGEMENT

Your Company has implemented a mechanism for risk management and formulated a Risk Management Policy. The policy provides for creation of a risk register, identification of risks and formulating mitigation plans. Your Company has also constituted a Risk Management Committee, details of which are disclosed in the Corporate Governance Report. As per the governance process described in the Policy, the Risk Management Committee reviews the risk identification, risk assessment and minimization procedures on quarterly basis and updates the Audit Committee and the Board on regular basis.

The key risks impacting the Company are discussed in the Management Discussion and Analysis section of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134(3) of the Act, your Directors, to the best of their knowledge and belief, confirm that:

1. in the preparation of the annexed accounts for the financial year ended 31st December 2019 all the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. your Directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit of the Company for that year;
3. your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the said accounts have been prepared on a going concern basis;
5. internal financial controls to be followed by the Company have been laid down and that internal controls are adequate and were operating effectively; and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

COST AUDIT

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records in respect of bulk drugs and formulations businesses. The accounts and records for these businesses are made and maintained by the Company and are required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. Kirit Mehta & Co., Cost Accountants to audit the cost accounts maintained by the Company for bulk drugs and formulations for the financial year ending 31st December 2020.

As required by the Act, the remuneration payable to the Cost Auditor is required to be placed before the members in General Meeting for their ratification. Accordingly, a resolution seeking approval of the remuneration payable to M/s. Kirit Mehta & Co. as fixed by the Board is included in the Notice convening the AGM of the Company.

AUDITORS

M/s. Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration Number 304026E / E300009) were appointed as Statutory Auditors of your Company to hold office from the conclusion of the Sixty-first AGM held in the year 2017, until the conclusion of the Sixty-sixth AGM to be held in the year 2022.

The Statutory Auditors have issued an unqualified audit report on the annual accounts of the Company for the year ended 31st December 2019.

REPORTING OF FRAUD BY AUDITORS

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Act, details of which needs to be mentioned in this Report.

PERSONNEL

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure - E** to this Report.

Details of employee remuneration as required under provisions of section 197(12) of the Act read with Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report. However, the reports and accounts are being sent to the shareholders excluding the aforesaid remuneration. Any shareholder interested in inspection of the documents pertaining to the above information or desiring a copy thereof may write to the Company Secretary.

PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year, the Company made additional efforts to create awareness on this topic amongst all employees. An awareness campaign was launch which included communications, trainings and talks by external experts.

During the year 2019, the Company received one complaint of alleged sexual harassment which was thoroughly investigated by the Internal Committee. In such matters on the recommendations of Internal Committee, appropriate disciplinary and corrective actions are taken by the Company.

As on 31st December 2019 no complaints related to sexual harassment are pending for disposal.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Directors had appointed M/s. Makarand M. Joshi & Co., a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of your Company for the year ended 31st December 2019.

The Secretarial Auditors have issued an unqualified audit report for the year ended 31st December 2019.

Their report is annexed herewith as **Annexure - F** to this Report.

The Annual Secretarial Compliance Report has been submitted to the stock exchanges within 60 days of the end of the financial year.

SECRETARIAL STANDARDS

The Company has complied with Secretarial Standard on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

EXTRACT OF ANNUAL RETURN

As required by Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure - G** to this Report.

MATERIAL CHANGES AND COMMITMENTS AFTER THE FINANCIAL YEAR

No material changes and commitments have occurred after the closure of the financial year ended 31st December 2019 till the date of this Report, which would affect the financial position of your Company.

There has been no change in the nature of business of your Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

No significant or material orders were passed by the Regulators or Courts or Tribunals which impacts the going concern status and Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment.

The Board also places on record its appreciation for the support and co-operation your Company has been receiving from the medical fraternity, suppliers, distributors, retailers, business partners, government departments both at central & state level and all other stakeholders.

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

25th February 2020

ANNEXURE – A TO THE REPORT OF THE DIRECTORS

Statement containing particulars pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors for the year ended 31st December 2019.

A. CONSERVATION OF ENERGY

Energy Conservation measures undertaken in 2019:

Ankleshwar factory

- Co-generation-1: Waste heat recovery boiler and vapor absorption machine were operated to generate steam and chilled water by using waste heat. During the year 3,003 tons steam and 414,636 m^3 chilled water was generated which led to reduction of 267,886 SCM of natural gas consumption and 537,487 kWh power consumption.
- Cogeneration-2: Installation and commissioning of 850 KW gas engine along with 0.5 ton per hour waste heat recovery boiler and hot water system was carried out successfully. Total 938,386 kWh electricity generated for captive use and 319 tones steam generated for process requirements. This has resulted in annual saving of 28,456 SCM natural gas consumption and 3600 Tons CO_2 emission reduction.
- Hot water generation system operating at the rate 42 m^3/Hour was installed to substitute use of steam for dehumidification application in formulation plant.
- Always sustained power factor of grid power at unity, by which rebate of 1.8 million from Dakshin Gujarat Vij Company Limited was obtained.
- New transformer of 2000 KVA was installed as recommended by energy audit report. Estimated saving is Rs. 3.0 million.
- New screw type chiller of 275 TR capacity was installed to improve efficiency of chilled water generation.
- Energy bridge was re-routed for saving of distribution losses worth Rs. 2.4 million.

Goa factory

- Sustained power factor of grid power at unity, by which rebate of Rs. 2.6 million was obtained from Goa electricity department.

Energy conservation measures proposed to be taken in 2020 (investments to be made only till closing of the slump sale):

Ankleshwar factory

- Installation of condensing type economizer for saving in fuel bill of Rs. 2.5 million.
- Installation of direct drive type cooling tower fans.
- Installation of high energy efficient cooling water pump.
- Study for solar power potential usage to generate steam / electricity / hot water.

Goa factory

- HVAC energy optimization project will be rolled out starting 2020 for three years, estimated savings in 2020 is Rs. 6 million going up to Rs. 26 million in 2023.
- Installation of 300 KW solar system for inhouse consumption with estimated savings of Rs. 4.2 million in 2020 and Rs. 6.3 million from 2021.

Requisite data in respect of energy consumption

		Power & Fuel Consumption	Unit of Production	Year Ended 31.12.2019	Year Ended 31.12.2018	Reasons for Variation
1.		**ELECTRICITY**				
	(a)	Purchased				
		Units	million kWh	27.060	25.656	Change in product mix impacting consumption
		Total Amount	Rs. million	191.623	176.220	
		Rate/Unit	Rs.	7.081	6.869	
	(b)	Own Generation				
	(i)	Through Diesel Generator				
		Units	million kWh	1.577	1.386	
		Units per litre of				
		Diesel Oil	kWh	3.356	3.007	
		Cost/Unit	Rs.	19.803	23.261	
	(ii)	Through Steam Turbine / Generator		Nil	Nil	
2.		**COAL**		Nil	Nil	
3.		**FURNACE OIL / LSHS**		Nil	Nil	
4.		**NATURAL GAS**				
		Quantity	m^3	3,735,977	3,443,440	
		Total Amount	Rs. million	134.765	129.19	
		Average Rate	Rs.	36.072	37.517	
5.		**BIOMASS**				
		Quantity	Tons	2,551	2,349	
		Total amount	Rs. million	16.965	14.506	
		Average Rate	Rs.	6.650	6.175	

Consumption per unit of production

	Product	Unit of Production	Standards (if any)	Year ended 31.12.2019	Year ended 31.12.2018	Reasons for Variation
1	**ELECTRICITY (kWh)**					
	Bulk drugs	Tonnes	None	11,812	13,072	Consumption depends
	Bulk drugs	K.Litre	None	Nil	Nil	upon product mix
	Formulations	Million units	None	1,697	1,768	
2	**FURNACE OIL/LSHS (K.LIT)**					
	Bulk drugs	Tonnes	None	Nil	Nil	
	Bulk drugs	K.Litre	None	Nil	Nil	
	Formulations	Million units	None	Nil	Nil	
3	**NATURAL GAS IN THOUSAND (m^3)**					
	Bulk drugs	Tonnes	None	1.245	1.385	Consumption depends
	Bulk drugs	K.Litre	None	Nil	Nil	upon product mix
	Formulations	Million units	None	0.117	0.105	

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

Specific areas in which R&D is carried out:

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

Expenditure on R&D

a) Capital — Rs. 10.71 million

b) Revenue — Rs. 0.0 million

c) Total — Rs. 10.71 million

d) Total R&D expenditure as a percentage of total turnover: 0.034%

Technology absorption, adaptation and innovation:

1. Efforts, in brief, towards technology absorption, adaptation and innovation:
   The Company interacted with its holding company who continued to provide the latest technology.
2. Benefits derived as a result of the above:
   It has helped the Company to retain its market position.
3. Imported Technology: Technology imported, year of import and whether technology has been fully absorbed.
   Based on technology received from holding company, 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. 8,318 million

b) Total Foreign Exchange earned — Rs. 8,707 million

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

25th February 2020

ANNEXURE – B TO THE REPORT OF THE DIRECTORS

BUSINESS RESPONSIBILITY REPORT

Sanofi India Limited (the Company or Sanofi) has a comprehensive set of policies and guidelines that support its business activities. This framework not only meets the various regulatory requirements that apply to its business but exceeds them in certain cases. Sanofi's willingness to go beyond basic compliance reflects its desire to achieve the highest standards in its activities.

Business Responsibility is embedded into Sanofi's core business strategy, focused on patients at the center of its activity. Sanofi's ambition is to play a wider role in enabling individuals to take control of their health by innovating and developing solutions that meet their needs, and by seeking to improve business performance and sustain its leadership in the pharmaceuticals sector in India.

This report highlights some of the business responsibility aspects of Sanofi.

SECTION A – GENERAL INFORMATION

1	Corporate Identity Number (CIN) of the Company	L24239MH1956PLC009794
2	Name of the Company	Sanofi India Limited
3	Registered address	Sanofi House, CTS NO.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072.
4	Website	www.sanofiindialtd.com
5	E-mail ID	IGRC.SIL@sanofi.com
6	Financial Year reported	1st January 2019 to 31st December 2019
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	21002: Manufacture and sale of pharmaceutical products
8	List three key products / services that the Company manufactures / provides (as in balance sheet)	Drugs and Pharmaceuticals
9	Total number of locations where business activity is undertaken by the Company:	
	a) Number of International Locations	None
	b) Number of National Locations	Head Office at Mumbai and two factories at Goa and Ankleshwar
10	Markets served by the Company	India and 59 countries for exports for the year ended 31st December 2019

SECTION B – FINANCIAL DETAILS

1	Paid up Capital (Rs.)	230.3 million
2	Total Turnover (Rs.)	30,706 million
3	Total profit after taxes (Rs.)	4,142 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years (Rs.)	107 million
5	List of activities in which expenditure in 4 above has been incurred	Supporting the community in tackling primary healthcare issues, particularly in the area of non-communicable diseases, Public Private partnerships for preventive healthcare programs and employee volunteering (Refer CSR Report for details on CSR programs)

SECTION C – OTHER DETAILS

1	Does the Company have any subsidiary company / companies?	No
2	Do the subsidiary company / companies participate in the Business Responsibility initiatives of the parent company? If yes, then indicate the number of such subsidiary company(ies)?	NA
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	The Company expects that all its third-party business partners adhere to business principles consistent with the Company. The Company has Responsible Sourcing Policy, which requires a detailed third-party compliance program.

SECTION D – BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director / Directors responsible for Business Responsibility

a) Details of the Director / Directors responsible for implementation of the Business Responsibility policy / policies

DIN Number	02977405
Name	Mr. Rajaram Narayanan
Designation	Managing Director

b) Details of the Business Responsibility Head

DIN Number	02977405
Name	Mr. Rajaram Narayanan
Designation	Managing Director
Telephone number	+91 22 2803 2000
e-mail ID	IGRC.SIL@sanofi.com

2. Principle-wise Business Responsibility Policy / Policies (Reply in Y/N)

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the well-being of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect, protect and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	(1)	(4)	(2)	(6)	(8)	(9)	(7)	(11)	(12)
4.	Has the policy been approved by the Board. If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
5.	Does the Company have a specified Committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	(3)	(5)	(13)	(7)	(3)	(10)	(3)	(6)	(13)
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(1) The policies are aligned to the Sanofi Group's Global Code of Ethics which defines the Company's expectations when conducting Sanofi business. It is provided as a resource to guide employees in dealing with issues, both inside and outside the Group that they may encounter as part of their day to day functional responsibilities. The Company adheres to the Indian laws and regulations, in cases where it is more stringent.

(2) Standards and Policies adopted by the Company's global parent have been put in place in India.

(3) https://www.sanofi.in/en/our-responsibility/ethics-and-transparency

(4) The Policy is compilation based on different global standards including that of the United Nations and International Labour Organization. Sanofi is a signatory to the UN Global Compact.

(5) https://suppliers.sanofi.com/en/responsible-sourcing

(6) Managed as per the provisions of the Act and Rules made thereunder.

(7) https://www.sanofi.in/en/our-responsibility

(8) Part of Sanofi Group's Global Code of Ethics.

(9) ISO 14001 – EMS: Environment Management System.

(10) https://www.sanofi.in/en/our-responsibility/addressing-environmental-challenges

(11) As per the requirements of the Act.

(12) Sanofi Quality Policy is aligned with the International Standard ICH Q10: Pharmaceutical Quality System and ensures that the drugs are developed, manufactured and marketed observing applicable international regulatory standards. The life cycle management of the product is designed considering the international standards and requirements as laid down by the national legislations.

(13) Internal documents. Not published on the website.

2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to Business Responsibility

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meets to assess the Business Responsibility performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:

In line with Sanofi Code of Ethics, sustainability and business responsibility are the ongoing discussions during all Board level meetings and business meetings led by the Managing Director. The Directors and senior management members affirm compliance with the Code of Ethics on annual basis.

The Company publishes the Business Responsibility Report in its Annual Report once a year.

The Corporate Social Responsibility (CSR) Committee of the Company is responsible for formulating, implementing and monitoring the CSR Policy of the Company under the guidance of the Board. Managing Director is a member of this Committee. The Committee meets at least twice a year to review progress on various CSR initiatives. The CSR Committee also approves Annual CSR Report as per the provisions of the Act. CSR Report is part of the Directors' Report.

Does the Company publish a Business Responsibility or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This Business Responsibility Report is a part of the Annual Report and can be accessed on the website of the Company – www.sanofiindialtd.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Sanofi's Code of Ethics (http://www.codeofethics.sanofi/) lays out the defining principles that guide each Sanofi employee on conducting business in line with the highest ethical standards. Sanofi employees are trained to use the Code of Ethics as a part of their day to day functional responsibilities.

Key principles of Code of Ethics include:

A. Respect & protection of people and the environment

For a stimulating, creative & safe working environment.

B. Integrity in managing Company information

To protect and preserve competitiveness, image & reputation.

C. Integrity in business practices

To maintain trust in relationships with the Company's stakeholders – patients, customers, shareholders, suppliers and other business partners, and members of the civil society – in which Sanofi operates.

Code of Ethics guides and inspires employees to make right decisions even when situations they are facing are not governed by explicit rules, policies and procedures of the Company.

The Ethics & Business Integrity team, led by Head of Ethics & Business Integrity, is dedicated to raising awareness of ethical conduct and to developing a range of resources – including the Code of Ethics and ensure everyone receives good training, to embed corporate ethics and strive for excellence.

Besides training employees in demonstrating right behaviors, they are also trained and encouraged to help the Company to identify areas and issues which may be exposing the Company to legal, reputational or sustainability risks. If an employee of Sanofi believes that a law, regulation or one of the principles laid down in this Code of Ethics has been or is about to be violated, he or she is expected to inform his or her superior or Ethics & Business Integrity Department or email to Chairman.SILauditcommittee@sanofi.com of his or her concerns regarding possible illegal practices or ethical violations. To support this Sanofi also has established a 24x7 Compliance Helpline which can be accessed through Toll Free Number 0008004401286, or through webpage: https://wrs.expolink.co.uk/ (access code: sanofi) where employees can report incidents with complete anonymity. Ethics & Business Integrity Department also investigates the allegations reported, with support from other functions where necessary. Any report that reveals fraud, a significant compliance breach or a significant internal control weakness is addressed by corrective action and / or disciplinary action and / or legal proceedings.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Sanofi empowers people to lead healthier lives by tackling issues of accessibility and awareness. Unique healthcare solutions enable access to healthcare for the underserved populations in its fields of expertise and touches the lives of millions of patients everyday through its products.

The Company makes in India, for India and for the world at their world-class facilities at Ankleshwar and Goa. The manufacturing operations are heavily regulated by governmental health authorities around the world, including Regierungspräsidium Darmstadt - Germany, US-FDA, Australia - TGA, WHO, Health Canada, Taiwan - FDA, State Administration of Ukraine on Medicinal Products (SAUMP) and Pharmaceuticals and Medical Devices Agency (PDMA) – for Japan and by many regulatory approvals as per Indian Legislation; which endorse the quality and safety of the products manufactured.

Quality is embedded at every step of Sanofi's manufacturing operation. With 'must-have' quality operations, Sanofi has adequate system of internal controls to prevent and detect errors. Sanofi regularly upgrades its manufacturing facilities with newer technologies. It makes substantial investments to ensure safer distribution of products that are appropriately labeled as per drug legislation. Many products, the authenticity of the products is maintained by using suitable security seals on the packaging along with unique serialization and QR Code. Over time these security measures will protect the whole portfolio.

Cost-competitive processes, along with quality are Sanofi's primary goals. Sanofi continuously evaluates suppliers for different products and services. Many of these have become suppliers who fully comply to the framework of Sanofi's standards which are often higher than those dictated by regulatory bodies. These suppliers are regularly inspected to ensure that they meet Sanofi's quality standards.

As a commitment towards environmental protection, Sanofi discourages the use of Ozone Depleting Substances (ODS). The industrial sites are free from CFC compounds in all refrigeration units. Rainwater harvesting management is also established at the sites. Ankleshwar site has focused approach to biodiversity conservation by having 'Green Belt Project' and 'Plan Bee Project'. Plan Bee is an Apiculture Project. The Green Belt Project is towards planting trees in the community.

Sanofi is having inbuilt system related to process safety and occupational hygiene with technical and administrative control measures, as a part of accident and exposure prevention program. Various HSE (Health, Safety and Environment) related trainings programs are organized and conducted for employees through internal resources and external competent agencies to further strengthen the HSE practices and management system.

Successful re-certification audit was conducted for the sites as per new version of ISO 14001:2015 (Environment Management System) & surveillance OHSAS 18001:2007.

Principle 3: Businesses should promote the well-being of all employees

Sanofi's employees across India are motivated by a sense of purpose and pride, knowing that their work has an impact on patients' lives. In developing its multicultural workforce, the Company cultivates a rich source of talent, innovation, cooperation and competitive edge. Its challenge is to successfully prepare each individual for the healthcare sector's rapidly changing and highly competitive environment in a way that is consistent with Sanofi's values and it's 'People Development Principles'.

The HR processes that support Sanofi's people development policy through the 'One Sanofi, One HR' holistic model are even more effective because the Company taps the rich diversity of its workforce, giving it a remarkable opportunity to develop its creativity and better address the needs of patients all over the world.

By cultivating the diversity of its multicultural workforce, Sanofi creates a pool of talent, innovation, expertise and competitiveness. For employees, working in an environment that supports diversity and inclusion helps each individual thrive and live up to his or her potential while actively contributing to the Company's performance in an industry marked by constant change.

The 'SAY' Forum (Sanofi & You) constituted with an objective of driving greater engagement with its field force and Company offices were also launched for employees of industrial affairs this year. A global Value Recognition portal was also launched for recognizing any behavior that demonstrates Sanofi Values.

As on 31st December 2019, the Company had 3,426 employees. The Company also had 719 people on temporary / contractual / casual basis. The women employees constituted about 10% of the Company's total employees. In the year 2019, the Company continued its focus on Gender Diversity in the sales employees in the field. In the year 2019, approximately 35% of new hires in the field were women employees.

The medical representatives in sales and workforce in manufacturing facilities have constituted their internal unions. Approximately 16% of Company's employees are part of these unions.

There were no complaints relating to child labour, forced labour or involuntary labour in the financial year ended 31st December 2019.

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The information on complaints received under this policy is part of the Directors' Report.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Sanofi is committed to working in collaboration with relevant stakeholders to increase access to healthcare and quality medicines designed to improve people's health within an economically sustainable framework that supports innovation. It aims to meet the needs of the greatest number of patients.

Sanofi has made a sustained contribution to meeting health challenges by manufacturing and distributing large portfolio of medicines for a wide range of diseases that threaten millions of lives. At the same time, it knows that providing health products and services is just one part of the solution. For this reason, its strategy spans the continuum of care, from prevention to diagnosis and treatment, including disease monitoring and long-term care. Its integrated approach begins with wellness and evolves throughout the patient journey as it seeks to continually contribute to the best possible healthcare experience and outcomes. Sanofi's expertise enables it to address different aspects of access to healthcare from innovation to availability, affordability, quality care and patient support.

Sanofi continued to take part in initiatives to strengthen healthcare systems through better disease management, education and awareness. These initiatives are the result of research and identifying knowledge gaps in the field while engaging with and listening to people living with Diabetes, as well as its partners.

Sanofi also engages with Government (for non-communicable diseases) and Not for Profit Organizations to implement programs around the manufacturing sites in Goa. For further details on the projects, please refer the CSR Report for the year 2019 which is part of the Directors' Report.

Principle 5: Businesses should respect and promote human rights

Sanofi adheres to the principles of the Universal Declaration of Human Rights, the International Labour Organization and the Organization for Economic Co-operation and Development (OECD). Through its adherence to the United Nations Global Compact, it supports and applies the core principles relating to human rights, labour, environment, and anti-corruption.

Human Rights matter is also an important part of Code of Ethics as described under Principle -1.

Sanofi is particularly concerned that its contractors adhere to the fundamental principles of the International Labour Organization, in particular those relating to child labour, forced labour, working hours, pay, freedom of expression and equality of opportunity. The Company has implemented policies for its third parties to achieve this objective and necessary confirmations are taken from the third parties before their engagement.

The complaint management is part of Code of Ethics as described under Principle -1.

Principle 6: Businesses should respect, protect and make efforts to restore the environment

Sanofi has a Health, Safety and Environment Policy and Management Program that cover the Company's employees and external partners. These policies and programs focus on human health, environmental protection by taking measures on energy conservation i.e. water & waste management philosophy of 3R's (Recycling, Reprocessing and Reduction), indoor air quality, noise protection, energy efficient installations and has ongoing programs on these topics for sustainable development.

Sanofi makes efforts to reduce the environmental burden and health impacts of waste as well as improving resource efficiency. Sanofi has identified the potential environment health and safety risks and implemented a long term HSE strategy which includes water conservation, waste reduction, use of solar energy and wind energy. Sanofi has published a long-term environment strategy, namely, 'Planet Mobilization', including renewable energy, CO_2 emission reduction, reduction in greenhouse gases emission, reduction in water consumption by recycling treated waste water, biodiversity, eco-design and manufacturing, Pharmaceuticals in Environment (PIE) proper use and elimination. All sites celebrated Sanofi World Environment Day with a slogan 'Many Individuals can make a Big Impact'.

Sanofi requires clean water in enough amounts for its production activities, and it is very aware of the critical challenge posed by the dwindling availability of vital freshwater resources. It also focuses attention on the challenge of preventing pharmaceuticals from entering the aquatic environment. Pharmaceuticals may end up in the environment due to effluents from manufacturing facilities, medicines consumed by patients and then excreted, and the improper disposal of unused and expired medicines.

Sanofi has a program in place on Clean Development Mechanism. All manufacturing sites of Sanofi in India have Zero Liquid Discharge facility and are reusing treated waste water. The Ankleshwar site also has provision for solar panels and wind mill, which is contributing in reduction of CO_2 emission. The Goa site is disposing the sludge generated during waste water treatment facility, by coprocessing at cement industries. Sanofi takes a multifaceted approach to waste management, designed to limit the quantities of waste generated by its activities and encourages appropriate sorting, reuse and recycling to minimize the need to extract additional natural resources. As a pharmaceutical Company, it views as important, efforts to both reduce the environmental and health impacts of waste as well as improving resource efficiency.

As a commitment towards environmental protection Sanofi discourages the use of Ozone Depletion substances. Industrial sites are free from CFC compounds in all refrigeration units. All the CFC units are replaced by non-CFC compounds in phased manner. Rainwater harvesting management is also established at the sites.

As per the directives of State Pollution Control Board (SPCB), manufacturing sites submit the reports regularly with the relevant authorities. No show cause / legal notices received from Central Pollution Control Board / SPCB are pending (i.e. not resolved to satisfaction) as at the end of the financial year ended 31st December 2019.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The pharmaceutical sector is a highly-regulated industry where government and administrative authorities determine the rules governing research, protection of intellectual property and reimbursement policies, as well as procedures to obtain marketing authorization. Through its advocacy activities, Sanofi takes part in policy debates affecting the regulatory landscape and its business.

Sanofi engages in sustainable interactions with governments and other stakeholders to work towards the shared goal of improving access for the greatest number of patients to the best medicines and healthcare products; such interactions also contribute to health information while preserving incentives for research and innovation. It is transparent about its lobbying activities, conducted in compliance with the Sanofi Code of Ethics and Responsible Lobbying Policy.

The Company is member of the following trade associations:

a) Organization of Pharmaceuticals Producers of India (OPPI)

b) Federation of Indian Chambers of Commerce and Industry (FICCI)

c) Confederation of Indian Industry (CII)

d) Indo French Chamber of Commerce and Industry (IFCCI)

Sanofi works through the Trade Associations for matters related to public good. Some broad areas where it has worked include advocacy for improving access to affordable healthcare through sustainable business practices, predictable pricing policy, development of an eco-system that supports innovation & ethics.

Principle 8: Businesses should support inclusive growth and equitable development

Sanofi is committed to working in collaboration with relevant stakeholders to increase access to healthcare and quality medicines designed to improve people's health within an economically sustainable framework that supports innovation. Sanofi's aim is to meet the needs of the greatest number of patients.

Sanofi has implemented a detailed CSR Policy which covers the three aspects:

a) Access to healthcare

b) Capacity building & awareness

c) Employee volunteering

The key initiatives under CSR program were:

1. Public Private Partnerships:

   a) In October 2014, Sanofi initiated its 5-year partnership with the Government of Maharashtra to train medical officers, counselors and nurses across its entire Non- Communicable Disease cell, to help improve health outcomes for people with Diabetes, Hypertension and Cancer. Posters and hoardings on awareness about Diabetes and Hypertension in the local language help with the Do's and Don't's.

   b) In February 2019, Sanofi signed a 3-year partnership with the Government of Goa to build awareness of Diabetes and its management, for a better quality of life. Through this Corporate Social Responsibility (CSR) collaboration, Sanofi's team of medical experts and Diabetologists educate and upskill the State department's healthcare personnel serving the Rashtriya Bal Swasthya Karyakram (RBSK) cell; and the Medical Officers of the Health and Wellness centers. Alongside, Directorate of Health Services will also partner Sanofi to run its international program KiDS (Kids and Diabetes in Schools), to raise awareness of Diabetes amongst school children.

      The Public-Private Partnership between the State of Goa and Sanofi follows a two-pronged approach. One, where training on Diabetes management is conducted for the staff (doctors, counsellors and Auxiliary Nurse Midwife) at the RBSK cell and the Medical Officers of the Health and Wellness centers as a part of Ayushman Bharat. The other, where education and engagement about Diabetes amongst school children (10-15 years old), teachers and parents, will help curtail the overall disease burden on the State.

2. Awareness initiatives on Diabetes, Cardiovascular diseases and training on critical healthcare: The key program of the Company for creating awareness is 'Saath 7' which provides patients with educational material and other resources to teach them how to cope with Diabetes and adapt to the lifestyle that will help them better manage their condition and lead a good quality of life.

3. Skill development of youth in Goa:

   NEEM Scheme, also known as National Employability Enhancement Scheme, is a pioneering initiative taken jointly by AICTE and Ministry of HRD, Government of India.

   The Scheme aims at producing skilled workforce and counter the problem of the skilled labor shortage in India. It provides for on the job training to the candidates.

   Sanofi has partnered with Yashaswi Academy to train youth in the manufacturing plant at Goa. Sanofi provides them with classroom training facility to enable them to take certification examination post on the job training. Regular classes are conducted for theoretical knowledge along with practical inputs at the site. In the year 2019, 49 youth enrolled for this training.

4. Employees of Sanofi show solidarity by contributing their time and effort for the development of the communities. In June 2019, 2,600 Sanofi employees across 54 locations gave one day of their work time for volunteering programs. 11,160 hours were spent on volunteering in just one week.

   In this week, employees participated in activities like tree plantation, seed ball making, painting the classrooms, teaching healthy lifestyle to school children and spending time at animal shelter.

These programs are undertaken internally by an in-house team and with the help of NGOs and the Government.

The direct contribution of the Company to these projects was Rs.107 million in 2019.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sanofi regularly interacts with patients, healthcare professionals, authorities, suppliers, business partners and other stakeholders. Its approach to business ethics is both proactive and preventive: it has established and enforced clear rules in accordance with the legislative framework and implements rigorous in-house systems to prevent violations of internal rules.

Sanofi remains committed to provide accurate, complete and reliable information about its marketed products to physicians, pharmacists and other healthcare professionals. To ensure that its promotional practices respect the standards of ethics and comply with law, it has established specific measures and systems to support the marketing of its products.

The consumers of its products i.e. the patients receive the benefits of world-class products manufactured and distributed by Sanofi.

Patient safety is the primary focus of Sanofi's pharmacovigilance, quality and anti-counterfeiting teams. The pharmacovigilance department monitors the safety of its products, and ultimately contributes to the continuous assessment of their benefit-risk profile. The mission of pharmacovigilance is to safeguard patient safety, and the department is strongly committed to appropriate transparency and compliance with all applicable regulations and policies. Sanofi's approach involves guaranteeing quality at each phase of a product's life cycle, from the earliest steps of development to the distribution of products to sales channels. Appropriate product information over and above what is mandated as per local law is displayed on the product label. Lastly, because it is concerned about the threat to patient safety posed by counterfeit medicines, Sanofi is involved in assisting enforcement authorities to combat counterfeit drugs.

A dedicated system is in place in all entities to handle complaints received from patients, consumers and healthcare professionals, potentially indicative of quality defects or difficulties in handling or using its products. This system involves commercial affiliates, manufacturing sites, and other functions such as pharmacovigilance as needed, and aims at promptly analyzing the complaints, and defining corrective and preventive actions if needed. Likewise, regulatory authorities are notified in a timely manner about defects, in compliance with regulatory requirements. Sanofi seeks to learn from complaints to design improvements that will make Sanofi products easier for patients to use, when needed and where technically possible. Receiving and responding to feedback from consumers and customers is a regular and ongoing process.

There were no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending at the end of financial year.

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

25th February 2020

ANNEXURE – C TO THE REPORT OF THE DIRECTORS

REPORT ON CORPORATE SOCIAL REPONSIBILITY ACTIVITIES

As a leading healthcare company, Sanofi believes in sharing the value it creates, by improving access to healthcare and making a positive contribution in our communities, focusing on important needs and on creating the most impact.

Corporate Social Responsibility is a way of thinking and behaving that is woven into the fabric of how Sanofi operates as a Company every single day. It has the full commitment of the entire Company.

A brief outline of the Company's CSR guiding principles and the programs proposed to be undertaken:

The Company will leverage its scientific and operational expertise and resources to improve access to quality healthcare for people.

The Company aims to partner projects in NCDs (Non-Communicable Diseases, namely Diabetes, Hypertension, Cardiovascular Disease and Cancer) by sharing its expertise and experience.

The Company believes that to make a meaningful impact, it needs to partner with the Government and like-minded organizations. Accordingly, it engages in Public-Private Partnership (PPP) projects aimed at effectively and transparently implementing healthcare programs for communities.

The Company has a strong governance which plans and monitors its CSR activities.

The policy on CSR is available on the Company website www.sanofiindialtd.com.

In a nation of multiple health challenges, Sanofi brings in its domain knowledge and resources to tackle some of these.

NCDs account for 60% of deaths in India*. Treatment cost is almost double for NCDs as compared to other conditions and illnesses. Losses due to premature deaths due to these NCDs are also projected to increase over the years. Burden of NCDs and resultant mortality is expected to increase unless massive efforts are taken to prevent and control NCDs and their risk factors.

Ministry of Health and Family Welfare has launched National Cancer Control Programme, National Tobacco Control Programme and National Programme for Prevention and Control of Cancer, Diabetes, CVD and Stroke (NPCDCS) to address NCDs such as cancer, CVD, Diabetes and stroke that are the major factors reducing potentially productive years of human life and resulting in huge economic loss.

Public awareness program, integrated management and strong monitoring system are required for successful implementation of the program and making services universally accessible in the country.

The Company leverages its expertise and capability in the area of NCD by partnering with the Government to do capacity building programs and to develop a model of enhanced care.

(*https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5648412/)

The Company has developed programs to address NCDs:

I. **Saath7**: The aim of the program is to understand the needs of the patients and then communicate relevant information to them and their caregivers using the medium they prefer. After enrolling patients for the six-month program, they are equipped with knowledge, skills, confidence and motivation to take charge of their health. The program, through three home visits and three tele-counseling sessions, covers basics of Diabetes and Hypoglycemia, blood sugar monitoring and review, diet, customized meal planning, exercise and sick day management and foot care advice.

Saath7 provides patients with educational material and other resources to teach them how to cope with Diabetes and adapt to the lifestyle that will help them manage their condition better and lead a good quality of life.

The education is provided by Diabetes educators.

The program also undertakes awareness on prevention of complications like Diabetic foot, Diabetic retinopathy, etc.

Impact: Counseled approximately 95,000 patients in 2019 (Over 600,000 patients benefitted since 2007)

ii. **Public Private Partnership (PPP) with the Government of Maharashtra, Department of Health**: The Company expanded its long running Diabetes patient counseling program, 'Saath7' to include a PPP in the area of NCDs.

Launched in October 2014; the goal was to upgrade the knowledge of healthcare personnel (medical officers, counselors and nurses) about the management of patients with Diabetes, Hypertension, CVD and Cancer.

Through 2014-2019, the Company supported the Maharashtra State Government's health department in training medical officers, counselors and nurses from NCD cells across all the 17 districts and impact the lives of 24 million people across these districts; install hoardings and posters on patient information in the area of Diabetes and Hypertension in government hospitals.

PPP impact till December 2019: Conducted training in 17 districts for Medical Officers (MO), Allied Health Personnel (AHP - nurses and counselors).

Pre and post workshop assessment conducted for each workshop gave a positive outcome.

For Medical Officers -

- Pre-workshop 79% were good / excellent
- Post workshop 92% were good / excellent

For Allied Health Personnel -

- Pre workshop 30% were good / excellent
- Post workshop 80% good / excellent

iii. **Public Private Partnership with the Government of Goa, Department of Health:**

In February 2019, the Company signed a 3-year partnership with the Directorate of Health Services, to build awareness of Diabetes and its management, for a better quality of life. Through this Corporate Social Responsibility (CSR) collaboration, Sanofi India's team of medical experts and Diabetologists educated and upskilled the State department's healthcare personnel serving the Rashtriya Bal Swasthya Karyakram (RBSK) cell; and the Medical Officers of the Health and Wellness centers. Alongside, Directorate of Health Services also partnered Sanofi India to run its international programme KiDS (Kids and Diabetes in School), to raise awareness of Diabetes and healthy lifestyle amongst school children.

The PPP between the State of Goa and Sanofi India Limited follows a two-pronged approach. One, where training on NCDs will be conducted for the staff (doctors, counsellors and ANMs) at the RBSK cell and the Medical Officers of the Health and Wellness centres (as a part of Ayushman Bharat). The other, where education and engagement about Diabetes amongst school children (10-15 years old), teachers and parents, will help curtail the overall disease burden on the State.

Sanofi co-created the KiDS project with the International Diabetes Federation (IDF) and the International Society for Pediatric and Adolescent Diabetes (ISPAD) and Public Health Foundation of India (PHFI) to:

a. support children with Type 1 Diabetes manage their disease and avoid discrimination in a school setting

b. raise awareness of the benefits of healthy diets and physical activity among school children

The program is part of Sanofi's global commitment to Access Accelerated[1], a unique cross-industry collaboration that seeks to reduce barriers to prevention, treatment and care for NCDs.

Impact: In 2019, approximately 50,000 children and 400 teachers from 150 schools have been trained in 2019.

[1] https://accessaccelerated.org/

iv. **IntoLife website:**

In its commitment to create awareness on Diabetes and help prevent the disease, the Company launched a website to help people find answers to their unresolved questions on Diabetes and help bust myths.

Other:

Fun Centers: The Company has set up recreation zones in pediatric sections of five hospitals, created to comfort the little ones, as they cope with the rigors of long-term treatment and hospitalization.

Impact: 470 children benefitted in 2019.

Skill development of youth in Goa:

NEEM Scheme, also known as National Employability Enhancement Scheme, is a pioneering initiative taken jointly by AICTE and Ministry of HRD, Government of India.

The Scheme aims at producing skilled workforce and counter the problem of the skilled labor shortage in India. It provides for on the job training to the candidates.

Sanofi has partnered with Yashaswi Academy to train youth in the manufacturing plant at Goa. Sanofi provides them with classroom training facility to enable them to take certification examination post on the job training. Regular classes are conducted for theoretical knowledge along with practical inputs at the site.

Impact: 64 youth enrolled in 2018, continued the training in 2019.

Employee volunteering:

The employees of the Company have shown their concern towards the communities. Employees give the gift of time, efforts and skills for the development of the people through the 'Sanofi employee volunteering week'

In the month of June, the Company launched the 'Employee Volunteering Week'.

5 different activities were planned for employees to participate. **2,600 employees** from **54 cities** participated and a total of **11,160 hours** were spent volunteering.

Employees participated in the below given activities-

1) Classroom painting - to beautify the schools and educate the children at the same time, employees volunteered to paint classrooms. Employees painted fun drawings, mathematical tables, health messages, food pyramids and other informative illustrations on the walls.
2) Health messages – employees conducted health sessions in schools. 650 children benefitted from the sessions.
3) Tree plantation – 1,000 trees were planted by employees at different locations
4) Seedball making- 64,000 seedballs were made. These were later scattered along the roads, where they would bloom into trees.
5) Visit to an animal shelter – employees passionate about animal causes, volunteered to spend a day at the animal shelter, bathing/walking the abandoned dogs.

Through research grants, fellowships and physician education via e-portals the Company has also supported several organizations in their endeavor for advancement of science.

Composition of the CSR Committee:

Name of Director	Category
Mr. Rangaswamy R. Iyer	Chairman of the Committee, Independent Director
Ms. Usha Thorat	Member, Independent Director
Dr. Shailesh Ayyangar	Member, Non-Executive Director
Mr. Rajaram Narayanan	Member, Managing Director

Average net profit before tax of the Company for the last three financial years: Rs. 5,359 million.

Prescribed CSR expenditure (2% of the amount as above): Rs. 107 million.

CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs were undertaken	Amount Outlay (budget) project or programs wise (Rs. million)	Amount spent on the projects or programs Sub-heads : 1. Direct expenditure on projects / programs 2. Overheads (Rs. million)	Cumulative expenditure up to the reporting period (Rs. million)	Amount spent: Direct or through implementing agency
Public Private Partnership with the Government of Maharashtra	Health	17 districts of Maharashtra	2.5	2.4	16.3	Implementing agencies: People to People
Public Private Partnership with the Government of Goa	Health	Goa	2.5	2.6	2.6	Implementing agency – Conexus
Saath7	Health	Pan India	70.0	69.9	267.8	Implementing agencies - Alps
Action Against Diabetes	Health	Pan India	2.5	2.5	12.6	Direct
Intolife website (Diabetes awareness)	Health	Pan India	12.0	12.0	12.0	Direct
Insulin school	Health	Pan India	4	4.2	4.2	Through Centres of Excellence
Skill development	Skill	Goa	8.2	6.9	13.4	Yashashwi Academy, Pune
Employee volunteering week	Multiple	Pan India	3.5	3.2	10.2	Coense
Misc. - Fun Centers, meetings, films	Health	Chennai	0.4	0.4	4.4	Direct
Research Grants	Health Research	Pan India	3.0	2.9	24.9	Direct
Responding to Humanitarian Emergencies	Others	Supported Nepal and J&K floods in 2015	-	-	4.8	
Diabetes with Dignity	Health	Pune - Baramati	-	-	13.3	PHFI (Public Health Foundation of India) and Chellaram Diabetes Institute
Sanofi Knowledge Academy	Health	Pan India	-	-	6.0	Clirnet services Private Limited

CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs were undertaken	Amount Outlay (budget) project or programs wise (Rs. million)	Amount spent on the projects or programs Sub-heads : 1. Direct expenditure on projects / programs 2. Overheads (Rs. million)	Cumulative expenditure up to the reporting period (Rs. million)	Amount spent: Direct or through implementing agency
Enhancing skills of students of Cardiology / Cardio-thoracic surgery	Health Education	Pan India	-	-	19.9	GE Healthcare
Training of HCPs in DVT management, nurses and pharmacists training	Health Education	Pan India	-	-	0.8	Direct
Reducing health inequalities in Goa	Health	Goa	-	-	4.3	Implementing agencies : Voluntary Health Association of Goa (NGO)
Total			108.6	107.0	417.5	

Shortfall in CSR spend, if any:

There has been no shortfall in the CSR spend. For the financial year ended 31st December 2019, the prescribed CSR expenditure was Rs. 107 million and the actual CSR spend was Rs. 107 million.

Responsibility statement:

We hereby declare that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the CSR Committee

RANGASWAMY R. IYER
CHAIRMAN, CSR COMMITTEE
DIN: 00474407

RAJARAM NARAYANAN
MANAGING DIRECTOR
DIN: 02977405

24th February 2020

ANNEXURE – D TO THE REPORT OF THE DIRECTORS

FORM NO. AOC-2: MATERIAL RELATED PARTY TRANSACTIONS

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto.

A. Details of contracts or arrangements or transactions not at arm's length basis during the year ended 31st December 2019:

None

B. Details of material contracts or arrangements or transactions at arm's length basis during the year ended 31st December 2019:

Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto are required to be disclosed in Form AOC - 2. The Form AOC - 2 envisages disclosure of material contracts or arrangements or transactions at arm's length basis. The details herein are as per the policy on dealing with related party transactions adopted by the Company.

Sr. No.	Particulars	Details of Transaction - 1	Details of Transaction - 2
1	Name(s) of the related party & nature of relationship	sanofi-aventis Singapore Pte. Ltd.	Sanofi Healthcare India Private Limited (formerly known as Shantha Biotechnics Private Limited) (SHIPL)
2	Nature of contracts / arrangements / transaction	Purchase, sale, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services or other obligations, if any, for an amount not exceeding in aggregate Rs. 20,000 million in each financial year.	Loan up to Rs. 4,450 million
3	Duration of the contracts / arrangements / transaction	Ongoing	Up to 15th April 2021
4	Salient terms of the contracts or arrangements or transaction including the value, if any	On arm's length basis and in the ordinary course of business. The total value of the transactions in the financial year was Rs. 14,900 million	Loan given to SHIPL is at interest rate of 9.5% per annum payable quarterly or at such rate of interest as may be mutually decided by the Board of Directors (on the approval of the Audit Committee) and SHIPL but not lower than the prevailing yield of Government security closest to the tenure of the loan. The total amount outstanding as on 31st December 2019 was Rs. 4,450 million.
5	Date of approval by the Board	27th February 2017	5th May 2017, 31st October 2018 and 12th November 2019
6	Amount paid as advances, if any	None	None

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

25th February 2020

ANNEXURE – E TO THE REPORT OF THE DIRECTORS

DISCLOSURE ON REMUNERATION

Information pursuant to Section 134(3)(q) and Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st December 2019 and forming part of the Directors' Report for the said financial year.

A. Ratio of the remuneration of each Executive Director to the Median remuneration of the Employees of the Company and Percentage increase in remuneration of each Director, Chief Financial Officer (CFO), Chief Executive Officer and Company Secretary:

Name of Director / KMP	Designation	Ratio of remuneration of each Director / CFO / Company Secretary to median of remuneration of Employees	Percentage increase in remuneration (%)
Mr. Rajaram Narayanan	Managing Director	65:1	8
Mr. Cherian Mathew	Whole Time Director	43:1	Note 1
Mr. Charles Billard	Whole Time Director and Chief Financial Officer	15:1	9
Mr. Girish Tekchandani	Company Secretary	21:1	9
Mr. Aditya Narayan	Chairman and Independent Director	4:1	22 (Note 2)
Ms. Usha Thorat	Independent Director	3:1	22 (Note 2)
Mr. Rangaswamy R Iyer	Independent Director	3:1	28 (Note 2)
Mr. Cyril Grandchamp-Desraux	Non-Executive Director	Note 3	Note 3
Mr. Thomas Rouckout	Non-Executive Director	Note 3	Note 3
Dr. Shailesh Ayyangar	Non-Executive Director	Note 3	Note 1

Note 1: Mr. Cherian Mathew joined during the year and hence increase in remuneration is not applicable to him. Dr. Shailesh Ayyangar ceased to be employee of Sanofi group on 31st October 2019 and received compensation as Non-Executive Director only after this date. Hence, increase in remuneration is not applicable to him.

Note 2: The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. Sitting fees is paid based on the number of meetings attended by an Independent Director and hence the % increase is not comparable.

Note 3: Non-Executive Directors who are employees of Sanofi group do not receive any sitting fees or commission. Dr. Shailesh Ayyangar received compensation for part of the year and hence the ratio has not been calculated.

Directors / KMP who resigned during the year have not been included in the above statement.

B. **The percentage increase in the median remuneration of employees in the financial year:** 8.8%

C. **The number of permanent employees on the rolls of the Company as on 31st December 2019:** 3,426

D. **Average percentile increase already made in the salaries of the employees other than the managerial personnel in last financial year and comparison with percentile increase in the managerial remuneration and justification thereof:**

The average increase in managerial remuneration was 9% and for employees other than managerial personnel was 8.9%.

E. **Affirmation that the remuneration is as per Remuneration Policy of the Company:**

It is hereby affirmed that the remuneration paid to the Directors and employees is as per the Remuneration Policy of the Company.

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

25th February 2020

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st December, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Sanofi India Limited
CIN: L24239MH1956PLC009794
Sanofi House, CTS No.117-B,
L&T Business Park, Saki Vihar Road,
Powai, Mumbai-400072

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sanofi India Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2019 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2019 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment **(External Commercial Borrowings and Overseas Direct Investment are not Applicable to the Company during the Audit Period)**;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable to the Company during the Audit Period)**;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**; and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable to the Company during the Audit Period)**;

vi. We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following law applicable specifically to the Company:

   ➢ Drugs and Cosmetics Act, 1940 & Rules thereto

   ➢ Drugs Price (Control) Order, 2013

   ➢ Drugs and Magic Remedies Act, 1954

   ➢ Narcotic Drugs and Psychotropic Substances Act, 1985

   ➢ Food Safety And Standards Act, 2006

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (here and after referred as 'Listing Regulations')

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made there under.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Board of Directors of the Company approved transfer and slump sale of its manufacturing facility at Ankleshwar, Gujarat on a going concern basis to Zentiva Private Limited. This transaction was approved by members through postal ballot on 30th October, 2019.

For Makarand M. Joshi & Co.

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662
UDIN: F0055338000563596
Peer Review No: P2009MH007000

Place: Mumbai
Date: 20/02/2020

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
Sanofi India Limited
CIN: L24239MH1956PLC009794
Sanofi House, CTS No.117-B,
L&T Business Park, Saki Vihar Road,
Powai, Mumbai - 400 072

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Makarand M. Joshi & Co.

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662
UDIN: F005533800563596
Peer Review No: P2009MH007000

Place: Mumbai
Date: 20/02/2020

FORM MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST DECEMBER 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

REGISTRATION AND OTHER DETAILS

1	CIN	L24239MH1956PLC009794
2	Registration Date	02/05/1956
3	Name of the Company	Sanofi India Limited
4	Category / Sub-Category of the Company	Company limited by shares / Indian Non-Govt. Company
5	Address of the Registered office and contact details	Sanofi House, CTS NO.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400072 Tel no. (022) 28032000 Fax no. (022) 28032939 Email: IGRC.SIL@sanofi.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, C - 101, 247 Park, L.B. S. Marg, Vikhroli (West), Mumbai 400 083 Tel no.: (022) 49186270 Fax no.: (022) 49186060 E-mail : rnt.helpdesk@linkintime.co.in

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1	Manufacture and sale of pharmaceutical products	21002	100

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	Hoechst GmbH, Brueningstrasse 50, 65926, Frankfurt am Main, Germany	Foreign Company	Holding company	60.38	Sections 2 (46) and 2 (89)
2	Sanofi SA, 54, rue la Boetie, Paris 75008, France	Foreign Company	Ultimate Holding company	0.02	Sections 2 (46) and 2 (89)

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	**Indian**									
(a)	Individuals / Hindu Undivided Family	-	-	-	-	-	-	-	-	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (A)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	Bodies Corporate	13,909,587	-	13,909,587	60.4	13,909,587	-	13,909,587	60.4	-
	Sub Total (A)(2)	**13,909,587**	**-**	**13,909,587**	**60.4**	**13,909,587**	**-**	**13,909,587**	**60.4**	**-**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**13,909,587**	**-**	**13,909,587**	**60.4**	**13,909,587**	**-**	**13,909,587**	**60.4**	**-**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	3,402,787	50	3,402,837	14.78	3,191,361	50	3,191,411	13.86	0.92
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(e)	Foreign Portfolio Investors	2,716,195	-	2,716,195	11.79	3,081,043	-	3,081,043	13.38	-1.58
(f)	Financial Institutions / Banks	65,788	600	66,388	0.29	100,430	550	100,980	0.44	-0.15
(g)	Insurance Companies	508,742	-	508,742	2.21	449,968	-	449,968	1.95	0.26
(h)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)	**6,693,512**	**650**	**6,694,162**	**29.07**	**6,822,802**	**600**	**6,823,402**	**29.63**	**-0.56**
[2]	**Central Government / State Government(s) / President of India**									
	Central Government / State Government(s)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Sub Total (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
[3]	**Non-Institutions**									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	1,100,350	143,092	1,243,442	5.40	1,121,176	121,577	1,242,753	5.40	0.00
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	59,419	-	59,419	0.26	-0.26
(b)	NBFCs registered with RBI	1,162	-	1,162	0.01	500	-	500	0.00	0.00
(c)	Overseas Depositories (holding Drs) (balancing figure)	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)									
	IEPF	29,836	-	29,836	0.13	31,885	-	31,885	0.14	-0.01
	Trusts	606	-	606	-	764	-	764	0.00	0.00
	Hindu Undivided Family	35,471	100	35,571	0.15	37,014	100	37,114	0.16	-0.01
	Non Resident Indians (Non Repat)	208,172	230	208,402	0.90	209,718	230	209,948	0.91	-0.01
	Non Resident Indians (Repat)	29,479	-	29,479	0.13	30,006	-	30,006	0.13	0.00
	Unclaimed Shares	13,300	-	13,300	0.06	12,450	-	12,450	0.05	0.00
	Overseas Bodies Corporates	500	-	500	0.00	500	-	500	0.00	0.00
	Clearing Member	5,189	-	5,189	0.02	5,250	-	5,250	0.02	0.00

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Bodies Corporate	858,884	502	859,386	3.73	662,590	401	662,991	2.88	0.85
	Alternate Investment Funds	-	-	-	-	4,023	-	4,023	0.02	-0.02
	Foreign Nationals	-	-	-	-	30	-	30	0.00	0.00
	Sub Total (B)(3)	**2,282,949**	**143,924**	**2,426,873**	**10.54**	**2,175,325**	**122,308**	**2,297,633**	**9.98**	**0.56**
	Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3)	**8,976,461**	**144,574**	**9,121,035**	**39.60**	**8,998,127**	**122,908**	**9,121,035**	**39.60**	**-**
	Total (A)+(B)	**22,886,048**	**144,574**	**23,030,622**	**100.00**	**22,907,714**	**122,908**	**23,030,622**	**100.00**	**-**
(C)	**Non Promoter - Non Public**									
[1]	Custodian / DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**22,886,048**	**144,574**	**23,030,622**	**100.00**	**22,907,714**	**122,908**	**23,030,622**	**100.00**	**-**

Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Share-holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	
1.	Hoechst GmbH	13,904,722	60.38	-	13,904,722	60.38	-	-
2.	Sanofi SA	4,865	0.02	-	4,865	0.02	-	-
	Total	**13,909,587**	**60.40**	**-**	**13,909,587**	**60.40**	**-**	**-**

iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	At the beginning of the year	13,909,587	60.40	13,909,587	60.40
2.	Date wise increase in Promoters' Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc):	No transaction during the year			
3.	At the end of the year	13,909,587	60.40	13,909,587	60.40

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	**ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE FRONTLINE EQUITY FUND**	**793,769**	**3.4466**			**793,769**	**3.4466**
	Purchase			04/01/2019	7,800	801,569	3.4804
	Sale			18/01/2019	-853	800,716	3.4767
	Purchase			01/02/2019	1,600	802,316	3.4837
	Purchase			15/02/2019	11,000	813,316	3.5315
	Purchase			22/02/2019	600	813,916	3.5341
	Purchase			22/03/2019	6,600	820,516	3.5627
	Purchase			05/04/2019	8,600	829,116	3.6001
	Sale			12/04/2019	-149	828,967	3.5994
	Purchase			10/05/2019	3,400	832,367	3.6142
	Purchase			17/05/2019	10,000	842,367	3.6576
	Purchase			07/06/2019	1,263	843,630	3.6631
	Purchase			05/07/2019	2,245	845,875	3.6728
	Purchase			12/07/2019	8,400	854,275	3.7093
	Purchase			19/07/2019	6,200	860,475	3.7362
	Purchase			26/07/2019	1,100	861,575	3.7410
	Sale			02/08/2019	-96,400	765,175	3.3224
	Purchase			09/08/2019	10,000	775,175	3.3658
	Sale			13/09/2019	-2,100	773,075	3.3567
	Purchase			04/10/2019	1,500	774,575	3.3632
	AT THE END OF THE YEAR					**774,575**	**3.3632**
2	**FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA HIGH GROWTH COMPANIES FUND**	**413,166**	**1.7940**			**413,166**	**1.7940**
	Purchase			04/01/2019	7,800	420,966	1.8279
	Sale			11/01/2019	-7,800	413,166	1.7940
	Sale			18/01/2019	-9,794	403,372	1.7515
	Sale			25/01/2019	-206	403,166	1.7506
	Sale			01/02/2019	-54,043	349,123	1.5159
	Sale			08/02/2019	-10,257	338,866	1.4714
	Sale			15/02/2019	-12,383	326,483	1.4176
	Sale			22/02/2019	-51,272	275,211	1.1950
	Sale			01/03/2019	-22,154	253,057	1.0988
	Sale			08/03/2019	-92,201	160,856	0.6984
	Sale			15/03/2019	-15,190	145,666	0.6325
	Purchase			22/03/2019	6,600	152,266	0.6611
	Sale			29/03/2019	-6,600	145,666	0.6325
	Purchase			05/04/2019	8,600	154,266	0.6698

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Sale			12/04/2019	-8,749	145,517	0.6318
	Purchase			19/04/2019	149	145,666	0.6325
	Purchase			10/05/2019	3,400	149,066	0.6473
	Purchase			17/05/2019	6,600	155,666	0.6759
	Sale			24/05/2019	-10,000	145,666	0.6325
	Purchase			07/06/2019	1,263	146,929	0.6380
	Sale			14/06/2019	-1,263	145,666	0.6325
	Purchase			05/07/2019	2,245	147,911	0.6422
	Purchase			12/07/2019	6,155	154,066	0.6690
	Sale			19/07/2019	-2,200	151,866	0.6594
	Sale			26/07/2019	-5,100	146,766	0.6373
	Sale			02/08/2019	-97,500	49,266	0.2139
	Purchase			09/08/2019	106,400	155,666	0.6759
	Sale			16/08/2019	-10,000	145,666	0.6325
	Sale			23/08/2019	-25,000	120,666	0.5239
	Sale			13/09/2019	-2,100	118,566	0.5148
	Purchase			20/09/2019	2,100	120,666	0.5239
	Purchase			04/10/2019	1,500	122,166	0.5305
	Sale			11/10/2019	-1,500	120,666	0.5239
	Sale			13/12/2019	-120,666	0	0.0000
	AT THE END OF THE YEAR					**0**	**0.0000**
3	**UTI-MASTERSHARE UNIT SCHEME**	**589,636**	**2.5602**			**589,636**	**2.5602**
	Sale			14/06/2019	-7,500	582,136	2.5277
	Sale			19/07/2019	-5,000	577,136	2.5060
	Sale			26/07/2019	-9,900	567,236	2.4630
	Sale			20/09/2019	-3,633	563,603	2.4472
	Sale			27/09/2019	-5,500	558,103	2.4233
	Sale			04/10/2019	-41	558,062	2.4231
	Sale			11/10/2019	-843	557,219	2.4195
	Sale			18/10/2019	-31,864	525,355	2.2811
	Sale			20/12/2019	-1,900	523,455	2.2729
	AT THE END OF THE YEAR					**523,455**	**2.2729**
4	**ABERDEEN GLOBAL INDIAN EQUITY LIMITED**	**479,050**	**2.0801**			**479,050**	**2.0801**
	Purchase			19/04/2019	20,500	499,550	2.1691
	AT THE END OF THE YEAR					**499,550**	**2.1691**
5	**PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED**	**581,744**	**2.5260**			**581,744**	**2.5260**
	Sale			01/02/2019	-16,537	565,207	2.4542
	Sale			03/05/2019	-15,000	550,207	2.3890
	Sale			05/07/2019	-15,000	535,207	2.3239
	Sale			16/08/2019	-1,570	533,637	2.3171

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Sale			23/08/2019	-2,913	530,724	2.3044
	Sale			18/10/2019	-50,000	480,724	2.0873
	Sale			01/11/2019	-9,977	470,747	2.0440
	Sale			22/11/2019	-20,000	450,747	1.9572
	AT THE END OF THE YEAR					**450,747**	**1.9572**
6	**RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCEPHARMA FUND**	**497,495**	**2.1601**			**497,495**	**2.1601**
	Sale			01/03/2019	-714	496,781	2.1570
	Sale			08/03/2019	-1,798	494,983	2.1492
	Sale			29/03/2019	-10,000	484,983	2.1058
	Sale			12/04/2019	-1,000	483,983	2.1015
	Sale			19/04/2019	-16,591	467,392	2.0294
	Sale			26/04/2019	-3,033	464,359	2.0163
	Sale			03/05/2019	-19,522	444,837	1.9315
	Sale			10/05/2019	-25,000	419,837	1.8230
	Sale			24/05/2019	-8,400	411,437	1.7865
	Sale			19/07/2019	-11,000	400,437	1.7387
	Sale			02/08/2019	-25,000	375,437	1.6302
	Purchase			09/08/2019	1,439	376,876	1.6364
	Purchase			16/08/2019	10	376,886	1.6365
	Purchase			23/08/2019	12	376,898	1.6365
	Purchase			30/08/2019	40	376,938	1.6367
	Purchase			06/09/2019	6	376,944	1.6367
	Purchase			13/09/2019	14	376,958	1.6368
	Sale			20/09/2019	-25,491	351,467	1.5261
	Purchase			27/09/2019	496	351,963	1.5282
	Purchase			30/09/2019	68	352,031	1.5285
	Purchase			04/10/2019	4	352,035	1.5286
	Purchase			11/10/2019	13,024	365,059	1.5851
	Purchase			18/10/2019	6	365,065	1.5851
	Purchase			01/11/2019	9	365,074	1.5852
	Sale			08/11/2019	-22,142	342,932	1.4890
	AT THE END OF THE YEAR					**342,932**	**1.4890**
7	**HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**	**225,740**	**0.9802**			**225,740**	**0.9802**
	Sale			11/01/2019	-37	225,703	0.9800
	Sale			18/01/2019	-501	225,202	0.9778
	Sale			25/01/2019	-804	224,398	0.9743
	Sale			01/02/2019	-339	224,059	0.9729
	Purchase			15/02/2019	128	224,187	0.9734
	Purchase			22/02/2019	7,964	232,151	1.0080

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Purchase			01/03/2019	8,025	240,176	1.0429
	Purchase			08/03/2019	10,000	250,176	1.0863
	Purchase			15/03/2019	5,000	255,176	1.1080
	Purchase			22/03/2019	2,500	257,676	1.1188
	Sale			29/03/2019	-251,307	6,369	0.0277
	Purchase			20/12/2019	316	6,685	0.0290
	AT THE END OF THE YEAR					**6,685**	**0.0290**
8	**LIFE INSURANCE CORPORATION OF INDIA**	**403,230**	**1.7508**			**403,230**	**1.7508**
	Sale			08/03/2019	-90	403,140	1.7505
	Sale			15/03/2019	-15,984	387,156	1.6810
	Sale			22/03/2019	-26,829	360,327	1.5646
	Sale			29/03/2019	-43,337	316,990	1.3764
	Sale			05/04/2019	-19,993	296,997	1.2896
	Sale			12/04/2019	-16,503	280,494	1.2179
	Sale			19/04/2019	-1,219	279,275	1.2126
	Sale			26/04/2019	-29,781	249,494	1.0833
	Sale			03/05/2019	-4,524	244,970	1.0637
	Sale			10/05/2019	-46,229	198,741	0.8629
	Sale			17/05/2019	-21,083	177,658	0.7714
	Sale			24/05/2019	-33,340	144,318	0.6266
	Sale			31/05/2019	-12,041	132,277	0.5744
	Sale			07/06/2019	-3,408	128,869	0.5596
	Sale			14/06/2019	-24,949	103,920	0.4512
	Sale			21/06/2019	-49,157	54,763	0.2378
	Sale			13/09/2019	-2,718	52,045	0.2260
	Sale			20/09/2019	-2,087	49,958	0.2169
	Sale			27/09/2019	-1,458	48,500	0.2106
	Sale			04/10/2019	-3,869	44,631	0.1938
	Sale			11/10/2019	-3,992	40,639	0.1765
	Sale			18/10/2019	-40,639	0	0.0000
	AT THE END OF THE YEAR					**0**	**0.0000**
9	**ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND**	**192,763**	**1.7508**			**192,763**	**1.7508**
	Purchase			11/10/2019	157,642	350,405	1.5215
	AT THE END OF THE YEAR					**350,405**	**1.5215**
10	**SBI MAGNUM MIDCAP FUND**	**537,473**	**1.7508**			**537,473**	**1.7508**
	Sale			04/01/2019	-4,633	532,840	2.3136
	Sale			11/01/2019	-20,367	512,473	2.2252
	Sale			17/05/2019	-20,000	492,473	2.1383
	Sale			24/05/2019	-43,478	448,995	1.9496
	Sale			31/05/2019	-11,558	437,437	1.8994
	Sale			07/06/2019	-24,964	412,473	1.7910

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Purchase			18/10/2019	8,500	420,973	1.8279
	Sale			31/12/2019	-1,922	419,051	1.8195
	AT THE END OF THE YEAR					**419,051**	**1.8195**
11	**BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.**	**209,180**	**1.7508**			**209,180**	**1.7508**
	Purchase			04/01/2019	2,500	211,680	0.9191
	Purchase			01/02/2019	300	211,980	0.9204
	Sale			08/02/2019	-25	211,955	0.9203
	Purchase			22/02/2019	400	212,355	0.9221
	Purchase			15/03/2019	2,200	214,555	0.9316
	Purchase			22/03/2019	3,600	218,155	0.9472
	Purchase			29/03/2019	5,000	223,155	0.9689
	Purchase			05/04/2019	7,000	230,155	0.9993
	Sale			26/04/2019	-6,600	223,555	0.9707
	Purchase			03/05/2019	7,000	230,555	1.0011
	Sale			24/05/2019	-6500	224,055	0.9729
	Sale			07/06/2019	-8,000	216,055	0.9381
	Sale			21/06/2019	-10,000	206,055	0.8947
	Purchase			05/07/2019	2,500	208,555	0.9056
	Purchase			02/08/2019	1,000	209,555	0.9099
	Purchase			06/09/2019	1,000	210,555	0.9142
	Sale			13/09/2019	-1,590	208,965	0.9073
	Purchase			27/09/2019	10,000	218,965	0.9508
	Purchase			30/09/2019	1,500	220,465	0.9573
	Purchase			25/10/2019	1,000	221,465	0.9616
	Purchase			01/11/2019	6,000	227,465	0.9877
	Purchase			08/11/2019	4,000	231,465	1.0050
	Purchase			15/11/2019	2,000	233,465	1.0137
	Sale			22/11/2019	-32,200	201,265	0.8739
	Sale			29/11/2019	-20	201,245	0.8738
	Purchase			06/12/2019	3,500	204,745	0.8890
	Purchase			13/12/2019	1,000	205,745	0.8934
	Purchase			20/12/2019	1,000	206,745	0.8977
	Purchase			27/12/2019	1,000	207,745	0.9020
	Purchase			31/12/2019	2,000	209,745	0.9107
	AT THE END OF THE YEAR					**209,745**	**0.9107**

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Director and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year
		No. of Shares	% of total Shares of the Company	
No Director or KMP holds shares in the Company.				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	-	-	-	-
Total(i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year - Addition - Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(in Rs. million)

Particulars of Remuneration	Name of the Director				Total Amount
	Mr. Rajaram Narayanan Whole Time Director	Mr. Charles Billard Chief Financial Officer and Whole Time Director	Mr. Ashwani Sood Whole Time Director (1)	Mr. Cherian Mathew Whole Time Director (2)	
Gross salary Salary as per provisions contained in Section17(1) of the Income-tax Act, 1961	20.8	6.4	3.6	7.4	38.2
Value of perquisites under section 17(2) of the Income-tax Act, 1961	7.0	10.8	0.5	0.8	19.1
Profits in lieu of salary under section 17(3) of the Income-tax Act,1961	-	-	-	-	-
Stock Option (4)	-	-	-	-	-
Sweat Equity	-	-	-	-	-
Commission - as % of profit - others, specify	-	-	-	-	-
Others: Annual Performance Incentive (3)	10.6	1.7	1.2	2.5	16.0
Total (A)	**38.4**	**18.9**	**5.3**	**10.7**	**73.3**
Ceiling as per the Act	Rs. 652.6 million being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013				

(1) Mr. Ashwani Sood was Whole Time Director till 31st May 2019.

(2) Mr. Cherian Mathew was appointed as Whole Time Director with effect from 29th July 2019.

(3) Target incentive for 2019. The actual payment depends on Company / individual performance.

(4) The Company does not have a scheme for grant of stock options. However, the Managing Director and the Whole Time Directors and some Senior Executives of the Company are granted stock options / performance shares of the ultimate holding company, Sanofi SA. The amounts accrued in the financial statements for the year ended 31st December 2019 for stock options / performance shares granted to Mr. Rajaram Narayanan, Mr. Charles Billard and Mr. Cherian Mathew are Rs. 9.6 million, Rs. 3.3 million, and Rs. 0.4 million respectively.

B. Remuneration to other directors

Independent Directors

(In Rs. million)

Particulars of Remuneration	**Name of the Director**			**Total Amount**
	Mr. Aditya Narayan	**Mr. Rangaswamy R. Iyer**	**Ms. Usha Thorat**	
Fee for attending Board / Committee meetings	0.47	0.91	0.95	2.33
Commission	1.76	0.90	0.90	3.56
Others, please specify	-	-	-	-
Total B(1)	**2.23**	**1.81**	**1.85**	**5.89**

Other Non-Executive Directors

(In Rs. million)

Particulars of Remuneration	**Name of the Director**			**Total Amount**
	Mr. Cyril Grandchamp-Desraux	**Dr. Shailesh Ayyangar**	**Mr. Thomas Rouckout**	
Fee for attending Board / Committee meetings	-	0.17	-	0.17
Commission	-	0.15	-	0.15
Others, please specify	-	-	-	-
Total B(2)	**-**	**0.32**	**-**	**0.32**
Total(B)=(B1+B2)				**6.21**
Total Managerial Remuneration				**79.51**
Overall Ceiling as per the Act	Rs. 717.9 million (being 11% of the Net Profit of the Company as calculated as per Section 198 of the Companies Act, 2013)			

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(In Rs. million)

Particulars of Remuneration	Key Managerial Personnel
	Mr. Girish Tekchandani Company Secretary
Gross salary Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961 Value of perquisites under Section 17(2) of the Income-tax Act,1961 Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	 8.9 0.6 -
Stock Option	-
Sweat Equity	-
Commission - as % of profit - others, specify	-
Others: Annual Performance Incentive (1)	2.0
Total	**11.5**

(1) Target incentive for 2019. The actual payment depends on Company / individual performance.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment			NONE		
Compounding					
B. Directors					
Penalty					
Punishment			NONE		
Compounding					
C. Other Officers In Default					
Penalty					
Punishment			NONE		
Compounding					

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

25th February 2020

MANAGEMENT DISCUSSION AND ANALYSIS

2019 was a challenging year for Indian economy. Economic slowdown in the country had an impact on the Indian Pharmaceutical Market as well, leading to lower growth when compared with earlier years. The industry continued to face challenges of higher prices of Active Pharmaceutical Ingredients and intermediates resulting in margin pressures. Price growth was limited, as a part of the pharmaceutical market is under price control while the remaining offers limited opportunity for increasing prices. The Company has made continuous efforts to enhance its performance by focusing on patient centric initiatives, strengthening its brands, reviewing its manufacturing footprint and building organizational capabilities for the future. These efforts are underpinned by uncompromising focus on ethics and business integrity, quality, safety, risk management and internal controls.

This Management Discussion and Analysis explains the developments in Indian Pharmaceuticals Market and the performance of the Company.

Industry Structure and Developments

For the year ended 31st December 2019, IQVIA estimates that the Indian Pharmaceutical Market size is approximately Rs.1,500 billion growing at 10.4 per cent over the previous year. This growth is significantly lower than the annualized growth rate of 13-14 per cent seen over the past 10 years.

The IQVIA Prognosis Report September 2019 projects the pharmaceutical market to grow at ~9.4 per cent (+/-2 per cent) between 2018-2023, crossing Rs. 2,000 billion by 2023. This growth will be driven by factors such as improving healthcare access, increasing awareness and diagnosis around non-communicable diseases, new product launches and expanding hospital infrastructure. Expansion of co-marketing agreements, introduction of OTC regulations, expansion of pharmacy chains and the emerging e-pharmacy sector will also contribute to the growth. Branded generics, which constitute over 80 per cent of the market in value terms will continue to play a significant role in the growth of the market.

It is expected that the industry will continue to face pressure on prices due to government's proposed dynamic approach on price control. The government has established a Standing National Committee on Medicines (SNCM), which would update the 2015 National List of Essential Medicines periodically. The industry is also witnessing increasing input prices of material and services which it may not be able to transfer to end consumer.

Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) launched in September 2018 has made significant progress. By the end of December 2019, more than 119 million e-cards have been distributed to AB-PMJAY affiliates and almost 7.6 million beneficiaries have been admitted to the 21,000 hospitals participating in the scheme. Although AB-PMJAY initiative is making progress, any significant impact on the pharma industry is yet to be seen. Presently, the coverage under the scheme is limited to in-patient care. Increasing rates of diagnosis, rising disease awareness, as well as post-hospitalization follow-up care, could provide more opportunities to the pharmaceutical sector.

Financial Performance

During the year ended 31st December 2019, the Company registered Revenue from Operations of Rs. 30,706 million as against Rs. 27,708 million in the previous year, representing a growth of 11 per cent.

Net revenue from India, which constituted 70 per cent of Net Revenue from Operations, increased from Rs. 19,515 million in 2018 to Rs. 21,486 million in 2019, reflecting a growth of 10 per cent.

Exports revenue, which contributed 30 per cent of Net Revenue from Operations, increased from Rs. 8,193 million in 2018 to Rs. 9,220 million in 2019, representing a growth of 13 per cent.

Profit before Tax increased from Rs. 6,098 million to Rs. 6,592 million, a growth of 8 per cent for the year ended 31st December 2019, excluding a one-time impairment charge of Rs. 593 million on account of the Company's review of its manufacturing strategy and an evaluation of its Ankleshwar manufacturing site.

The Profit after Tax increased from Rs. 3,806 million to Rs. 4,142 million, a growth of 9 per cent for the year ended 31st December 2019.

Details of changes in key financial ratios are explained in the table below:

Sr. No.	Particulars	2019	2018
1	Operating profit margin (%)	18.51	19.19
2	Net profit margin (%)	13.49	13.74
3	Debtors turnover ratio	13.71	17.50
4	Current ratio	3.03	2.55
5	Inventory turnover ratio	6.54	5.7
6	Interest coverage ratio	NA	NA
7	Debt equity ratio	NA	NA
8	Return on Net Worth (%)	16.96	17.15

Return on Net Worth for the year 2019 was lower as compared to the previous financial year mainly due to lower profit growth on account of higher costs and one-time impairment charge of Rs. 593 million on account of the Company's review of its manufacturing strategy and an evaluation of its Ankleshwar manufacturing site.

In the year 2018, Advent International acquired Zentiva, Sanofi group's European Generics business. Following this transaction, Zentiva continued to source products ('Zentiva portfolio') from the Company (through Sanofi group), pursuant to a five-year Manufacturing and Supply Agreement ending in 2023. Consequent to this global transaction and in anticipation of the impact of termination of this contract in 2023, the Company initiated a review of its manufacturing strategy and conducted an evaluation of its manufacturing facility at Ankleshwar.

The Board of Directors of the Company at its meeting held on 10th September 2019, approved a transaction for the slump sale and transfer of the Ankleshwar manufacturing facility to Zentiva Private Limited for a consideration of Rs. 2,617 million subject to customary working capital adjustments. The members of the Company approved this transaction by way of a postal ballot on 30th October 2019. Other conditions precedent and approvals from statutory authorities are being worked on and subject to progress as per plan, the transaction is expected to close by 31st March 2020.

The products which are not part of the 'Zentiva portfolio', will continue to remain with the Company.

After closing of this transition, the estimated average annualized revenue loss to the Company over a period of the next 4 years (balance of five-year supply agreement mentioned above) is about Rs. 4,700 million.

The Company has accounted for an impairment loss and other incidental expenses aggregating Rs. 593 million in the year ended 31st December 2019.

Operating Performance

The products manufactured by the Company are distributed in India and exported to many developed as well as developing countries.

Performance in Indian Market

Over the last 64 years, the Company has been at the forefront in providing innovative and affordable medicines for patients in India. It offers a wide array of medicines for therapy areas such as Diabetes (both Insulins and Orals), Cardiology, Thrombosis, Anti-infectives, Central Nervous System, Allergy and Vitamins, Minerals & Supplements.

In the Indian market, the Company ranks at number 21 as per IQVIA TSA MAT December 2019 and enjoys a market share of 1.5 per cent. Four of the brands of the Company viz. Lantus®, Combiflam®, Amaryl® M and Allegra® feature in the top 100 pharmaceutical brands in India.

Given below are the key highlights and developments in the business of the Company during the year 2019. The value and volume growth of various products mentioned in this section are as per IQVIA TSA MAT December 2019.

Diabetes Care:

As per the latest International Diabetes Federation estimation, India ranks second in terms of patient load with over 75 million adults affected by Diabetes. The Company strives to improve the lives of patients with Diabetes, by offering a range of quality medicines and patient support programs. The company is among the leading companies in Diabetes care with a significant presence in Insulins.

The Insulin portfolio of the Company continued to grow strong double digits in 2019. Lantus® the flagship brand is ranked among the top 5 brands in the Indian Pharmaceuticals Market. The Lantus® range touched the lives of more than 6.7 lakh patients in the year 2019 and grew by 15 per cent in value strengthening its position as the leading analog Insulin. Toujeo™, which was launched in 2018, further augmented the current Insulin portfolio, offering an advanced standard of care. To further build awareness on Insulins to general public and caregivers of Diabetes patients, a CSR program called as "INTOLIFE" (www.intolife.in) was launched.

The oral Anti-diabetic drug portfolio continued to grow in volumes led by Amaryl®. In 2019, Amaryl® group grew 9 per cent in value despite significant price cuts on few line extensions.

Established Products:

The Established Products portfolio of the Company comprises brands which are standards of care for treatment in multiple therapy areas such as Thrombosis, Cardiology, Anti-infectives and Epilepsy.

In the Thrombosis segment, Clexane® continues to be the leading Anticoagulant brand and grew by 14 per cent. There is a pressing need for awareness of VTE (Venous Thromboembolism) prophylaxis in India. The Company is actively engaged in building awareness and treatment protocols in hospitals towards achieving the vision of a 'VTE FREE INDIA'.

The flagship brand of the Company in Cardiology, Cardace® group, continues to be the leading ACE Inhibitor prescribed by Cardiologists, Diabetologists and Consulting Physicians.

Targocid® is a leading Anti-infective, which helps save lives of critically ill patients in ICUs against known or suspected gram +ve bacterial infection with appropriate AB use. The first Indian guidelines for Antibiotic prescription were released in 2019 which recommended and strengthened the usage of Targocid® in identified Gram +ve infections.

The Anti-epilepsy brand Valparin® was supported by strong market sharping initiatives and delivered a modest single digit growth.

Consumer Healthcare:

The Company has structured its Consumer Healthcare business under three verticals i.e. Allergy, Pain relief and Nutritionals.

Allergy: The flagship brands in this segment are Allegra® and Avil® which registered growth of 12 per cent and 9 per cent respectively in the year 2019. The brand made an entry in the nasal topical market with the launch of Allegra® Nasal in Q4 2019, with a modern generation steroid delivered through a superior technology spray device. The Company launched www.allergyfree.co.in, an exclusive portal to enhance the awareness on different types of allergies backed by educational and key expert videos. It serves as a destination for all answers about management, symptom and understanding of Allergy.

Pain-relief: Due to sustained innovative activities through 2019, the Combiflam® group grew by 16 per cent. Combiflam® Plus (Paracetamol and Caffeine combination) was re-launched by mid-2019, targeted at providing relief from headache. Combiflam® continues to be amongst the top 5 brands in volume in the Non-steroidal Anti-inflammatory Drugs (NSAID) market. The #StrongPainKoDoStrongJawab campaign, garnered millions of views and conversations on the brand.

Nutritionals: DePura by Sanofi™ group registered a growth of 21 per cent and gained volume share in a highly competitive Vitamin D market. Radio programs aimed at increasing patient awareness in managing pre-mensural syndrome naturally, helped drive Primosa®. Two new brands were launched in 2019, DePura by Sanofi™ Cal for managing calcium deficiency and Collaflex® Pro Plus for managing Knee Osteoarthritis.

Building capabilities in digital world:

The Company continues to build leading edge digital platforms across all activities. These include digitization of supply chain and distribution processes, new business intelligence systems and analytics to support medical and promotion activities. In addition, the Company launched innovative digital campaigns across many brands covering Insulins, Allergy and Pain relief.

Performance in Export Market

During the year ended 31st December 2019, the Company exported its products to 59 countries, with Germany, Australia, United Kingdom and Russia ranking as the main markets. The other key drug products were Ramipril tablets, Paracetamol & Codeine tablets, Metformin tablets, Festal dragees and API's like Articaine & Pentoxyfylline.

During the year ended 31st December 2019, exports revenue contributed 30 per cent of Net Revenue from Operations, on the back of strong volume growth.

Manufacturing Operations

The manufacturing sites of the Company produce products which adhere to stringent global quality guidelines. The sites hold various GMP accreditations. These include US-FDA, Russian MOH, ANSM, EDQM and PDMA – Japan for the Chemistry site at Ankaleshwar. The pharma sites hold accreditations from Germany - Regierungspräsidium Darmstadt, Australia - TGA, Taiwan - TFDA, Russian MOH, SAUMP, NAFDAC and FDA - India. The Company has also taken up key data automation projects to enhance integrity in documentation processes.

Some of the Company products are manufactured by third parties. These third-party manufacturers are qualified at the same level as the owned sites of the Company, in terms of quality systems and safety. They are regularly audited and supported by a team of specialists.

The Company continuously works on strengthening its manufacturing operations in India by making investments to upgrade the sites by replacing existing old machinery with new state-of-the-art equipment. The 'Fit4future' booster program has enhanced production capacity for Paracetamol by 24 per cent and Ramipril by 30 per cent thereby helping the Goa site to achieve the milestone of producing more than 5 billion units in the year 2019.

Sanofi long-term commitment to environment sustainability is articulated under the 'Planet Mobilization' strategy which includes renewable energy, CO_2 emission reduction, reduction in greenhouse gases emission, reduction in water consumption by recycling treated waste water, biodiversity, eco-design, manufacturing, Pharmaceuticals in Environment (PIE) proper use and elimination. For environmental sustainability, there is a constant emphasis on conservation of resources across manufacturing sites and reducing waste. All plants strictly adhere to global safety and environmental norms and hold ISO 14001 and BS OHSAS 18001 certifications.

Winning responsibly – Ethics, Business Integrity, Safety and Social Responsibility

The Company has a detailed ethics and compliance program. It is detailed in a policy and provided as a resource to guide employees in dealing with issues, both inside and outside the Company. Employees are trained to use the Code of Ethics as a part of their day to day functional responsibilities and encouraged to raise concerns, if any.

The Company also has a detailed Health, Safety and Environment policy that covers the Company's employees and external partners. The management proactively runs programs to build awareness and adoption of these practices. These programs focus on human health, environmental protection, water & waste management, indoor air quality, noise protection, and energy efficient installations.

The Company also has well defined framework to guide its Corporate Social Responsibility programs. It is committed to working in collaboration with relevant stakeholders to increase access to healthcare and quality medicines designed to improve people's health within an economically sustainable framework that supports innovation. The details of the Company's CSR program have been discussed in detail in the Corporate Social Responsibility Report annexed to the Directors' Report.

Medical Affairs

In 2019, the Company focused on Therapy Shaping and Data generation initiatives to support physicians in their practice in addition to generating evidence covering Indian patients.

The Safe and Smart 3D and INSUVATION programs were cascaded by experts to many physicians across India. In addition, the Safe and Smart guidance on Sulfonylureas, found its place in the privileged JAPI Journal supplement involving more than 50 Indian experts to support 20 years of Amaryl® in India.

Medical Writing/ Research workshops were organized at 20 reputed medical colleges and hospitals. International speaker symposia on recent updates in the areas of Transplant, Diabetes, Thrombosis, Cardiology and CNS involving International experts were conducted. Online Digital education was imparted on Plavix by involving national experts in the field of Cardiology. The Company also organized many virtual meetings to support on updates on Epilepsy and Osteoarthritis medications. International Publications were completed on Euthymia in Diabetes, Glucocrinology of Modern Sulfonylureas, and on Basal Insulin in the Journal of Diabetes Therapy.

The LANDMARC Diabetes study presented first visit baseline India data at ADA congress (San Francisco) and IDF congress (Busan) in 2019 providing information on Diabetes in Indian population.

Human Resources

The Company had 3,426 employees as on 31st December 2019.

The overall industrial relations atmosphere continued to be cordial.

A wage settlement was signed with the Medical Representatives union was in force till 31st March 2019. The union has served its new charter of demands which is under discussion.

In Goa, demands and negotiations are continuing for a new wage settlement.

Top Employer Institute, a global certification company has recognized the Company as 'Top Employer 2020' for excellence in creating an environment wherein employees thrive and develop professionally. The Company was selected from a group of over 1,200 participating organizations which underwent a robust validation process. This recognition is an acknowledgement of the Company's commitment to adopting progressive practices in the areas of employee welfare, talent development and building a future-fit organization.

Internal Audit and Control

The internal control systems of the Company are adequate and commensurate with the size of operations. These controls ensure that transactions are authorized, recorded and reported on time. They ensure that assets are safe guarded and protected against loss or unauthorized disposal.

The Internal Audit department carried out audits in different areas of the 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 program and findings of the Internal Audit department.

Opportunities and Risks

The key growth opportunities in Indian Pharmaceuticals Market are mainly due to growth factors such as improving healthcare access, increasing awareness and diagnosis around non-communicable diseases, new product launches and expanding hospital infrastructure. Expansion of co-marketing agreements, introduction of OTC regulations, expansion of pharmacy chains and the rapidly growing e-pharmacy sector will also contribute to the growth.

There is a large opportunity to have more efficiency in manufacturing activities, and supply chain operations, after the implementation of GST. The Company is working on harnessing efficiencies in this area.

The business of the Company is also exposed to few risks. Some of the key risks are listed below:

1. In past few years, the Government of India has made frequent changes in regulations covering drug pricing, trade margins and other laws which impact the Industry. Any adverse changes in government policies with respect to pricing or trade margins with respect to the Company's products may impact the performance of the Company.

2. The Company reviewed its manufacturing strategy during the year 2019 and decided to focus on Indian markets for future growth. As explained earlier in this report, the Company decided to sell its manufacturing facility at Ankleshwar which will have impact on export sales. After closing of this transaction, the Company will transfer its European exports business along with the manufacturing facility to Zentiva Private Limited. The Company will continue to export products to Sanofi group companies in the markets other than Europe. Lower demand of Company's products from Sanofi group companies or prioritization given to the domestic production by the Company, may have adverse impact on the export revenues of the Company.

3. The Company is present in therapy areas such as Diabetes, Cardiology, Thrombosis, Anti-infectives, Central Nervous System and Allergy and Vitamins, Minerals & Supplements. The Company depends on the research and development conducted by Sanofi group for new product commercialization. The future research and product pipeline strategy of the Sanofi group may not always be in these therapy areas. This may impact growth in the long term.

4. The Company is involved in some product pricing, tax and other litigations with the Government authorities. Any adverse orders passed by the Courts may have an unfavourable impact on the financial performance of the Company.
5. The Company is also exposed to risks like raw material price fluctuations, falling interest rates, cyber security failures, adverse social media, counterfeit drugs, etc.

Outlook

In the Indian market, Company's growth is likely to be in line with the future market growth in the therapy areas it participates. In coming few years, the Company is expected to continue its focus on growing its existing brands in Indian markets.

After closing of the slump sale transaction of its Ankleshwar manufacturing facility, the Company will transfer its European exports along with the manufacturing facility to Zentiva Private Limited. As explained earlier in this report, the estimated average annual revenue loss to the Company over a period of the next 4 years due to this transaction is about Rs.4,700 million. The Company will continue to export its products to Sanofi group companies in the markets other than Europe. Growth in these markets in future will depend on demand generated in the countries of export.

Due to general inflation and fluctuation in the prices of Active Pharmaceutical Ingredients and other materials, the profitability of the Company will also depend on prices of the input materials and services.

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 is envisaged in terms of future performance and outlook presented above.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Code of Governance

Sanofi India Limited (the Company) believes in and adheres to good corporate governance practices, implements policies and guidelines, communicates and trains all its stakeholders to develop a culture of compliance at every level of the organization. The Company's philosophy is aimed at assisting the management of the Company in the efficient conduct of the business and in meeting its obligations to all its stakeholders.

The Company is in compliance with the provisions of Corporate Governance specified in Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Board of Directors

The Company is in compliance with the Corporate Governance norms in terms of constitution of the Board of Directors (the Board).

The Board of the Company is composed of eminent individuals from diverse fields. The Board has identified the skills / expertise / competencies required for effective functioning of the Company in a complex and regulated pharma sector. The Board has profound expertise in corporate strategy development and insight; business leadership in complex regulatory environment; pharma business; financial matters; governance, risk and compliance matters; and manufacturing excellence.

As on 31st December 2019, the Board comprises nine Directors, including three Independent Directors. The Chairman of the Company is a Non-executive Independent Director.

The details of the Directors during the financial year ended 31st December 2019 are given below:

Name	Category	No. of Directorships / Committee Memberships / Chairmanships (Including Sanofi India Limited) as on 31st December 2019				
		Directorships[1] under Section 165			Committee Memberships[2]	Committee Chairmanships[2]
		Public Companies		Private and Section 8 Companies		
		Listed	Unlisted			
Mr. Aditya Narayan	Non-Executive Independent Director and Chairman	2	-	-	1	1
Mr. Rajaram Narayanan	Managing Director	1	1	2	1	-
Mr. Rangaswamy R. Iyer	Non-Executive Independent Director	1	1	2	3	1
Ms. Usha Thorat	Non-Executive Independent Director	1	-	2	1	1
Mr. Cyril Grandchamp-Desraux	Non-Executive Director	1	-	-	-	-
Dr. Shailesh Ayyangar	Non-Executive Director	1	-	-	1	-
Mr. Thomas Rouckout	Non-Executive Director	1	-	-	-	-
Mr. Ashwani Sood (Upto 31st May 2019)	Whole Time Director	Note 3	Note 3	Note 3	Note 3	Note 3
Mr. Charles Billard	Whole Time Director	1	-	1	1	-
Mr. Cherian Mathew (From 29th July 2019)	Additional Director and Whole Time Director Director	1	-	-	-	-

Notes:

1. Excluding directorships outside of India.
2. Membership or Chairmanship in Audit Committee and Stakeholder Relationship Committee of all public limited companies as on 31st December 2019, whether listed or not, including Sanofi India Limited.
3. Ceased to be Director during the year. Year-end disclosure was not required.
4. No Director, other than Mr. Aditya Narayan, holds position of an Independent Director in any other listed company. Mr. Aditya Narayan is an Independent Director of Hindustan Unilever Limited.

As of 31st December 2019, none of the Directors of the Company hold shares or convertible instruments in the Company.

The Company has obtained certificate from M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, confirming that none of the Directors on Board of the Company are debarred or disqualified from being appointed or continuing as Director of the Company by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs or any such authority. The certificate forms part of this report.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act) and Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

There are no inter-se relationships between the Directors of the Company.

Details of Independent Directors' familiarization program are part of the Directors' Report.

Board Meetings

During the year ended 31st December 2019, six Board Meetings were held on 26th February 2019, 6th May 2019, 7th May 2019, 29th July 2019, 10th September 2019 and 12th November 2019.

Attendance details of each Director at the Board Meetings during the financial year ended 31st December 2019 and the last Annual General Meeting are given below:

Name of Director	No. of Board Meetings held during the tenure of the Director	No. of Board Meetings attended	Attendance at last AGM held on 7th May 2019
Mr. Aditya Narayan	6	6	Yes
Mr. Rajaram Narayanan	6	6	Yes
Mr. Rangaswamy R. Iyer	6	5	Yes
Ms. Usha Thorat	6	6	Yes
Mr. Cyril Grandchamp-Desraux	6	4	Yes
Dr. Shailesh Ayyangar	6	6	Yes
Mr. Thomas Rouckout	6	4	Yes
Mr. Ashwani Sood (Upto 31st May 2019)	3	3	Yes
Mr. Charles Billard	6	6	Yes
Mr. Cherian Mathew (From 29th July 2019)	3	3	Not Applicable

The Chairpersons of the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee were present at the last Annual General Meeting.

Audit Committee

The terms of reference of the Audit Committee are covering the matters specified for Audit Committees under Regulation 18 read with Part C of Schedule II to the Listing Regulations and Section 177 of the Act.

The terms of reference of the Audit Committee include examination of Financial Statements and Statutory Auditors' report thereon and discussion of any related issues with the Internal & Statutory Auditors and the management of the Company; approval or any subsequent modification of arrangements / transactions of the Company with related parties; evaluation of internal financial controls; evaluation of risk management system; review of Company's financial reporting processes and the disclosure of financial information to ensure that the Financial Statement is correct, sufficient and credible, review of compliance under Insider Trading Regulations.

During the year ended 31st December 2019, five Audit Committee Meetings were held on 25th February 2019, 6th May 2019, 29th July 2019, 12th September 2019 and 11th November 2019.

The constitution of the Audit Committee and attendance details during the financial year ended 31st December 2019, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Ms. Usha Thorat	Chairperson of the Committee, Independent Director	5	5
Mr. Rangaswamy R. Iyer	Member, Independent Director	5	5
Dr. Shailesh Ayyangar	Member, Non-Executive Director	5	5

The Company Secretary acts as Secretary to the Committee.

Nomination & Remuneration Committee

The terms of reference of the Committee are in line with the requirements of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations.

The terms of reference of the Committee include:

1. Formulation of the remuneration policy, for the Directors, Key Managerial Personnel and other employees.
2. Formulation of criteria for evaluation of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying persons for Board and senior management positions.
5. Review the succession policies and plans for Directors and senior management.
6. Lay down the process for evaluation of the performance of Board, its Committees and individual Director and review its implementation and compliance.

During the year ended 31st December 2019, three Nomination and Remuneration Committee Meetings were held on 15th March 2019, 29th July 2019 and 12th November 2019.The constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended 31st December 2019, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Ms. Usha Thorat	Chairperson of the Committee, Independent Director	3	3
Mr. Rangaswamy R. Iyer	Member, Independent Director	3	3
Mr. Cyril Grandchamp-Desraux	Member, Non-Executive Director	3	1

The Company Secretary acts as Secretary to the Committee.

Stakeholders Relationship Committee

The role of the Stakeholders Relationship Committee includes:

1. Resolving the grievances of security holders of the Company.
2. Reviewing the measures taken for effective exercise of voting rights by shareholders.
3. Reviewing of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Reviewing various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

During the year ended 31st December 2019, one Stakeholders Relationship Committee Meeting was held on 11th November 2019.

Constitution of the Stakeholders Relationship Committee and attendance details during the financial year ended 31st December 2019, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Rangaswamy R. Iyer	Chairman of the Committee, Independent Director	1	1
Mr. Rajaram Narayanan	Member, Managing Director	1	1
Mr. Charles Billard	Member, Whole time Director and Chief Financial Officer	1	1

The Company Secretary acts as Secretary to the Committee.

Mr. Girish Tekchandani, Company Secretary acts as Compliance Officer of the Company.

During the financial year, 9 complaints were received from shareholders. All these were attended / resolved. There were no pending complaints from shareholders as on 31st December 2019.

Corporate Social Responsibility (CSR) Committee

The CSR Committee provides guidance on various CSR activities to be undertaken by the Company and monitors its progress.

The terms of reference for the CSR Committee include:

1. Formulate a CSR policy which shall indicate activities to be undertaken by the Company.
2. Recommend the CSR policy to the Board.
3. Recommend the amount of expenditure to be incurred on the activities.
4. Monitor the policy from time to time as per the CSR policy.

During the year ended 31st December 2019, two CSR Committee Meetings were held on 25th February 2019 and 11th November 2019.

The constitution of the CSR Committee and attendance details during the financial year ended 31st December 2019 are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Rangaswamy R. Iyer	Chairman, Independent Director	2	2
Ms. Usha Thorat	Member, Independent Director	2	2
Dr. Shailesh Ayyangar	Member, Non-Executive Director	2	2
Mr. Rajaram Narayanan	Member, Managing Director	2	2

The Company Secretary acts as Secretary to the Committee.

Annual Report on CSR activities is a part of the Directors' Report detailing the CSR projects undertaken by the Company.

Risk Management Committee

The Risk Management Committee looks into various risks which may impact the Company's ability to achieve its strategy, objectives and results.

The Committee looks into all risks, including but not limited to, change in external environment, regulatory developments, business transactions, legal, financial and ethical compliance matters, information technology / cyber security and compliance with contractual obligations.

During the year, the Committee members reviewed the cyber security risk in detail, along with the Audit Committee. In order to reduce the impact of any cyber-attack on business, the Company has implemented a global system which focuses on 'protection' by systemizing the best practices implementation, 'response' to minimize the damages, 'monitor' to measure the cyber performance and 'recover' to increase the operations continuity.

During the year ended 31st December 2019, four Risk Management Committee Meetings were held on 11th February 2019, 24th April 2019, 28th August 2019 and 14th October 2019.

The constitution of the Risk Management Committee and attendance details during the financial year ended 31st December 2019 are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Rajaram Narayanan	Chairman, Managing Director	4	4
Mr. Charles Billard	Member, Whole Time Director & Chief Financial Officer	4	4
Mr. Ashwani Sood (Upto 31st May 2019)	Member, Whole Time Director	2	2
Mr. Cherian Mathew (From 29th July 2019)	Member, Additional Director & Whole Time Director	2	2

Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company is performance driven and is designed to motivate employees, recognize their achievements and promote excellence in performance.

The Policy provides guidance on:

(1) Selection and nomination of Directors to the Board of the Company;

(2) Appointment of the Senior Management Personnel of the Company; and

(3) Remuneration of Directors, Key Management Personnel and other employees.

There was no change in the Nomination & Remuneration Policy during the year 2019. The Policy is made available on Company's website www.sanofiindialtd.com.

Remuneration to Directors

The Board / Nomination and Remuneration Committee is authorized to decide the remuneration of the Managing Director and Whole Time Directors, subject to the approval of the members and Central Government, if required. The remuneration structure comprises of Salary, Perquisites, Retirement benefits as per law / rules, Performance Linked Incentive (PLI).

Annual increments are decided by the Board within the salary range approved by the members. The Executive Directors are entitled to PLI 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 and are based on certain pre-agreed performance parameters. PLI is computed on the basis of specific targets for the Managing Director and each of the Whole Time Directors.

The details of remuneration paid to the Managing Director and the Whole Time Directors during the financial year ended 31st December 2019 are given below:

Names of Director	Salary and Allowances (Rs. Million)	Perquisites and Retirement Benefits as per Income Tax Rules (Rs. Million)	Performance Linked Incentive (Rs. Million)	Total (Rs. Million)
Mr. Rajaram Narayanan	20.8	7.0	10.6	38.4
Mr. Charles Billard	6.4	10.8	1.7	18.9
Mr. Ashwani Sood (Upto 31st May 2019)	3.6	0.5	1.2	5.3
Mr. Cherian Mathew (From 29th July 2019)	7.4	0.8	2.5	10.7

The above excludes provision for leave encashment, gratuity, long service award and pension which are determined on the basis of actuarial valuation done on an overall basis for the Company.

The agreement with the Managing Director and the Whole Time 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. No severance pay is payable on termination of contract.

The Company does not have a scheme for grant of stock options. However, the Managing Director and the Whole Time Directors and some Senior Executives of the Company are granted stock options / performance shares of the ultimate holding company, Sanofi. The amounts accrued in the financial statements for the year ended 31st December 2019 for stock options / performance shares granted to Mr. Rajaram Narayanan, Mr. Charles Billard and Mr. Cherian Mathew are Rs. 9.6 million, Rs. 3.3 million and Rs. 0.4 million respectively.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees and commission.

Non-Executive Directors who are employees of Sanofi group do not receive any remuneration from the Company.

Non-Executive Directors who are not employees of Sanofi group are paid sitting fees for attending Board and Committee Meetings. Pursuant to the approval of the shareholders at the Annual General Meeting of the Company held on 7th May 2019, the Non-Executive Directors who are not employees of Sanofi group also receive commission on the net profits of the Company, as may be determined by the Board from time to time, subject to a ceiling of one per cent of the net profits of the Company.

The sitting fees paid and commission payable to such Directors for the financial year ended 31st December 2019 is given below:

Names of Director	Sitting Fees paid (Rs. Million)	Commission Payable (Rs. Million)	Total (Rs. Million)
Mr. Aditya Narayan	0.47	1.76	2.23
Mr. Rangaswamy R. Iyer	0.91	0.90	1.81
Ms. Usha Thorat	0.95	0.90	1.85
Dr. Shailesh Ayyangar	0.17	0.15	0.32

Dr. Shailesh Ayyangar ceased to be employee of Sanofi group with effect from 31st October 2019. He was paid sitting fees for the Board and Committee meetings attended by him after 1st November 2019 and will be paid commission for the financial year 2019 on pro-rata basis.

Performance Evaluation

The Board Evaluation approved by the Nomination and Remuneration Committee requires the Chairman to initiate the Annual Performance Evaluation process. The Performance Evaluation is conducted based on approved criteria in the Evaluation Forms. Each Director completes the Evaluation Form and shares feedback with the Chairman. The Chairman discusses the feedback at the Board meeting. The feedback on Committee Evaluation is shared by the Committee Chairperson with the Committee members.

The Evaluation process focusses on various aspects of the functioning of the Board and Committees such as composition of the Board, improving Board effectiveness, performance of Board Committees and time allocation for various topics as per terms of reference, etc. The evaluation of individual Directors is on parameters such as attendance, contribution and independent judgment. For Independent Directors, evaluation is carried out based on the defined criteria viz. contribution made to the Board / Committees, attendance at the Board / Committee Meetings, review of the independence condition, inputs and discussions which helped the Company in gaining external independent view and enhancing Company's standard of compliance, etc.

During the year, Board Evaluation cycle was completed by the Company internally which included the Evaluation of the Board as a whole, Board Committees and Peer Evaluation of the Directors. The Board Evaluation for the year 2019 was completed by the Board in February 2020.

Separate meetings of Independent Directors

As required under Listing Regulations, the Independent Directors held one separate meeting on 26th February 2019. All Independent Directors attended this meeting. Mr. Aditya Narayan, Chairman of the Company, chaired the meeting. The Independent Directors discussed / reviewed the matters specified in Regulation 25(4) of the Listing Regulations.

Code of Conduct and Business Ethics

The Company has adopted a Code of Conduct and Business Ethics for Directors and Senior Management of the Company, as required under Regulation 17(5)(a) of the Listing Regulations. The Company has received confirmations from the Directors and Senior Management regarding compliance with the Code for the year ended 31st December 2019. A certificate from the Managing Director to this effect is attached to this Report.

The Code has been displayed on the Company's website www.sanofiindialtd.com.

Whistle Blower Policy

As required under Listing Regulations, the Company has a Whistle Blower Policy which has been displayed on its website, www.sanofiindialtd.com.

No personnel have been denied access to the Audit Committee.

Code of Conduct for Prevention of Insider Trading

As required by the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted Sanofi India Limited- Code of Conduct to Regulate, Monitor and Report Trading by Insiders. The Company Secretary acts as the Compliance Officer. The Code of Conduct is applicable to all Directors and designated employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company.

During the year, in line with the requirements of amendments to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has amended the Code of Conduct.

General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
January – December 2016	5th May 2017	3.00 p.m.	Y.B. Chavan Centre – Auditorium, Mumbai
January – December 2017	8th May 2018	3.00 p.m.	Hall of Culture, Nehru Centre, Mumbai
January – December 2018	7th May 2019	3.00 p.m.	Hall of Culture, Nehru Centre, Mumbai

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

During the previous three Annual General Meetings, following resolutions were passed as Special Resolutions:

AGM Date	Special Resolutions
5th May 2017	None
8th May 2018	Change of address for keeping the register of members of the Company
7th May 2019	None

Postal Ballot

During the financial year ended 31st December 2019, a special resolution for slump sale and transfer of the Company's manufacturing facility at Ankleshwar, Gujarat on a going concern basis to Zentiva Private Limited was passed through postal ballot on 30th October 2019.

The Company had, dispatched the Notice of Postal Ballot dated 10th September 2019 to all the members whose names appeared on the Register of Members / List of Beneficial Owners as received from National Securities Depository Limited and Central Depository Services (India) Limited as on 20th September 2019 (together with the Postal Ballot Form and a self-addressed pre-paid business reply envelope), for seeking approval of the members.

Mr. Makarand M. Joshi, of M/s. Makarand M. Joshi & Co., Company Secretaries acted as the Scrutinizer for conducting the Postal Ballot and e-voting process in a fair and transparent manner. The results of the Postal Ballot as mentioned below were announced on 31st October 2019.

Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]= {[2]/[1]}*100	[4]	[5]	[6]= {[4]/[2]}*100	[7]= {[5]/[2]}*100
Promoter and Promoter Group	E-Voting	13,909,587	13,909,587	100.0000	13,909,587	0	100.0000	0.0000
	Poll		0	0.0000	0	0	0.0000	0.0000
	Postal Ballot		0	0.0000	0	0	0.0000	0.0000
	Total		**13,909,587**	**100.0000**	**13,909,587**	**0**	**100.0000**	**0.0000**
Public Institutions	E-Voting	6,967,251	6,236,851	89.5167	3,254,638	2,982,213	52.1840	47.8160
	Poll		0	0.0000	0	0	0.0000	0.0000
	Postal Ballot		0	0.0000	0	0	0.0000	0.0000
	Total		**6,236,851**	**89.5167**	**3,254,638**	**2,982,213**	**52.1840**	**47.8160**
Public Non Institutions	E-Voting	2,153,784	930	0.0432	610	320	65.5914	34.4086
	Poll		10,465	0.4859	9,468	997	90.4730	9.5270
	Postal Ballot		0	0.0000	0	0	0.0000	0.0000
	Total		**11,395**	**0.5291**	**10,078**	**1,317**	**88.4423**	**11.5577**
Total		**23,030,622**	**20,157,833**	**87.5262**	**17,174,303**	**2,983,530**	**85.1992**	**14.8008**

At the forthcoming Annual General Meeting, there are no special resolutions for which the Listing Regulations or the Act has recommended / mandated postal ballot.

Disclosures and Affirmations

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.

The Audit Committee has granted omnibus approval for related party transactions in the ordinary course of business. The same are reviewed on a quarterly basis by the Audit Committee. Transactions with related parties, including the promoter/promoter group which hold(s) more than 10% shareholding in the Company, have been disclosed in the Annual Accounts.

b) Policy on transactions with related parties has been displayed on the Company's website www.sanofiindialtd.com.

c) 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.

d) Company has not obtained any credit rating for the financial year ended 31st December 2019.

e) Company has not raised any funds through preferential allotment or QIP in the financial year ended 31st December 2019.

f) During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

g) The Company has paid Rs. 4.3 million as total fees for all services provided by M/s. Price Waterhouse & Co Chartered Accountants LLP and all entities in the network firm in the financial year ended 31st December 2019.

h) During the year 2019, the Company received one complaint of alleged sexual harassment which was thoroughly investigated by the Internal Committee. In such matters on the recommendations of Internal Committee, appropriate disciplinary and corrective actions are taken by the Company.

i) As required by Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer have submitted a Certificate to the Board in the prescribed format for the financial year ended 31st December 2019. The Certificate has been reviewed by the Audit Committee and taken on record by the Board.

j) The Company has also adopted certain discretionary requirements of the Listing Regulations as given below:

   i. Providing the Chairman of the Company with the resources required by him to discharge his responsibilities as Chairman of the Company.

   ii. The Financial Statements of the Company are unqualified.

Means of Communication

Quarterly, Half-Yearly and Annual Results of the Company are published in newspapers, Business Standard and Sakal. These results are promptly submitted to the Stock Exchanges facilitating them to display the same on their website.

The Company's results and press releases are available on the Company's website www.sanofiindialtd.com.

During the year, no presentation was made to analysts / investors.

Management Discussion and Analysis Report forms a part of this Annual Report.

General Shareholder Information

AGM Date, Time and Venue:	[Tuesday, 28th April 2020 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018][1]
Financial Year	January to December
First Quarter Results	[2nd Fortnight of April 2020][2]
Half Yearly Results	2nd Fortnight of July 2020
Third Quarter Results	2nd Fortnight of October 2020
Fourth Quarter and Annual Results	2nd Fortnight of February 2021
Dates of Book Closure:	[21st April 2020 to 28th April 2020 (both days inclusive)][3]
Dividend payment date:	[On or after 5th May 2020, if declared at Annual General Meeting on 28th April 2020][4]

Notes added for explanation. Not part of the Corporate Governance Report approved by Board on 25th February 2020

[1] Due to COVID-19 pandemic, Government of India announced National lockdown in March 2020. In compliance with the National lockdown, on 23rd March 2020, the Company announced postponement of its AGM till further clarity was obtained on the COVID-19 situation. Considering that the printers, courier companies and Company's share transfer agents had stopped their operations due to the National lockdown, the Annual Report publication was also kept on hold by the Company. On 5th May 2020, Government of India vide its General Circular No. 20/2020 allowed companies to organize Annual General Meeting by using video-conferencing facility. In view of the General Circular, the AGM is now scheduled on - **Tuesday, 7th July 2020 at 3.00 pm through video-conferencing facility** as per the AGM Notice which forms part of this Annual Report.

[2] Due to COVID-19 pandemic, Government of India announced National lockdown in March 2020. Therefore, the Board meeting for First Quarter Results was held in - **2nd Fortnight of May 2020 through Video Conferencing Facility**.

[3] As per the revised date of the Annual General Meeting, the dates of book closure are - **1st July 2020 to 7th July 2020 (both days inclusive)**.

[4] As per the revised date of the Annual General Meeting, the corresponding revised dividend payment date is - **On or after 14th July 2020, if declared at Annual General Meeting on 7th July 2020**.

The said changes have no impact on the financial statements of the Company for the financial year ended 31st December 2019.

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 2019-20. BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The National Stock Exchange of India (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
Stock Code:	500674 on BSE and SANOFI on NSE
ISIN Number for NSDL & CDSL:	INE058A01010

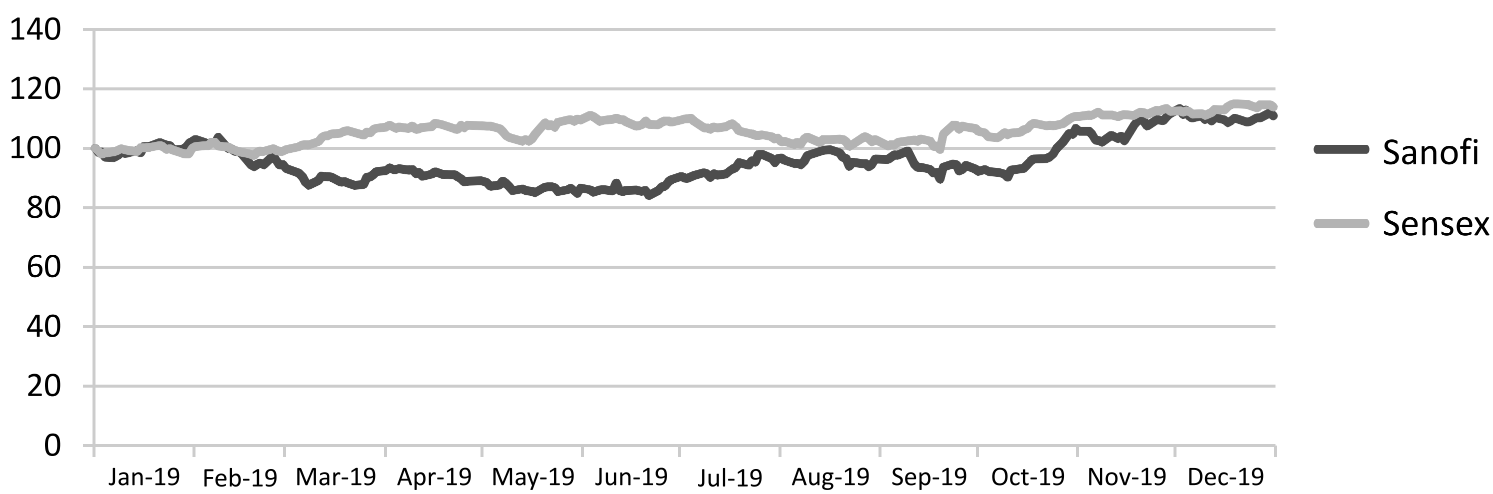
Market Price Data

High / Low during year / month in the financial year. Share Price on BSE and NSE (Face Value Rs. 10 each)

Months	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Jan-19	6,523.60	6,096.00	6,530.00	6,077.00
Feb-19	6,584.00	5,860.00	6,599.30	5,851.55
Mar-19	6,002.35	5,420.00	6,019.00	5,461.55
Apr-19	6,016.10	5,600.00	5,965.50	5,600.00
May-19	5,666.00	5,335.00	5,670.00	5,335.00
Jun-19	5,756.10	5,300.00	5,750.90	5,280.00
Jul-19	6,213.40	5,635.00	6,225.00	5,623.90
Aug-19	6,389.45	5,900.00	6,393.00	5,880.00
Sep-19	6,297.85	5,610.00	6,300.00	5,607.00
Oct-19	6,950.00	5,684.95	6,950.00	5,681.05
Nov-19	7,100.00	6,390.00	7,100.00	6,375.25
Dec-19	7,225.00	6,764.95	7,234.00	6,763.00

(Source: Websites of BSE and NSE)

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



Note: The monthly closing prices of the Sensex and Sanofi equity shares have been indexed to 100 as on 1st January 2019.

Registrars & Transfer Agents

Link Intime India Private Limited, C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.

Contact person: Ms. Sujata Poojary
Telephone No.: (022) 49186270
Fax No.: (022) 49186060
Email: rnt.helpdesk@linkintime.co.in

Share Transfer System

Share transfers are processed and duly endorsed share certificates are dispatched within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects.

During the year, all share transfer, transmission, issue of duplicate shares, name deletion and such other related matters were approved by the Share Transfer Committee. There is no set frequency of the Share Transfer Committee meetings and transfers are approved as and when received. In terms of the amendments in Regulation 40 of Listing Regulations with effect from 31st March 2019, transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository.

A summary of transactions so approved by the Committee is placed at the Board Meeting held quarterly. The Company obtains a half-yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of Listing Regulations and the same is filed with the Stock Exchanges.

Distribution of Shareholding as on 31st December 2019

Range of the number of shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
1 to 100	25,414	91.83	754,992	3.28
101 to 200	933	3.97	152,348	0.66
201 to 300	325	1.21	84,097	0.36
301 to 400	124	0.58	44,979	0.20
401 to 500	106	0.5	50,329	0.22
501 to 1000	185	0.69	133,744	0.58
1001 to 2000	83	0.36	123,901	0.54
2001 to 3000	45	0.18	109,891	0.48
3001 to 4000	22	0.06	78,229	0.34
4001 to 5000	12	0.07	54,040	0.23
5001 to 6000	8	0.04	44,917	0.20
6001 to 7000	12	0.05	77,721	0.34
7001 to 8000	6	0.05	46,656	0.20
8001 to 9000	6	0.01	50,501	0.22
9001 to 10000	2	0.01	19,011	0.08
10001 & Above	101	0.39	21,205,266	92.07
Total	**27,384**	**100.00**	**23,030,622**	**100.00**

Shareholding Pattern as on 31st December 2019

Category	No. of shares held	% of shares held
Promoters	13,909,587	60.40
Mutual Funds	3,195,434	13.88
Financial Institutions / Banks	100,980	0.44
Insurance Companies	449,968	1.95
Foreign Institutional Investors	3,081,043	13.38
Bodies Corporate	662,991	2.88
Overseas Corporate Bodies	500	0.00
Trusts	764	0.00
Clearing Members	5,250	0.02
NBFCs registered with RBI	500	0.00
Hindu Undivided Family	37,114	0.16
Resident Individuals	1,302,172	5.66
Non-Resident Indians	239,984	1.04
Unclaimed Suspense Account	12,450	0.05
IEPF	31,885	0.14
Total	**23,030,622**	**100.00**

Dematerialization of shares and liquidity

As on 31st December 2019, 99.47% of the paid-up share capital had been dematerialized.

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

Not applicable.

Commodity price risk or foreign exchange risk and hedging activities

The Company classifies this risk as market risk. This risk comprises three types of risks namely interest rate risk, currency risk and other price risk, such as commodity risk. The Company is not exposed to interest rate risk and commodity price risk.

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates and arises where transactions are done in foreign currencies. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies including use of derivatives like foreign exchange forward contracts to hedge foreign currency risk.

The exposure to currency risk is explained in detail in the notes to the financial statements.

Plant locations

Plot No. 3501 to 3515, 6301 to 6313 & 16.00 Meter Road / C, GIDC Estate, Ankleshwar, Gujarat.

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

Address for correspondence

Shareholder correspondence should be addressed to the Company's Registrars, Link Intime India Private Limited, C - 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083.

Investors may also write to or contact the Company Secretary and Compliance Officer, Mr. Girish Tekchandani at the Registered Office for any assistance that they may need. Telephone No.: (022) 28032000; Fax No.: (022) 28032939; Email: IGRC.SIL@sanofi.com.

Shareholders holding shares in dematerialized 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.

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Regulation 17(5)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2019.

For Sanofi India Limited

RAJARAM NARAYANAN
MANAGING DIRECTOR

21st January 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Sanofi India Limited,
Address: Sanofi House, CTS No. 117-B,
L&T Business Park, Saki Vihar Road,
Powai, Mumbai - 400072

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sanofi India Limited having CIN L24239MH1956PLC009794 and having registered office at Sanofi House, CTS No. 117-B, L&T Business Park, Saki Vihar Road, Powai- Mumbai 400072 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the period ended as on 31st December, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Table A

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in Company
1.	Mr. Aditya Narayan	00012084	30/04/2016
2.	Mr. Charles Alexis Maxime Billard	08173583	25/07/2018
3.	Mr. Rajaram Narayanan	02977405	21/10/2015
4.	Mr. Cherian Mathew	08522813	29/07/2019
5.	Mr. Shailesh Kripalu Ayyangar	00268076	25/10/2015
6.	Mr. Cyril Grandchamp Desraux	07719763	27/02/2017
7.	Mr. Thomas Rouckout	07724517	27/02/2017
8.	Mr. Rangaswamy Rathakrishnan Iyer	00474407	30/10/2013
9.	Ms. Usha Thorat	00542778	30/04/2016

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Makarand M. Joshi & Co.
Practicing Company Secretaries

Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690

Place: Mumbai
Date: 17th January 2020

AUDITORS' CERTIFICATE

regarding compliance of conditions of Corporate Governance

To the Members of Sanofi India Limited

We have examined the compliance of conditions of Corporate Governance by Sanofi India Limited, for the year ended December 31, 2019 as stipulated in Regulations [17, 17A, 18, 19, 20, 21, 22, 23, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V] of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 SEBI Listing Regulations, 2015.

We 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 Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAAAO1271

Place : Mumbai
Date : February 25, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Sanofi India Limited

Report on the audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Sanofi India Limited (the "Company"), which comprise the Balance Sheet as at December 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2019, total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How are audit addressed the key audit matter
Appropriateness of classification, measurement and disclosures relating to non-current assets of the manufacturing facility at Ankleshwar Refer Notes 18 and 50 to the financial statements During the year, the Company has entered into an agreement to transfer its manufacturing facility located at Ankleshwar to Zentiva Private Limited by way of slump sale through a Business Transfer Agreement. Pending fulfilment of the conditions precedent to the transaction and approvals from regulatory authorities, as at December 31, 2019, the Company has classified the non-current assets relating to this facility as 'held for sale, in accordance with Ind AS 105 – 'Non-Current Assets Held for Sale and Discontinued Operations' in the financial statements. The application of Ind AS 105 involves significant management judgement in respect of identification of assets of the disposal group and assessment of their fair values as at the reporting date.	Our audit procedures included the following : • Understanding and evaluation of the design and testing the operating effectiveness of controls in respect of such non-recurring transactions. • Reviewing the Business Transfer Agreement and minutes of the Board of Directors and shareholders meetings for approval for the transaction and the submissions made by the Company to the regulatory authorities including stock exchanges. • Understanding the management's process of identifying the assets and liabilities, which will be transferred under Business Transfer Agreement. • Verifying the completeness and accuracy of the working of impairment loss, its tax impact and classification of the assets as held for sale.

During the year, the Company has recognised an impairment loss of Rs. 593 million (including other incidental expenses of Rs. 14 million) on account of above transaction. This has been considered as a key audit matter in view of the transaction being of non-routine nature and the significance of the amount involved.	• Assessing appropriateness of the Company's accounting policies in accordance with Ind AS and ensuring adequacy of disclosures made in the financial statements. Based on the audit procedures performed, we did not identify any material exceptions in the classification, measurement and disclosures relating to the non-current assets of the manufacturing facility at Ankleshwar.
Appropriateness of provisions recognised and disclosures made in respect of certain regulatory and tax matters Refer Notes 23, 39(a), 45 and 47 to the financial statements. Being in the pharmaceutical industry, the Company is highly regulated by various authorities like Pricing Authority and other regulators, and it has outstanding regulatory cases under the Drug (Prices Control) Order, 1979 (DPCO 1979) and Drug Prices Control Order, 2013 (DPCO 2013) relating to prices charged for some of its formulations. The Company has received the following demands in the earlier years: (a) DPCO 1979 - demand of Rs. 861 million, against which provision of Rs. 205 million was recognised. (b) DPCO 2013 – Matter remanded back to National Pharmaceutical Pricing Authority (NPPA) by the Hon'ble Delhi High Court, however, provision recognised in earlier years has been retained of Rs. 162 million. In respect of the above matters, based on the assessment done by the Management, in consultation with its legal advisors, the likelihood of any additional outflow is considered as remote. In addition to the above, there are several cases under direct and indirect tax laws which are pending for decision at various authority levels, in respect of which the Company has disclosed contingent liabilities of Rs. 2,745 million. The management's assessment with regard to the tax matters is supported by advice from independent consultants. We considered this as a key audit matter, as evaluation of these matters requires significant management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outflow of economic resources for recognising provisions and making related disclosures in the financial statements. The application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, in order to determine the amount to be recognised as a liability or to be disclosed as a contingent liability, is inherently subjective, and needs careful evaluation and judgement to be applied by the management.	Our audit procedures included the following: • Understanding and evaluation of the design and testing the operating effectiveness of controls in respect of assessment of tax and regulatory exposures, their accounting and disclosures in the financial statements; • Obtaining a complete list of litigation matters and reviewing the underlying orders and other communication received from regulatory authorities and management's responses thereto to assess status of the litigations; • Evaluating the independence, objectivity and competence of management experts involved; • Reviewing management's consultants' advice and opinion as applicable; • Evaluating the management's assessment on the probability of outcome and the magnitude of potential outflow of economic resources in respect of (a) regulatory matters and; (b) tax matters including involvement our tax experts for assessing complex tax matters, based on recent rulings and latest developments in case laws; • Evaluating the Company's disclosures for accuracy and adequacy regarding the significant litigations of the Company. Based on the audit procedures performed, we did not identify any significant exceptions relating to the provisions recognised and disclosures made in the financial statements in respect of regulatory and tax matters.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

9. As required by the Companies (Auditor's Report) Order, 2016 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cashflows dealt with by this report are in agreement with the books of account.
    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
    (e) On the basis of the written representations received from the directors as on December 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23, 39, 45 and 47 to the financial statements;
        (ii) The Company has long-term contracts as at December 31, 2019 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at December 31, 2019;
        (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2019;
        (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended December 31, 2019.

15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 11 of Annexure B.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAAAP7508

Mumbai, February 25, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 14(f) of the Independent Auditor's Report of even date to the members of Sanofi India Limited on the financial statements as at and for the year ended December 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section (3) of Section 143 of the Act

1. We have audited the internal financial controls with reference to the financial statements of Sanofi India Limited (the "Company") as of December 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at December 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAAAP7508

Mumbai, February 25, 2020

Annexure B to Independent Auditor's Report

Referred to in paragraph 13 of the Independent Auditor's Report of even date to the members of Sanofi India Limited on the financial statements as of and for the year ended December 31, 2019

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of property, plant and equipment.

   (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.

   (c) The title deeds of immovable properties, as disclosed in Note 5(a) on Property, Plant and Equipment and Note 18 on Assets classified as held for sale to the financial statements, are held in the name of the Company.

2. The physical verification of inventory (excluding stocks with third parties) has been conducted at reasonable intervals by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. The Company has granted secured loans, to two companies covered in the register maintained under Section 189 of the Act. There are no firms or Limited Liability Partnerships covered in the register maintained under Section 189 of the Act.

   (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

   (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

   (c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 of the Companies Act, 2013 in respect of loans granted to a director. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 186 of the Act.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

6. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, though there has been a slight delay in a few cases, and regular in depositing the undisputed statutory dues, including employees' state insurance, income-tax, duty of customs, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer Note 39(b) to the financial statements regarding management's assessment on certain matters relating to provident fund.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, value added tax, service tax and goods and services tax which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales tax and duty of excise as at December 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹ in million ^	Period to which the amount relates	Forum where the dispute is pending
The Income-tax Act, 1961	Income-tax including tax deducted at source and interest as applicable	51	Assessment Years 2010-2011 and 2014-2015	Income Tax Appellate Tribunal
		56	Assessment Years 2008-2009, 2011-2012 to 2012-2013, 2018-2019	Upto Commissioner's level
		476(#)	Assessment Years 2013-2014 to 2017-2018, 2019-2020	Upto Commissioner's level
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales tax	2	1999-2000	Sales Tax Appellate Tribunal
		13	1998-1999, 2008-2009 and 2012-2013 to 2014-2015	Upto Commissioner's level
The Central Excise Act, 1944	Export Obligation	4	2012-2014	Additional Director General of Foreign Trade
	Disallowance of MODVAT	39	2007-2008 to 2011-2012	Appellate Tribunal
		*	1994-1995	Upto Commissioner's level
	Excise Duty including interest and penalty, as applicable	23	2005-2007, 2015-2016	Assistant Commissioner and Commissioner of Central Excise, Service Tax and Customs
Medicinal and Toilet Preparation (Levy of Excise Duty) Act,1955	Dispute whether Central or State Excise Duty	23	January 1990 to August, 1997	Central Board of Excise and Customs
		13	1996-1997 to 1998-1999	Commissioner of State Excise Duty, Maharashtra

* Denotes amount less than a million.
^ Net of amounts paid under protest.
# Orders received subsequent to the year-end.

8. As the Company neither has any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the Balance Sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 15 of Independent Auditor's Report.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with its directors or persons connected with them within the meaning of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 20202660AAAAAP7508

Mumbai, February 25, 2020

Balance sheet
as at December 31, 2019

(₹ in Million)

Particulars	Notes	As at December 31, 2019	As at December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5 (a)	3,527	5,479
Capital work-in-progress	5 (b)	127	164
Goodwill	6 (a)	731	731
Other intangible assets	6 (a)	729	1,118
Intangible assets under development	6 (b)	47	47
Financial assets			
i. Investments	7	-	2
ii. Loans	8	4,602	5,129
iii. Other financial assets	9	32	53
Income tax assets (net)	10 (a)	1,317	1,135
Other non-current assets	11	39	59
Total non-current assets		**11,151**	**13,917**
Current assets			
Inventories	12	4,696	4,831
Financial assets			
i. Trade receivables	13	2,240	1,584
ii. Cash and cash equivalents	14	11,199	8,251
iii. Bank balances other than (ii) above	15	96	68
iv. Loans	16	15	43
Other current assets	17	1,445	1,106
Assets classified as held for sale	18 & 50	1,602	39
Total current assets		**21,293**	**15,922**
Total assets		**32,444**	**29,839**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19 (a)	230	230
Other equity			
Reserves and surplus	19 (b)	24,193	21,962
Total equity		**24,423**	**22,192**
LIABILITIES			
Non-current liabilities			
Employee benefit obligations	20	541	491
Deferred tax liabilities (net)	35 (d)	446	921
Total non-current liabilities		**987**	**1,412**

Balance sheet

as at December 31, 2019

(₹ in Million)

Particulars	Notes	As at December 31, 2019	As at December 31, 2018
Current liabilities			
Financial liabilities			
i. Trade payables			
(a) Outstanding dues of micro enterprises and small enterprises	21	274	192
(b) Outstanding dues of creditors other than micro enterprises and small enterprises	21	3,415	3,246
ii. Other financial liabilities	22	249	259
Provisions	23	1,382	1,284
Employee benefit obligations	24	963	716
Current tax liabilities (net)	10 (b)	585	410
Other current liabilities	25	155	119
Liabilities directly associated with assets classified as held for sale	26	11	9
Total current liabilities		**7,034**	**6,235**
Total liabilities		**8,021**	**7,647**
Total equity and liabilities		**32,444**	**29,839**

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

As per our report of even date

For Price Waterhouse & Co.
Chartered Accountants LLP
Firm Registration No. : 304026E/E-300009

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 25, 2020

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 25, 2020

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 25, 2020

Charles Billard
Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 25, 2020

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 25, 2020

Statement of Profit and Loss
for the year ended December 31, 2019

(₹ in Million)

Particulars	Notes	Year ended December 31, 2019	Year ended December 31, 2018
Income			
Revenue from operations	27	30,706	27,708
Other income	28	941	897
Total income		**31,647**	**28,605**
Expenses			
Cost of materials consumed	29	8,636	8,010
Purchases of stock-in-trade		4,815	4,054
Changes in Inventories of finished goods, work in progress and stock-in-trade	30	23	(605)
Employee benefits expense	31	4,497	4,068
Finance costs	32	3	7
Depreciation and amortisation expense	33	999	1,027
Other expenses	34 (a)	6,082	5,946
Total expenses		**25,055**	**22,507**
Profit before exceptional items and tax		**6,592**	**6,098**
Exceptional item	50	(593)	-
Profit before tax		**5,999**	**6,098**
Tax expense			
- Current tax	35 (a)	2,276	2,409
- Deferred tax	35 (a)	(419)	(117)
Total tax expense		**1,857**	**2,292**
Profit after tax		**4,142**	**3,806**
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of post-employment benefit obligations	42 (v)	(221)	20
Tax impact relating to above		56	(7)
Other comprehensive income, net of tax		**(165)**	**13**
Total comprehensive income		**3,977**	**3,819**
Earnings per Share – Basic and Diluted (Refer Note 38) [per Equity Share of ₹ 10 each]		179.85	165.48

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

As per our report of even date

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration No. : 304026E/E-300009

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 25, 2020

For and on behalf of the Board of Directors

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Managing Director
DIN:02977405
Place: Mumbai
Date : February 25, 2020

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Charles Billard
Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 25, 2020

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 25, 2020

Statement of Cash Flows
for the year ended December 31, 2019

(₹ in Million)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Cash flow from operating activities		
Profit before tax	**5,999**	**6,098**
Adjustment for :		
Depreciation and amortization	999	1,027
Unrealised exchange Loss / (Gain) (net)	(6)	2
Loss on sale / Write-off of property, plant and equipment / Intangible Asset (net)	19	18
Impairment on assets classified as held for sale (Refer note 18)	579	-
Finance costs	3	7
Interest income	(910)	(789)
Share based payment	86	81
Provision for bad and doubtful debts (net)	13	18
Provision for doubtful advances and deposits	1	(6)
Operating profit before working capital changes	**6,783**	**6,456**
Adjustments for (increase) / decrease in operating assets		
Non-current financial assets	18	(22)
Other non-current assets	1	1
Inventories	135	(675)
Trade receivables	(648)	407
Current financial assets	*	8
Other current assets	(339)	(109)
Adjustments for increase / (decrease) in operating liabilities		
Employee benefit obligations	127	(86)
Trade payables	233	125
Current financial liabilities	(38)	42
Other current liabilities & provisions	134	33
Cash generated from operations	**6,406**	**6,180**
Taxes paid (net of refunds)	(2,283)	(2,441)
Net Cash flow from operating activities (A)	**4,123**	**3,739**
Cash flow from Investing activities		
Sale proceeds of property, plant and equipment	5	22
Interest received	910	789
Loans given	-	(1,050)
Loans repaid	500	100
Purchase of property, plant and equipment and Intangible assets	(758)	(592)
Net cash flow from / (used in) investing activities (B)	**657**	**(731)**

Statement of Cash Flows

for the year ended December 31, 2019

(₹ in Million)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Cash flow from financing activities		
Interim and final dividend paid	(1,520)	(1,636)
Dividend Distribution tax paid thereon	(312)	(336)
Net cash (used in) financing activities (C)	**(1,832)**	**(1,972)**
Net increase in cash and cash equivalents (A+B+C)	**2,948**	**1,036**
Effect of Exchange differences on cash and cash equivalents held in foreign currency	*	*
Cash and Cash Equivalents at the beginning of the year	8,251	7,215
Cash and Cash Equivalents at the end of the year	**11,199**	**8,251**
Components of Cash and Cash Equivalents		
Cash and Cash Equivalents (as per Note 14)	**11,199**	**8,251**

* denotes figure less than a million

Notes:

1. Previous year comparative figures have been regrouped wherever necessary.
2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 Statement of Cash Flows.

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

As per our report of even date

For Price Waterhouse & Co.
Chartered Accountants LLP
Firm Registration No. : 304026E/E-300009

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 25, 2020

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 25, 2020

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 25, 2020

Charles Billard
Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 25, 2020

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 25, 2020

Statement of changes in equity

for the year ended December 31, 2019

A. Equity share capital [Refer note 19 (a)] (₹ in Million)

Particulars	Amount
As at December 31, 2018	**230**
Changes in equity share capital	-
As at December 31, 2019	**230**

B. Other equity [Refer note 19 (b)] (₹ in Million)

Particulars	Attributable to owners of the Company				
	Reserves and surplus				Total
	Share options outstanding account	Securities premium	Retained earnings	General reserve	
As at January 01, 2018	**256**	**20**	**16,304**	**3,454**	**20,034**
Profit for the year	-	-	3,806	-	3,806
Other comprehensive income	-	-	13	-	13
Total comprehensive income for the year	**-**	**-**	**3,819**	**-**	**3,819**
Transactions with owners in their capacity as owners:					
Interim dividend paid	-	-	(415)	-	(415)
Final dividend paid	-	-	(1,221)	-	(1,221)
Dividend distribution tax paid	-	-	(336)	-	(336)
Employee stock options expense [Refer Note 41]	81	-	-	-	81
As at December 31, 2018	**337**	**20**	**18,151**	**3,454**	**21,962**
Profit for the year	-	-	4,142	-	4,142
Other comprehensive income	-	-	(165)	-	(165)
Total comprehensive income for the year	**-**	**-**	**3,977**	**-**	**3,977**
Transactions with owners in their capacity as owners:					
Final dividend paid	-	-	(1,520)	-	(1,520)
Dividend distribution tax paid	-	-	(312)	-	(312)
Employee stock options expense [Refer Note 41]	86	-	-	-	86
As at December 31, 2019	**423**	**20**	**20,296**	**3,454**	**24,193**

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

As per our report of even date

For Price Waterhouse & Co.
Chartered Accountants LLP
Firm Registration No. : 304026E/E-300009

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 25, 2020

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 25, 2020

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 25, 2020

Charles Billard
Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 25, 2020

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 25, 2020

1. Corporate Information

Sanofi India Limited ('the Company') is public limited company listed on Bombay Stock Exchange and National Stock Exchange, incorporated and domiciled in India and has its registered office at Sanofi House, CTS No. 117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai – 400072, India. It is primarily engaged in the business of manufacturing and trading of drugs and pharmaceuticals. The Company has its own manufacturing facility at Goa and Ankleshwar. The Company has various independent contract / third party manufacturers based across the country. The Company sells its products through independent distributors primarily in India.

These financial statements were authorised for issue by the Board of Directors on February 25, 2020.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared on the accrual basis of accounting and in accordance with the Indian Accounting Standards (hereinafter referred to as the Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the Act) (as amended) and other relevant provisions of the Act.

2.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- share based payments; and
- defined benefit plans - plan assets measured at fair value.

The accounting policies adopted are consistent with those of the previous financial years and corresponding reporting year.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 01, 2019.

- Ind AS 115, Revenue from Contracts with Customers
- Amendment to Ind AS 20, Accounting for Government grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes

Effective January 1, 2019 the Company has adopted Indian Accounting Standard 115 – 'Revenue from Contracts with Customers' (Ind AS 115) with modified retrospective approach and there are no material adjustments required to be made in retained earnings as at January 1, 2019.

Most of the other amendments listed above did not have any impact.

The financial statements are presented in ₹ million and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

2.3 Summary of significant accounting policies

i. Current and non-current classification

The assets and liabilities reported in the balance sheet are classified on a "current / non-current basis".

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;

- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non–current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

ii. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account, market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Where required/appropriate, external valuers are involved.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) prices in active market for identical assets or liabilities.
- Level 2 (if level 1 feed is not available/appropriate) - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 (if level 1 and 2 feed is not available/appropriate) - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amount approximates fair value due to the short maturity of these instruments.

The Company recognizes transfers between levels of fair value hierarchy at the end of reporting period during which the change has occurred.

iii. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions. Refer Note 36 for segment information presented.

iv. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian ₹ (INR), which is Sanofi India Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated.

All non-monetary items denominated in foreign currency are carried at historical cost or other similar valuation and are reported using the exchange rate that existed when the values were determined.

v. Revenue recognition

According to Ind AS 115, revenue is measured at the amount of consideration the Company expects to receive in exchange for the goods or services when control of the goods or services and the benefits obtainable from them are transferred to the customer. Revenue is recognised using the following five step model specified in Ind AS 115:

Step 1: Identify contracts with customers

Step 2: Identify performance obligations contained in the contracts

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue when the performance obligation is satisfied.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of goods

The Company derives revenue principally from sales of pharma products. Revenue from sale of products is recognized when the Company satisfies a performance obligation in accordance with the provisions of contract with customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Company has present right to payment. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates, and goods and service tax.

Provision is made for the non-saleable return of goods from the customers estimated on the basis of historical data of sales return trends. Such provision for non-saleable sales returns is reduced from sale of products for the year.

Sale of services

Revenue is recognized from rendering of services when the performance obligation is satisfied, and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

vi. Export Incentives

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

vii. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Current income tax

The current income tax charge is calculated based on the Indian Tax Laws enacted or substantively enacted at the end of the reporting period. The provision for current tax is made at the rate of tax as applicable for the income of the previous year as defined under the Income tax Act, 1961.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purpose at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forward and unused tax credits could be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

viii. Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease except where payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases or another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The respective leased assets are included in the Balance Sheet based on their nature. Costs, including depreciation, on such leased assets are recognised as an expense in the Statement of Profit and Loss.

ix. **Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets except inventories to ascertain whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets excluding goodwill with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

x. **Cash and cash equivalents**

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes balance with banks and demand deposits with banks with original maturities of three months or less and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

xi. **Inventories**

Inventories consist of raw materials, packing materials, work-in-progress, stock-in-trade and finished goods. Inventories are valued at lower of cost and net realizable value (NRV). Cost is determined on weighted average basis.

Cost of raw materials and packing materials includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

Cost of work-in-progress and finished goods includes direct materials, labour and proportion of manufacturing overheads based on the normal operating capacity, wherever applicable. Cost of finished goods includes excise duty and other costs incurred in bringing the inventories to their present location and condition.

Cost of stock-in-trade includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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. 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 used are expected to be sold at or above cost.

xii. **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets:

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and Loss.

Subsequent measurement

After initial recognition, financial assets are measured at:

- fair value (either through other comprehensive income or through Profit and Loss), or
- amortized cost.

Debt instruments

Debt instruments are subsequently measured at amortized cost, fair value through other comprehensive income ('FVTOCI') or fair value through Profit and Loss ('FVTPL') till de-recognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

There are three measurement categories into which the Company classifies its debt instruments.

(a) Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

(b) Fair value through other comprehensive income (FVTOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(c) Fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognised in the Statement of Profit and Loss.

Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Impairment of financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance.
- trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Derecognition of financial assets

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Income recognition

<u>Interest income</u>

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

<u>Dividend income</u>

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

<u>Financial liabilities:</u>

Initial recognition and measurement

Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue/origination of the financial liability.

Subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at

FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company enters into derivative contracts to hedge risks which are not designated in any hedging relationship i.e. hedge accounting is not followed. Such contracts are accounted for at FVTPL.

Offsetting financial instruments

Financial assets and liabilities are off-set and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

xiii. Property, Plant and Equipment (PPE)

Freehold land is carried at historical cost. All other items of Property, plant and equipment acquired or constructed are initially recognized at historical cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The historical cost of Property, plant and equipment comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use.

Capital Work-in-Progress represents Property, plant and equipment that are not ready for their intended use as at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The Company identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful lives that is materially different from that of the remaining plant and equipment.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred.

Gains and losses arising from derecognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

Depreciation methods, estimated useful lives and residual values

Depreciation is provided, pro-rata for the period in use, on the straight-line method based on the respective estimate of useful lives given below. Estimated useful lives of assets are determined based on technical parameters / assessments.

The management believes that useful lives currently used, which is prescribed under Part C of Schedule II to the Companies Act, 2013, fairly reflects its estimate of the useful lives and residual values of PPE, though these lives in certain cases are different from lives prescribed under Schedule II.

Asset Category	Useful Lives (in Years)
Buildings	30
Plant and Machinery*	10
Furniture and Fixtures	10
Office equipment	10/5
Computers*	3
Laptops	3
Motor vehicles	8
Leasehold improvements	Amortised over the lease period

*In respect of these assets, management estimates different useful life than prescribed under part C of Schedule II based on internal assessment and independent technical evaluation.

Estimated useful lives, residual values and depreciation methods are reviewed annually, considering into account of commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Advances paid towards the acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under 'Other non-current assets' and cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

xiv. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization / impairment losses.

Goodwill

For measurement of goodwill arising on a business combination, subsequent measurement is at costs less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment annually.

Acquired intangible assets

Separately acquired intangible assets are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

The Company amortizes intangible assets with a finite useful life using the straight-line method over the estimated useful lives. The estimated useful lives of assets are as follows:

Asset Category	Useful Lives (in Years)
Brand	10
Software	3
Technical know-how	5

In respect of the above assets, management's estimate is based on internal assessment and independent technical evaluations.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting period. The amortisation expense on intangible assets is recognised in the Statement of Profit and Loss.

Losses arising from retirement and gains or losses arising from disposal of Intangible assets are determined by comparing sale proceeds with carrying amount and are disclosed in the Statement of Profit and Loss.

Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised.

Development expenditure on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

The amount capitalised comprise of expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized on a straight-line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortization is recognized in the Statement of Profit and Loss. During the period of development, the asset is tested for impairment annually.

xv. Provisions and contingent liabilities

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are disclosed in the Notes to the financial statements. Contingent liabilities are disclosed for

- when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or
- a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation, or a reliable estimate of the amount cannot be made.

xvi. Employee benefits

I. Short term benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus, short term compensated absences and the expected cost of ex-gratia is recognized in the period in which the employee renders the related service.

II. Other long-term employee benefits

The Company has for all employees' other long-term benefits in the form of Long Service Award and Compensated Absences as per the policy of the Company. Liabilities for such benefits are provided on the basis of actuarial valuation, as at the reporting 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.

III. Post-employment benefit obligations

The company operates the following post-employment schemes:

a) defined contribution plans such as superannuation fund and provident fund (Ankleshwar and Nepal), and

b) defined benefit plans such as gratuity, pension plan and provident fund (other than Ankleshwar and Nepal)

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 and 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, when an employee renders the related service.

Defined benefit plans

The company has defined benefit plans for post-employment benefits in the form of Provident Fund (treated as a defined benefit plan on account of guaranteed interest benefit), Gratuity and Pension Plan (treated as a defined benefit plan on account of guaranteed pension).

The Company has for all employees other than Ankleshwar and Nepal, 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, the Company has defined benefit plan for post-retirement benefit in the form of Gratuity which is administered through trustees and LIC for all its employees and pension plan for certain employees.

Provident Fund and Gratuity fund are recognised by the Income-tax authorities and administered through trustees and/or LIC. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bond that have terms to maturity approximating to the terms of the related gratuity, pension plan and provident fund liabilities.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet.

xvii. Share based payments

Sanofi S.A. France, ultimate holding company being the Ultimate Holding Company has given restricted stock option plan to certain employees of the Company.

Pursuant to Ind AS 102 'Share-based Payment', the Company recognizes an expense based on the fair value of the stock options as at grant date. The expenses are amortised over the vesting period which is conditional on the provision of services by the plan participant during the vesting period. The corresponding credit is given to equity because the award represents in substance equity contribution by the Parent Company. The cumulative expense recognised for stock options at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

xviii. Exceptional Items

When items of income or expense are of such nature, size and incidence that their disclosure is necessary to explain the performance of the Company for the year, the company makes a disclosure of the nature and amount of such items separately under the head "exceptional items."

xix. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xx. Dividends distribution to equity holders

Provision is made for amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxi. Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

xxii. Cash flow statement

Cash flows are reported using the Indirect Method, as set out in Ind AS 7 'Statement of Cash Flow', whereby profit for the year is adjusted for the effects of transaction of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

xxiii. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probably. They are measured at the lower of their carrying amount and fair value less cost to sell. Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

3. Recent Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 30, 2019. The rules shall be effective from reporting periods beginning on or after April 1, 2019. Amendments to Ind AS as per these rules are mentioned below:

(a) Ind AS 116 - Leases

On March 30, 2019, the Ministry of Corporate Affairs issued Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 116 - Leases.

Ind AS 116 – Leases replaces Ind AS 17 'Leases' and will primarily change lease accounting for lessees; lessor accounting under Ind AS 116 is expected to be similar to lease accounting under Ind AS 17. Lessee accounting under Ind AS 116 will be similar in many respects to existing Ind AS 17 accounting for finance leases but is expected to be substantively different to existing accounting for operating leases. Where a contract meets Ind AS 116's definition of a lease, lease agreements will give rise to the recognition of a non-current asset representing the right of use the leased asset, and a loan obligation for future lease payables.

Lease costs will be recognised in the form of depreciation of the right of use asset and interest on the lease liability, which may impact the phasing of operating profit and profit before tax, compared to existing cost profiles and presentation in the income statement, and will also impact the classification of associated cash flows.

The Company has operating lease arrangement majorly in the form of premises which is taken on lease.

The Company is in the process of evaluating the effect of this amendment on the financial statements.

(b) Amendment to Ind AS 12 – Income Taxes

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

The Company is currently evaluating the effect of this amendment on the financial statements; however, application of this guidance is not expected to have material impact on its financial statements.

(c) Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments

This Appendix needs to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The Company is currently evaluating the effect of this amendment on the financial statements; however, application of this guidance is not expected to have material impact on its financial statements.

(d) Amendment to Ind AS 19 – Plan amendment, Curtailment or Settlement

The amendments require an entity; to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Company is currently evaluating the effect of this amendment on the financial statements; however, application of this guidance is not expected to have material impact on its financial statements.

(e) Amendments to other existing Ind AS.

Ind AS 109 - Financial Instruments - Prepayment Features with Negative Compensation

Ind AS 103 - Business Combinations

Ind AS 111 - Joint Arrangements

Ind AS 23 - Borrowing Costs

Ind AS 28 - Investment in Associates and joint ventures

The Company does not expect any impact from above mentioned new standards and amendments.

4. Significant Judgements and Estimates

The preparation of the Company's financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses, and the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when financial statements were prepared. These estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates and judgements are:

- Useful lives of Property, plant and equipment and intangibles [Refer Note 2.3 (xiii) and (xiv)]
- Measurement of defined benefit obligations (Refer Note 42)
- Provision for inventories (Refer Note 12)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer Notes 23, 39 ,45 and 47)
- Impairment of Goodwill [Refer Note 6 (a)]
- Impairment of trade receivables (Refer Note 13)
- Impairment of Non-current assets classified as held for sale (Refer note 18 & 50)

5 (a) - Property, plant and equipment

(₹ in Million)

Particulars	Freehold Lands	Leasehold Lands	Buildings	Leasehold Impro-vements	Plant and Equipments	Furniture and Fixtures	Office Equip-ments	Computers	Motor Vehicles	Total
Year ended December 31, 2018										
Gross Carrying Amount										
As at January 1, 2018	36	382	2,688	24	2,850	315	64	275	12	**6,646**
Additions	-	-	62	4	472	14	13	119	13	**697**
Disposals	-	-	(*)	(1)	(18)	(4)	(*)	(11)	(6)	**(40)**
Assets classified as held for sale (Refer note 18)	(36)	-	(3)	-	(*)	-	-	-	-	**(39)**
Closing Gross Carrying Amount	**-**	**382**	**2,747**	**27**	**3,304**	**325**	**77**	**383**	**19**	**7,264**
Accumulated Depreciation										
As at January 1, 2018	-	2	233	6	664	73	19	184	4	**1,185**
Depreciation charge during the year	-	*	119	4	370	38	14	76	2	**623**
Disposals	-	-	(*)	(1)	(7)	(3)	(*)	(10)	(2)	**(23)**
Assets classified as held for sale (Refer note 18)	-	-	(*)	-	(*)	-	-	-	-	**(*)**
Closing Accumulated Depreciation	**-**	**2**	**352**	**9**	**1,027**	**108**	**33**	**250**	**4**	**1,785**
Net Carrying Amount as on December 31, 2018	**-**	**380**	**2,395**	**18**	**2,277**	**217**	**44**	**133**	**15**	**5,479**
Year ended December 31, 2019										
Gross Carrying Amount										
As at January 1, 2019	-	382	2,747	27	3,304	325	77	383	19	**7,264**
Additions	-	-	36	-	572	6	15	101	-	**730**
Disposals	-	-	(*)	-	(48)	(2)	(1)	(33)	-	**(84)**
Assets classified as held for sale (Refer note 18 & 50)	-	-	(497)	-	(2,342)	(42)	(24)	(112)	(*)	**(3,017)**
Closing Gross Carrying Amount	**-**	**382**	**2,286**	**27**	**1,486**	**287**	**67**	**339**	**19**	**4,893**
Accumulated Depreciation										
As at January 1, 2019	-	2	352	9	1,027	108	33	250	4	**1,785**
Depreciation charge during the year	-	*	108	3	355	38	16	74	3	**597**
Disposals	-	-	-	-	(27)	(1)	(*)	(32)	-	**(60)**
Assets classified as held for sale (Refer note 18 & 50)	-	-	(112)	-	(755)	(17)	(9)	(63)	(*)	**(956)**
Closing Accumulated Depreciation	**-**	**2**	**348**	**12**	**600**	**128**	**40**	**229**	**7**	**1,366**
Net Carrying Amount as on December 31, 2019	**-**	**380**	**1,938**	**15**	**886**	**159**	**27**	**110**	**12**	**3,527**

5 (b) - Capital work-in-progress (Refer note 18 & 50)

Capital work-in-progress of ₹ 127 million (December 31, 2018 : ₹ 164 million) mainly comprises of plant and equipment and building being constructed in India.

* denotes figure less than a million

6 (a) - Intangible assets

(₹ in Million)

Particulars	Brand	Software	Technical know-how	Total	Goodwill
Year ended December 31, 2018					
Gross Carrying Amount					
As at January 1, 2018	2,375	60	79	**2,514**	**731**
Additions	-	18	6	24	-
Closing Gross Carrying Amount	**2,375**	**78**	**85**	**2,538**	**731**
Accumulated amortisation					
As at January 1, 2018	905	32	**79**	**1,016**	**-**
Amortisation charge during the year	383	19	2	404	-
Closing Accumulated Amortisation	**1,288**	**51**	**81**	**1,420**	**-**
Net Carrying Amount as on December 31, 2018	**1,087**	**27**	**4**	**1,118**	**731**
Year ended December 31, 2019					
Gross Carrying Amount					
As at January 1, 2019	2,375	78	85	**2,538**	**731**
Additions	-	5	10	15	-
Assets classified as held for sale (Refer note 18 & 50)	-	(6)	-	(6)	-
Closing Gross Carrying Amount	**2,375**	**77**	**95**	**2,547**	**731**
Accumulated amortisation					
As at January 1, 2019	1,288	51	81	**1,420**	**-**
Amortisation charge during the year	383	16	3	402	-
Assets classified as held for sale (Refer note 18 & 50)	-	(4)	-	(4)	-
Closing Accumulated Amortisation	**1,671**	**63**	**84**	**1,818**	**-**
Net Carrying Amount as on December 31, 2019	**704**	**14**	**11**	**729**	**731**

* denotes figure less than a million

6 (b) - Intangible assets under development

Intangible assets under development of ₹ 47 million (December 31, 2018 : ₹ 47 million) mainly comprises of software and product development.

Note:

Impairment testing for goodwill:

The shareholders of the Company had approved the Scheme of Amalgamation ('Scheme') between the Company and erstwhile Universal Medicare Private Limited ("UMPL") with an appointed date of November 2011 whereby all the assets and liabilities of "UMPL" which were transferred to and vested in the Company were recorded at their fair values from the appointed date. The goodwill pertains to the excess of purchase consideration over the fair values of the net assets taken over from "UMPL".

For the purposes of impairment testing, carrying amount of goodwill has been allocated to the Cash Generating Unit (CGU) as follows:

Particulars	December 31, 2019	December 31, 2018
Business acquired pursuant to amalgamation of erstwhile "Universal Medicare Private Limited"	731	731

The Company tests goodwill for impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The cash flow projections are based on five years financial budgets approved by management.

Following key assumptions were considered while performing Impairment testing

Particulars	
Long term sustainable growth rates	**1.5%-10%**
Weighted Average Cost of Capital % (WACC) before tax (Discount rate)	**13.75%**

The projection covers a period of five years, management believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash- generating unit.

(₹ in Million)

7 - Non-current financial assets - Investments

Particulars	December 31, 2019	December 31, 2018
Unquoted		
Equity instrument in Others (at fair value through other comprehensive income)		
Bharuch Enviro Infrastructure Limited Number of shares as on December 31, 2019 : 2,188, (December 31, 2018 : 2,188) of ₹ 10 /- each fully paid up	*	*
Narmada Clean Tech Limited (Formerly known as Bharuch Eco-Acqua Infrastructure Limited) Number of shares as on December 31, 2019 : 236,000, (December 31, 2018 : 236,000) of ₹ 10 /- each fully paid up	2	2
Less : Assets classified as held for sale (Refer note 18 & 50)	(2)	-
Total	**-**	**2**

* denotes figure less than a million

8 - Non current financial assets - Loans

Particulars	December 31, 2019	December 31, 2018
Unsecured, considered good		
Loans to Fellow Subsidiaries [Given against corporate guarantee by Sanofi S.A France (ultimate holding company)] (Refer Note 40)	4,450	4,950
Loans to employees [Includes loan to a director ₹ Nil (December 31, 2018 : ₹ 5 million)] (Refer Note 40)	42	47
Security deposits	139	132
Less : Assets classified as held for sale (Refer note 18 & 50)	(29)	-
Unsecured, considered doubtful		
Security deposits	13	12
Loans to employees	2	2
Less: Loss allowance	(15)	(14)
Total	**4,602**	**5,129**

9 - Non current financial assets - Other financial assets

Particulars	December 31, 2019	December 31, 2018
Unsecured, considered good		
Margin money deposits (Refer Note 15)	4	28
Other receivables	16	16
Other deposits	12	9
Total	**32**	**53**

(₹ in Million)

10 (a) - Income tax assets (net)

Particulars	December 31, 2019	December 31, 2018
Advance income tax (net of provision of ₹ 10,254 million; December 31, 2018 : ₹ 12,159 million)	1,317	1,135
Total	**1,317**	**1,135**

10 (b) -Current tax liabilities (net)

Particulars	December 31, 2019	December 31, 2018
Income tax provision (net of advance tax ₹ 9,701 million; December 31, 2018 : ₹ 5,695 million)	585	410
Total	**585**	**410**

11 - Other non-current assets

Particulars	December 31, 2019	December 31, 2018
Capital advances	5	6
Prepaid rentals	52	53
Less : Assets classified as held for sale (Refer note 18 & 50)	(18)	-
Total	**39**	**59**

12 - Inventories

Particulars	December 31, 2019	December 31, 2018
Finished goods	842	1,001
Stock-in-trade (Including in transit ₹ 302 million; December 31, 2018 : ₹ 189 million)	1,045	943
Raw materials and packing materials (Including in transit ₹ 294 million; December 31, 2018 : ₹ 64 million)	1,872	1,984
Work-in-progress	937	903
Total	**4,696**	**4,831**

(₹ in Million)

13 - Trade receivables

Particulars	December 31, 2019	December 31, 2018
Trade receivables	520	356
Receivables from related parties (Refer Note 40)	1,766	1,261
Less: Loss allowance	(46)	(33)
Total	**2,240**	**1,584**

Breakup up of security details

Particulars	December 31, 2019	December 31, 2018
Secured, considered good	-	-
Unsecured, considered good	2,240	1,584
Which have significant increase in credit risk	-	-
Credit impaired	46	33
Total	**2,286**	**1,617**
Less: Loss allowance	(46)	(33)
Total	**2,240**	**1,584**

Trade receivables are due neither from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, a director or a member.

14 - Cash and cash equivalents

Particulars	December 31, 2019	December 31, 2018
Balances with banks		
- in current accounts	599	921
- in EEFC accounts	69	64
Cash on hand	-	*
Deposits with banks with original maturity of less than 3 months	10,531	7,266
Total	**11,199**	**8,251**

* denotes figure less than a million

(₹ in Million)

15 - Other bank balances

Particulars	December 31, 2019	December 31, 2018
Margin money deposits (Refer Note below)	66	40
Unpaid dividend accounts	30	28
Total	**96**	**68**

Margin money deposit given as security

Margin money deposits with carrying amount of ₹ 70 million (December 31, 2018 : ₹ 68 million) are subject to first charge to secure bank gurantees issued by banks on behalf of the Company.

16 - Current Loans

Particulars	December 31, 2019	December 31, 2018
Unsecured, considered good		
Loans to employees [Includes loan to a director ₹ Nil (December 31, 2018 : ₹ * million)] (Refer Note 40)	15	40
Security deposits	-	3
Total	**15**	**43**

* denotes figure less than a million

17 - Other current assets

Particulars	December 31, 2019	December 31, 2018
Advance payments to suppliers	55	6
Export benefits receivable	349	274
Balance with government authorities	936	693
Prepaid expenses	66	48
Finished goods samples and others	23	85
Other Advances	16	-
Total	**1,445**	**1,106**

(₹ in Million)

18 - Assets classified as held for sale

Particulars	December 31, 2019	December 31, 2018
Pertaining to Mulund (Refer note below):		
Buildings	3	3
Freehold land	36	36
Plant and equipment	*	*
Net Carrying Value (a)	**39**	**39**
Pertaining to Ankleshwar (Refer note 50) :		
Buildings	385	-
Plant and Equipment	1,587	-
Furniture and Fixtures	25	-
Office Equipment	15	-
Motor Vehicles	*	-
Computers	49	-
Capital work-in-progress	81	-
Software	2	-
Investments	2	-
Capital advances	3	-
Prepaid rentals	15	-
Security deposits	29	-
Employee benefit obligations	(51)	-
Gross Carrying Value	**2,142**	**-**
Impairment loss pertaining to non-current assets (Refer note 50)	(579)	-
Net Carrying Value (b)	**1,563**	**-**
Total asset held for sale (a) + (b)	**1,602**	**39**

In November 2018, the Company has entered into Memorandum of Understanding (MOU) with a party for sale of aforesaid assets located at Mulund location subject to the terms and conditions specified in the MOU. The Company has received an advance of ₹ 2.5 million from the purchaser in relation to this sale. Sale process is delayed as the purchaser is reviewing property documents and other approval processes with their legal experts.

* denotes figure less than a million

(₹ in Million)

19 - Share capital and other equity

19 (a) - Equity share capital

(i) Authorised share capital

Particulars	Number of shares	Amount
As at December 31, 2018	23,500,000	235
Increase during the year	-	-
As at December 31, 2019	**23,500,000**	**235**

Issued, Subscribed and Paid up :

(ii) Movements in equity share capital

Particulars	Number of shares	Amount
As at December 31, 2018	23,030,622	230
Issued during the year	-	-
As at December 31, 2019	**23,030,622**	**230**

(iii) Terms and rights attached to equity shares

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

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.

(iv) Shares held by holding and ultimate holding Company

13,904,722 (December 31, 2018 : 13,904,722) equity shares of ₹ 10 each fully paid are held by Hoechst GmbH, Germany, holding Company and 4,865 (December 31, 2018 : 4,865) equity shares of ₹ 10 each fully paid are held by Sanofi S.A., France ultimate holding Company.

(v) Details of shareholders holding more than 5% shares in the Company

Particulars	December 31, 2019	December 31, 2018
Equity Shares of ₹ 10 each fully paid		
Hoechst GmbH, Germany		
- No of shares	13,904,722	13,904,722
- % of holding	60.37%	60.37%

(₹ in Million)

19 (b) - Reserves and surplus

Particulars	December 31, 2019	December 31, 2018
Securities premium	20	20
Retained earnings	20,296	18,151
General reserve	3,454	3,454
Share options outstanding account	423	337
Total	**24,193**	**21,962**

(i) Securities premium

Particulars	December 31, 2019	December 31, 2018
Opening balance	**20**	**20**
Movement during the year	-	-
Closing balance	**20**	**20**

(ii) Retained earnings

Particulars	December 31, 2019	December 31, 2018
Opening balance	**18,151**	**16,304**
Profit for the year	4,142	3,806
Other comprehensive income of the year	(165)	13
Interim dividend paid [Refer note 53 (b)]	-	(415)
Final dividend paid [Refer note 53 (b)]	(1,520)	(1,221)
Dividend distribution tax paid	(312)	(336)
Closing balance	**20,296**	**18,151**

(iii) General reserve

Particulars	December 31, 2019	December 31, 2018
Opening balance	**3,454**	**3,454**
Movement during the year	-	-
Closing balance	**3,454**	**3,454**

(iv) Share options outstanding account

Particulars	December 31, 2019	December 31, 2018
Opening balance	**337**	**256**
Employee stock option expense (Refer note 41)	86	81
Closing balance	**423**	**337**

(₹ in Million)

Nature and purpose of reserves:

1) Securities premium
Securities premium is created when shares are issued at premium. This is utilised in accordance with the provisions of the Companies Act, 2013.

2) General reserve
General reserve is created out of profits of the Company. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

3) Share options outstanding account
The share options outstanding account is used to recognise the fair value of restricted stock units as at grant date issued by the Ultimate holding Company, Sanofi S.A to the Company's eligible employees.

20 - Non-current employee benefit obligations

Particulars	December 31, 2019	December 31, 2018
Pension (Refer note 42)	1	1
Compensated absences	344	283
Long service awards	26	23
Gratuity (Refer Note 42)	216	184
Less: Liability related to assets classified as held for sale (Refer note 18 & 50)	(46)	-
Total	**541**	**491**

21 - Trade payables

Particulars	December 31, 2019	December 31, 2018
Outstanding dues of micro enterprises and small enterprises (Refer note 48)	274	192
Outstanding dues of creditors other than micro enterprises and small enterprises:		
(i) Trade payables to related parties (Refer note 40)	1,502	1,334
(ii)Trade payables-others	1,913	1,912
Total	**3,689**	**3,438**

22 - Other current financial liabilities

Particulars	December 31, 2019	December 31, 2018
Other payables	*	*
Other payables to related parties (Refer note 40)	35	77
Unclaimed dividend #	30	28
Liability for capital goods	184	154
Total	**249**	**259**

* denotes figure less than a million

There are no amounts due for payment to the Investor Education and Protection Fund (IEPF) under Section 125 of the Companies Act, 2013 as at the year end.

(₹ in Million)

23 - Current provisions

Particulars	December 31, 2019	December 31, 2018
Provision for sales return (Refer note 45)	618	597
Provision for indirect tax (Refer note 45)	353	271
Others (Refer note 45)	411	416
Total	**1,382**	**1,284**

24 - Current employee benefit obligations

Particulars	December 31, 2019	December 31, 2018
Employee related liabilities	816	573
Pension (Refer note 42)	*	*
Compensated absences	39	42
Long service awards	3	2
Gratuity (Refer note 42)	110	99
Less: Liability related to assets classified as held for sale (Refer note 18 & 50)	(5)	-
Total	**963**	**716**

* denotes figure less than a million

25 - Other current liabilities

Particulars	December 31, 2019	December 31, 2018
Advances from customers (Refer note 54)	-	41
Contract liabilities (Refer note 54)	74	-
Statutory liabilities	81	78
Total	**155**	**119**

26 - Liabilities directly associated with assets classified as held for sale

Particulars	December 31, 2019	December 31, 2019
Other payables	11	9
Total	**11**	**9**

(₹ in Million)

27 - Revenue from operations

Particulars	December 31, 2019	December 31, 2018
Revenue from contract with customers:		
Sale of products	28,427	25,940
Sale of services	1,676	1,457
	30,103	**27,397**
Other operating income:		
Scrap sale	15	14
Indirect taxes set off / refunds	35	25
Export incentives	300	266
Others	253	6
	603	**311**
Total	**30,706**	**27,708**

Disaggregation of revenue from contract with customers

The Company has determined the categories of disaggregation of revenue considering the types/ nature of contracts. The Company derives revenue from the transfer of goods and services.

Particulars	December 31, 2019	December 31, 2018
Revenue by location of customers		
- India	21,486	19,515
- Outside India	9,220	8,193
	30,706	**27,708**
Timing of revenue recognition		
- At a point in time	30,706	27,708
- Over a period of time	-	-
Total revenue from contract with customers.	**30,706**	**27,708**
Reconciliation of revenue recognised in the statement of profit and loss with contracted price		
- Contract price	32,079	28,773
- Less: Volume discount/ Cash discount	(1,373)	(1,065)
Total revenue from contract with customers	**30,706**	**27,708**

(₹ in Million)

28 - Other income

Particulars	December 31, 2019	December 31, 2018
Interest		
Bank deposits	481	373
Inter corporate deposits (Refer note 40)	428	416
Others	1	*
Rental income (Refer note 44 & 40)	3	1
Exchange differences (net)	17	76
Miscellaneous Income	11	31
Total	**941**	**897**

29 - Cost of materials consumed

Particulars	December 31, 2019	December 31, 2018
Inventory at the beginning of the year	1,984	1,914
Add: Purchases	8,524	8,080
Less: Inventory at the end of the year	1,872	1,984
Total	**8,636**	**8,010**

30 - Changes in Inventories of Finished goods, Work-in-progress and Stock-in-trade

Particulars	December 31, 2019	December 31, 2018
Inventory at the end of the year		
Finished goods	842	1,001
Stock-in-trade	1,045	943
Work-in-progress	937	903
	2,824	2,847
Inventory at the beginning of the year		
Finished goods	1,001	532
Stock-in-trade	943	1,014
Work-in-progress	903	696
	2,847	2,242
Total	**23**	**(605)**

(₹ in Million)

31 - Employee benefit expense

Particulars	December 31, 2019	December 31, 2018
Salaries, wages and bonus	4,003	3,589
Contribution to provident fund and other funds	197	175
Gratuity (Refer note 42)	68	68
Staff welfare expenses	143	155
Employee share based payment expense (Refer note 41)	86	81
Total	**4,497**	**4,068**

32 - Finance costs

Particulars	December 31, 2019	December 31, 2018
Other interest (Refer note 48)	3	7
Total	**3**	**7**

33 - Depreciation and amortisation expense

Particulars	December 31, 2019	December 31, 2018
Depreciation on property, plant and equipment [Refer Note 5(a)]	597	623
Amortisation of intangible assets [Refer Note 6(a)]	402	404
Total	**999**	**1,027**

(₹ in Million)

34 (a) - Other expenses

Particulars	December 31, 2019	December 31, 2018
Advertisement and sales promotion	798	709
Auxiliary and other materials	161	171
Auditors remuneration [(Refer note 34(b)]	4	7
Expenditure towards Corporate Social Responsibility (CSR) activities (Refer note 49)	107	93
Insurance	93	85
Legal and professional fees	720	692
Service charges	61	52
Power and fuel	423	400
Provision for bad and doubtful debts (net)	13	18
Provision for doubtful advances and deposits	1	(6)
Rates and taxes	164	177
Rent (Refer notes 43 and 44)	151	151
Repairs - buildings	39	24
Repairs - others	185	138
Repairs - plant and machinery	89	101
Selling and distribution expenses	1,206	1,251
Stores and spares	56	47
Toll manufacturing charges	404	510
Trainings and meetings	158	180
Travelling and conveyance	983	951
Loss on sale / Write-off of property, plant and equipment / Intangible Asset (net)	19	18
Miscellaneous expenses	247	177
Total	**6,082**	**5,946**

34 (b) - Auditors' Remuneration

Particulars	December 31, 2019	December 31, 2018
Payment to Auditors:		
As auditor:		
Audit fees	4	4
In other capacities:		
Other Services	*	3
Reimbursement of Expenses	*	*
Total Payments to Auditors	**4**	**7**

* denotes figure less than a million

(₹ in Million)

35 - Income Tax

35 (a) - Income tax expense

Particulars	December 31, 2019	December 31, 2018
Current tax		
Current tax on profits for the year	2,175	2,409
Adjustments for current tax of prior periods	101	-
Total current tax expense	**2,276**	**2,409**
Deferred tax		
Decrease (increase) in deferred tax assets	19	(23)
(Decrease) increase in deferred tax liabilities	(438)	(94)
Total deferred tax expense / (credit)	**(419)**	**(117)**
Income tax expense	**1,857**	**2,292**

35 (b) - Deferred tax assets for the year ended December 31, 2019 of ₹ 56 million [for the year ended December 31, 2018 : ₹ 7 million (Deferred tax liabilities)] has been recognised in other comprehensive income on account of actuarial remeasurements of defined benefit plan.

No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in net profit or loss or other comprehensive income but directly debited / (credited) to equity.

35 (c) - Reconciliation of tax expense and the accounting profit multiplied by tax rate :

Particulars	December 31, 2019	December 31, 2018
Profit before tax	**5,999**	**6,098**
At statutory income tax rate of 25.168% (December 31, 2018: 34.944%)	1,510	2,131
Expenses not deductible for tax purposes	340	161
Difference on account of change in tax rate	(94)	-
Adjustments in respect of current income tax of previous periods	101	-
Effective income tax	**1,857**	**2,292**

35 (d) - Deferred tax liabilities (net)

Particulars	December 31, 2019	December 31, 2018
The balance comprises temporary differences attributable to:		
Provision for doubtful debts and advances	(17)	(16)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	(164)	(140)
Employee retirement and other long term benefits	(225)	(213)
Total deferred tax assets	**(406)**	**(369)**
Depreciation	821	1,247
Reversal of goodwill amortisation	31	43
Total deferred tax liabilities	**852**	**1,290**
Deferred tax liability (net)	**446**	**921**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

(₹ in Million)

35 (e) - Movement in deferred tax assets / liabilities

(i) Deferred Tax Assets/Liabilities in relation to the year ended December 31, 2019

Particulars	December 31, 2018	Charged / (Credited) to Statement of Profit and Loss	Charged / (Credited) to Other Comprehensive Income	December 31, 2019
Deferred Tax Liability				
Depreciation and amortisation	1,247	(426)	-	821
Reversal of goodwill amortisation	43	(12)	-	31
Total Deferred Tax Liability	**1,290**	**(438)**	**-**	**852**
Less : Deferred Tax Assets				
Provision for doubtful debts and advances	(16)	(1)	-	(17)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	(140)	(24)	-	(164)
Employee retirement and other long term benefits	(213)	44	(56)	(225)
Total Deferred Tax Assets	**(369)**	**19**	**(56)**	**(406)**
Net Deferred Tax Liabilities	**921**	**(419)**	**(56)**	**446**

(ii) Deferred Tax Assets / Liabilities in relation to the year ended December 31, 2018

Particulars	December 31, 2017	Charged / (Credited) to Statement of Profit and Loss	Charged / (Credited) to Other Comprehensive Income	December 31, 2018
Deferred Tax Liability				
Depreciation and amortisation	1,341	(94)	-	1,247
Reversal of goodwill amortisation	43	-	-	43
Total Deferred Tax Liability	**1,384**	**(94)**	**-**	**1,290**
Less : Deferred Tax Assets				
Provision for doubtful debts and advances	(12)	(4)	-	(16)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	(131)	(9)	-	(140)
Employee retirement and other long term benefits	(210)	(10)	7	(213)
Total Deferred Tax Assets	**(353)**	**(23)**	**7**	**(369)**
Net Deferred Tax Liabilities	**1,031**	**(117)**	**7**	**921**

Note : No DTA on impairment loss (Refer note 50).

When the transaction will be executed , this will be a slump sale transaction and will be long term capital loss,deferred tax has not been recognised on the same as on the balance sheet date probability of future taxable long term capital gain against which such long term capital loss can be set off is considered low.

36 Operating Segment

The operations of the Company are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

Operating segments are defined as components of an company for which discrete financial information is available that is evaluated regularly by Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assessing performance.

Geographical revenues are allocated based on the location of the customers. Information regarding geographical revenue is as follows :

Revenue from external customers : (₹ in Million)

Particulars	December 31, 2019	December 31, 2018
India	21,486	19,515
Singapore	8,182	7,173
Others	1,038	1,020
Total	**30,706**	**27,708**

Information about major customers

One single external customer (from entities under common control) represented 10% or more of the Company's total revenue during the year ended December 31, 2019 amounting to ₹ 10,370 million (December 31, 2018 : ₹ 9,185 million) (Refer note 40).

37 Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 161 Million (December 31, 2018 : ₹ 223 Million).

38 Earnings per share

Particulars	December 31, 2019	December 31, 2018
Profit for the year (₹ in Million)	4,142	3,806
Weighted average number of shares	23,030,622	23,030,622
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	179.85	165.48

39 Contingent Liabilities

(₹ in Million)

a)

Particulars	December 31, 2019	December 31, 2018
Income Tax demands in respect of which*		
Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	876	484
Company's appeals are pending before appropriate authorities / the Company is in process of filing an appeal with appropriate authorities	1,869	1,651

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

b) Contingent liability relating to determination of provident fund liability, based on judgement from Hon'ble Supreme Court, is not determinable at present for the period prior to March 2019, due to uncertainty on the impact of the judgement in the absence of further clarification relating to applicability. The Company has paid Provident Fund to employees as applicable with effect from March 2019. The Company will continue to assess any further developments in this matter for their implications on financial statements, if any.

40 Related Party Disclosures

i. Parties where control exists:

   a) Sanofi S.A. France, ultimate holding Company

   b) Hoechst GmbH, Germany, holding Company

ii. Other related parties in Sanofi Group where common control exists and with whom transactions have taken place during the reporting year.

Sanofi-Aventis Singapore Pte. Limited

Francopia S.A.R.L.

Sanofi-Aventis Deutschland GmbH

Sanofi-Aventis Groupe S.A.

Sanofi Lanka Limited

Sanofi Chimie S.A

Sanofi Pasteur India Private Limited

Sanofi-Synthelabo (India) Private Limited

Sanofi Winthrop Industrie S.A.

Sanofi-Aventis Pakistan Limited

Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited)

Zentiva S.A (till the closure of business hours of September 30, 2018)

Sanofi Aventis Arabia Co. Ltd.

Sanofi India Limited Provident Fund

Sanofi US Services Inc.

iii. Key management personnel of the Company for the year

Mr. Rajaram Narayanan	- Managing Director	
Mr. Ashwani Sood	- Whole Time Director	(till the closure of business hours of May 31, 2019) (Refer note 1 below)
Mr. Lionel Guerin	- Whole Time Director and CFO	(till the closure of business hours of June 30, 2018)
Mr. Charles Billard	- Whole Time Director and CFO	(CFO w.e.f July 01, 2018) and (Whole Time Director w.e.f. July 25, 2018) (Refer note 2 below)
Mr. Cherian Mathew	- Whole Time Director	(w.e.f. July 29, 2019) (Refer note 3 below)
Mr. Girish Tekchandani	- Company Secretary	

1) Mr. Ashwani Sood vide his letter dated 7th May 2019 informed the Board that due to his new role within Sanofi he is required to spend most of his time outside Mumbai and hence he would like to step down as Director and Whole Time Director of the Company. The Board accepted his resignation with effect from end of day on 31st May 2019.

2) The Board of Directors at its meeting held on May 08, 2018, appointed Mr. Charles Billard as Chief Financial Officer of the Company with effect from July 01, 2018. The Board of Directors at its meeting held on July 25, 2018, subject to approval of members and Central Government also approved appointment of Mr. Charles Billard as Additional Director and Whole Time Director of the Company. The appointment as Whole Time Director was as per the provisions of Section 196 of the Companies Act, 2013 except for clause (e) of Part I of Schedule V as Mr. Charles Billard was not resident in India for a continuous period of twelve months immediately preceding the date of his appointment as Whole Time Director. In terms of the provisions of Section 196 of the Companies Act, 2013, the Company made an application to the Central Government for this appointment on November 21, 2018. The Central Government vide its letter dated February 04, 2019 informed the Company that the application has been taken on record and would be considered after receipt of the copy of the shareholders' approval. Subsequently the final approval from Central Government was received during the year.

3) The Board of Directors at its meeting held on 29th July 2019, subject to approval of members, approved appointment of Mr. Cherian Mathew as Additional Director and Whole Time Director of the Company. The necessary resolutions for appointment of Mr. Cherian Mathew as Director and Whole Time Director of the Company has been included in the Notice of the forthcoming AGM for the approval of the members.

iv. Non-Executive Directors
Mr. Thomas Rouckout
Mr. Cyril Grandchamp-Desraux
Dr. Shailesh Ayyangar
Mr. Lionel Guerin (From July 01, 2018 to July 25, 2018)

v. Independent Directors
Mr. Aditya Narayan
Mr. A. K. R. Nedungadi (Resigned w.e.f. January 15, 2018)
Mr. Rangaswamy Iyer
Mrs. Usha Thorat

vi. Transaction during the year (₹ in Million)

Particulars	December 31, 2019	December 31, 2018
Ultimate Holding Company		
Dividend paid	*	*
Holding Company		
Dividend paid	918	987
Other related Parties		
Sale of Products and Other Operating Income		
Sanofi-Aventis Singapore Pte. Limited	8,126	7,147
Others	568	581
Total	**8,694**	**7,728**
Purchase of Raw Materials and Stock-in-trade		
Sanofi-Aventis Singapore Pte. Limited	6,717	5,583
Francopia S.A.R.L.	669	734
Others	8	9
Total	**7,394**	**6,326**
Expenses recharged to other companies		
Sanofi-Aventis Groupe S.A.	9	12
Sanofi-Synthelabo (India) Private Limited	*	-
Sanofi Winthrop Industrie S.A.	-	4
Sanofi Pasteur India Private Limited	*	4
Others	*	3
Total	**10**	**23**
Sale of Services		
Sanofi-Synthelabo (India) Private Limited	1,223	1,092
Sanofi Pasteur India Private Limited	211	175
Sanofi Winthrop Industrie S.A.	155	159
Sanofi-Aventis Singapore Pte. Limited	56	26
Others	31	5
Total	**1,676**	**1,457**
Sale of property, plant and equipment		
Sanofi-Synthelabo (India) Private Limited	*	5
Sanofi-Aventis Groupe S.A.	-	1
Total	*	**6**
Rent Income		
Sanofi-Synthelabo (India) Private Limited	3	1

* denotes figure less than a million

(₹ in Million)

Particulars	December 31, 2019	December 31, 2018
Loans repaid		
Sanofi Pasteur India Private Limited	500	100
Mr. Ashwani Sood	-	*
Total	**500**	**100**
Loans given		
Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited)	-	450
Sanofi Pasteur India Private Limited	-	600
Total	**-**	**1,050**
Interest income on loans		
Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited)	423	410
Sanofi Pasteur India Private Limited	5	6
Total	**428**	**416**
Expenses recharged by other companies		
Zentiva S.A.	-	48
Sanofi-Synthelabo (India) Private Limited	53	11
Sanofi Winthrop Industrie S.A.	23	-
Sanofi Lanka Limited	40	29
Others	16	10
Total	**132**	**98**
Contribution to In-house Trust for Post Employment Benefits - Provident Fund		
Sanofi India Limited Provident Fund #	289	265
Payment towards Intangibles under development		
Sanofi-Synthelabo (India) Private Limited	9	17
Key Management Personnel Remuneration ##		
Remuneration		
Mr. Rajaram Narayanan	38	35
Mr. Ashwani Sood	5	12
Mr. Lionel Guerin	-	7
Mr. Charles Billard	19	9
Mr. Cherian Mathew	11	-
Mr. Girish Tekchandani	12	11
Total	**85**	**74**
Share based payment		
Mr. Rajaram Narayanan	10	13
Mr. Lionel Guerin	-	3
Mr. Charles Billard	3	2
Mr. Cherian Mathew	*	-
Total	**13**	**18**

Including contribution by employees.
Excludes Provision for Employee Benefits
* denotes figure less than a million

(₹ in Million)

Particulars	December 31, 2019	December 31, 2018
Sitting Fees to Non - Executive Directors		
Mr. Aditya Narayan	*	*
Mr. Rangaswamy R. Iyer	*	*
Ms. Usha Thorat	*	*
Mr. A. K. R. Nedungadi (upto January 15, 2018)	-	*
Dr. Shailesh Ayyangar ###	*	-
Total	**3**	**2**
Commission to Non - Executive Directors		
Mr. Aditya Narayan	2	2
Mr. Rangaswamy R. Iyer	*	*
Ms. Usha Thorat	*	*
Mr. A. K. R. Nedungadi (upto January 15, 2018)	-	*
Dr. Shailesh Ayyangar ###	*	-
Total	**4**	**3**

* denotes figure less than a million

Ceased to be employee of Sanofi Group on 31st October 2019 and have become eligible for sitting fees and commission

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the year ended December 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2018 : Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

vii. Outstanding as at December 31, 2019 (₹ in Million)

Particulars	December 31, 2019	December 31, 2018
Trade Receivables		
Sanofi-Aventis Singapore Pte. Limited	1,416	864
Sanofi-Synthelabo (India) Private Limited	157	183
Others	193	214
Total	**1,766**	**1,261**
Trade Payables		
Sanofi-Aventis Singapore Pte. Limited	1,305	898
Francopia S.A.R.L.	72	344
Others	125	92
Total	**1,502**	**1,334**
Others Payables		
Sanofi-Synthelabo (India) Private Limited	-	42
Sanofi-Aventis Singapore Pte. Limited	35	35
Total	**35**	**77**
Loans receivable		
Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited) (Refer note 1 below)	4,450	4,450
Sanofi Pasteur India Private Limited (Refer note 2 below)	-	500
Mr. Ashwani Sood (Refer note 3 below)	-	5
Total	**4,450**	**4,955**

1) Loans given to Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited) at the rate of interest of 9.5% p.a.

Maximum balance outstanding during the year ₹ 4,450 Million (December 31, 2018 : ₹ 4,450 Million).

The said loans have been proposed to be utilized by Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited) for business purpose.

The Loans have been given against corporate guarantee by Sanofi S.A. France. The Maturity Date of same is April 15, 2021.

2) Loans given to Sanofi Pasteur India Private Limited at the rate of interest of 9.5% p.a. was fully paid during the year.

Maximum balance outstading during the year ₹ 500 (December 31, 2018 : ₹ 600 Million)

The said loans have been proposed to be utilized by Sanofi Pasteur India Private Limited for business purpose.

The Loans have been given against corporate guarantee by Sanofi S.A. France. The Maturity Date of same is April 15, 2021.

3) Given as per the Company's policies for employees.

41 Share Based Payments

Restricted Stock Units (RSU's)

The Company does not provide any equity based compensation to its employees. However, the ultimate holding company, Sanofi SA, France ("the grantor") maintains equity incentive plans that provide for award of restricted share plans to certain employees of the Company. The terms of those plans make the award contingent on the attainment of certain performance criteria which are defined grants. The vesting period of such plans is either three or four years.

The fair value of an equity instrument granted under a plan is the market price of the share at the grant date, adjusted for expected dividends during the vesting period.

Particulars	**December 31, 2019**		**December 31, 2018**	
	Weighted Average grant date fair value (in euro)	**Number of of Units**	**Weighted Average grant date fair value (in euro)**	**Number of Units**
Units outstanding at the beginning of the year	72	56,245	70	60,062
Units granted during the year	68	12,665	66	12,983
Exercised during the year	80	(14,300)	60	(16,800)
Forfeited/expired/lapsed during the year	82	(883)	-	-
Units outstanding at the end of the year	**69**	**53,727**	**72**	**56,245**

Weighted average remaining contractual life of RSUs outstanding at the end of the year

Particulars	**Life in (years)**
As at December 31, 2019	1
As at December 31, 2018	2

Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense are as follows:

(₹ in Million)

Particulars	December 31, 2019	December 31, 2018
Employee share based payment expense	86	81
Total employee share based payment expense	**86**	**81**

42 Employee Benefits

Defined Contribution Plans

The Company makes contributions towards provident fund (Ankleshwar and Nepal), superannuation fund and pension scheme to a defined contribution retirement benefit plan for qualifying employees. The superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Company has recognised the following amounts in the statement of Profit and Loss for the year :

(₹ in Million)

Particulars	December 31, 2019	December 31, 2018
i) Contribution to Employees' Provident Fund (Ankleshwar and Nepal)	5	4
ii) Contribution to Employees' Superannuation Fund	30	32
iii) Contribution to Employee's Pension Scheme, 1995	48	46

Defined Benefit Plans

I) Other long term employee benefits

Compensated absences (included as a part of salaries and wages in Note 31 - Employee benefits)
All eligible employees can carry forward and avail / encash leave as per Company's rules.

Long Service Award (included as a part of salaries and wages in Note 31 - Employee benefits)
Under this scheme, long service benefits accrues to the employees, while in service and is payable upon completion of stipulated services with the Company.

II) Post employment employee benefits plans

A. Gratuity

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.

B. 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.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity and pension plan. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity and Pension plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date:

Actuarial Assumptions

Particulars	Gratuity		Pension Plan	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Discount Rate (per annum)	7.23%	7.76%	7.23%	7.76%
Expected Rate of Return on Plan Assets	7.23%	7.76%	-	-
Salary Escalation rate	9% for the next 1 year, 7% for the next 2 years, and 6% thereafter	9% for the next 1 year, 7% for the next 2 years, and 6% thereafter	9% for the next 1 year, 7% for the next 2 years, and 6% thereafter	9% for the next 1 year, 7% for the next 2 years, and 6% thereafter
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employees attrition rate	1%	1%	1%	1%

Notes:

1) 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.

2) The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance sheet date for the estimated term of the obligation.

i) Reconciliation of present value of obligations ('PVO') – defined benefit obligation: (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Liability at the beginning of the period	693	702	1	2
Interest Cost	54	55	*	*
Current Service Cost	46	47	-	-
Employees Contribution	-	-	-	-
Interest Guarantee	-	-	-	-
Benefits Paid	(92)	(90)	(*)	(*)
Transfer from previous employer's	-	-	-	-
Liability Transfer In	17	-	-	-
Liability Transfer Out	-	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-
Actuarial (gain) / loss on Financial Assumption	41	4	*	*
Actuarial (gain) / loss on Demographic Assumption	-	(4)	-	-
Actuarial (gain) / loss on Experience	59	(21)	(*)	(*)
Liability at the end of the year	**818**	**693**	**1**	**1**

*denotes figure less than a million

ii) **Fair value of Plan Assets** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Fair Value of Plan Assets at the beginning of the year	410	429	-	-
Expected Return on Plan Assets	32	34	-	-
Interest Shortfall paid by the Company	-	-	-	-
Employer's Contributions	107	*	-	-
Employees Contribution	-	-	-	-
Benefits Paid	(59)	(52)	-	-
Transfer from Other Approved Funds	-	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-
Return on plan Asset, Excluding Interest	2	(1)	-	-
Fair Value of Plan Assets at the end of the year	**492**	**410**	**-**	**-**

*denotes figure less than a million

iii) **Amount Recognised in the Balance Sheet** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31 2018
Liability at the end of the year	818	693	1	1
Fair Value of Plan Assets at the end of the year	492	410	-	-
Amount Recognised in the Balance Sheet	**326**	**283**	**1**	**1**

iv) **Expenses Recognised in the Income Statement** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Current Service Cost	46	47	-	-
Interest Cost on benefit obligation (net)	22	21	*	*
Past Service Cost	-	-	-	-
Expected Contribution	-	-	-	-
(Gain) / Losses on Curtailment and Settlement	-	-	-	-
Net Effect of Change in Foreign Exchange Rates	-	-	-	-
Expenses Recognised	**68**	**68**	*	*

*denotes figure less than a million

v) **Expenses Recognised in Other Comprehensive Income (OCI) for current Period** (₹ in Million)

A)	Gratuity		Pension Plan	
Particulars	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Actuarial changes arising from changes in financial assumptions	41	4	*	*
Actuarial changes arising from changes in demographic adjustments	-	(4)	-	-
Actuarial changes arising from changes in experience adjustments	59	(21)	(*)	(*)
Return on Plan Asset, Excluding Interest Income	(2)	1	-	-
Change in Asset Ceiling	-	-	-	-
Net (Income) / Expense for period	**98**	**(20)**	**(*)**	**(*)**

*denotes figure less than a million

B) Also refer note C below	Provident Fund	
Particulars	**December 31, 2019**	**December 31, 2018**
Re-measurement on account of Fair Valuation of Planned Assets	81	-
Interest Short Fall	42	-
Net Expense for year	**123**	**-**

vi) **Maturity profile of defined benefit obligations** (₹ in Million)

Projected Benefits Payable in Future Years	Gratuity		Pension Plan	
From the Date of Reporting	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
1 year (within next 12 months)	53	78	*	*
2 to 5 years	193	185	*	*
6 to 10 years	364	386	1	1

*denotes figure less than a million

vii) **Sensitivity Analysis Gratuity Pension Plan** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Benefit Obligation on Current Assumptions	818	693	1	1
Effect of +0.5% Change in Rate of Discounting	(39)	(31)	(*)	(*)
Effect of -0.5% Change in Rate of Discounting	42	34	*	*
Effect of +0.5% Change in Rate of Salary Increase	42	34	-	-
Effect of -0.5% Change in Rate of Salary Increase	(39)	(32)	-	-
Effect of +0.5% Change in Rate of Employee Turnover	4	5	-	-
Effect of -0.5% Change in Rate of Employee Turnover	(4)	(5)	-	-

viii) Risk exposure :

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below :

Investment risk: If future investment returns on assets are lower than assumed in valuation, the scheme's assets will be lower and the funding level higher than expected.

Changes in bond yields: A decrease in yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Longevity risk: If improvements in life expectancy are greater than assumed, the cost of benefits will increase because pensions are paid for longer period than expected. This will mean the funding level will be higher than expected.

Inflation risk: If inflation is greater than assumed, the cost of benefits will increase as pension increases and deferred revaluations are linked to inflation.

ix) Broad category of Plan assets relating to Gratuity

Particulars	Gratuity	
	December 31, 2019	December 31, 2018
Fund managed by Life Insurance Corporation of India (unquoted)*	100%	100%

*Fund is Managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.

C. Provident Fund (other than Ankleshwar and Nepal)

The Company manages the provident fund through a Provident Fund Trust for its employees (except Staff and Workmen at Ankleshwar and Nepal unit) which are permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Trust equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government of India. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Board of Trustees administers the contributions made by the Company to the schemes and also defines the investment strategy.

The Company has an obligation to service the shortfall on account of interest generated by the fund and on maturity of fund investments and hence the same has been classified as Defined Benefit Plan in accordance with Ind AS 19 "Employee Benefits". As per the Guidance Note from the Actuarial Society of India, the Company has obtained the actuarial valuation of principal loss and interest rate obligation in respect of Provident Fund as at December 31, 2019 and based on the same Loss of Rs. 123 million (Previous Year Nil) on account of re-measurement of fair value of plan assets and on account of interest shortfall is recognised in Other Comprehensive Income.

43 Operating lease

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

Where Company is the lessee: (₹ in Million)

Particulars	December 31, 2019	December 31, 2018
Charged to Statement of profit and loss#	3	1
Not later than one year	1	1
Later than one year but not later than five years	-	-
Later than five years	-	-

#Cars are obtained on operating lease for a period of five years. There are no restrictions imposed by lease arrangements. There are no subleases.

44 In respect of cancellable operating leases, lease charges charged to Statement of Profit and Loss

(₹ in Million)

Particulars	December 31, 2019	December 31, 2018
Car Lease Charges**	40	45
Other Lease Charges**	108	105
Total	**148**	**150**

** Office, Residential Premises and Cars are obtained on operating lease. There is no provision for renewal. There are no restrictions imposed by leased arrangements. There are no subleases.

Where Company is the lessor:

In respect of non-cancellable operating leases (₹ in Million)

Particulars	December 31, 2019	December 31, 2018
Credited to Statement of profit and loss	3	1
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-

45 Other provisions:

Movements in provisions:

(₹ in Million)

Particulars		Class of provisions			
	Indirect tax	Provision for Sales Returns	Provision for DPCO matters	Others	Total
Balance as at January 1, 2019	271 (223)	597 (609)	367 (367)	49 (50)	1,284 (1,249)
Amount provided during the year	90 (113)	494 (845)	- -	- -	584 (958)
Amount written back/paid during the year	8 (65)	473 (857)	- -	5 (1)	486 (923)
Balance as at December 31, 2019	353 (271)	618 (597)	367 (367)	44 (49)	1,382 (1,284)

Note: Figures in brackets are for the previous year.

1. Provision for indirect taxes represents differential excise duty, GST, sales tax 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.
2. Provision for sales returns are on account of expected date expiry and breakages returns based on historical trends.
3. In respect of Provision for DPCO matters, based on the management assessment, the likelihood of any additional outflow is considered as remote.
4. 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.

46 Derivative Instruments and Un-hedged Foreign Currency Exposure:

Particulars of Derivatives Instruments as at Balance sheet date

Particulars of Derivatives	Foreign Currency	December 31, 2019		December 31, 2018	
		Foreign Currency Value	₹ in Million	Foreign Currency Value	₹ in Million
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export of goods and services.	EUR	4,500,000	359	2,500,000	199

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

Particulars	Foreign Currency	December 31, 2019		December 31, 2018	
		Foreign Currency Value	₹ in Million	Foreign Currency Value	₹ in Million
Trade Payables	EUR	12,148,584	972	12,354,331	986
	USD	801,799	57	885,887	62
	GBP	-	-	85,000	8
Trade Receivables	EUR	18,042,601	1,444	11,761,602	938
	USD	1,242,411	89	879,156	61
Cash and Bank Balances	EUR	729,010	58	611,956	49
	USD	147,586	11	225,080	16

47 (a) 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 ₹ 31 Million in 1988 being the liability determined by the Special Team appointed by the Government. However, during 1990, fresh demands aggregating to ₹ 781 Million 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 ₹ 80 Million 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.

(b) National Pharmaceutical Pricing Authority (NPPA) had raised demands on the Company for alleged overcharging of some of its products. The Company had contested the demands by filing writ petitions in the Delhi High Court. The Hon'ble Delhi High Court vide order dated 16th May 2019, without expressing any opinion on the matter, set aside the demands raised and the matter was remanded back to NPPA for considering them afresh in accordance with law.

As a matter of abundant precaution, an amount of ₹ 162 million which had been provided in the books of account in earlier years has been retained. The Company will continue to assess any further developments in this matter.

Based on the management assessment, the likelihood of any additional outflow is considered as remote in respect of above (a) and (b) matters.

48 Micro and Small Enterprises

The Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in Million)

Particulars	December 31, 2019	December 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
(i) Principal Amount	257	178
(ii) Interest thereon remaining unpaid	17	14
Total	**274**	**192**
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 the Micro, Small and Medium Enterprises Development Act, 2006.	3	7
Amount of interest accrued and remaining unpaid at the end of each accounting year; and	3	7
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 Enterprises Development Act, 2006	17	14

49 Disclosure on Corporate Social Responsibility as per the provisions of Section 135 of the Companies Act, 2013

a. Gross amount required to be spent by the Company during the year was ₹ 107 Million (December 31, 2018 ₹ 93 Million)

b. Details of amount spent during the year

(₹ in Million)

Particulars	December 31, 2019			December 31, 2018		
	Paid	Yet to be Paid	Total	Paid	Yet to be Paid	Total
I) Construction / acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (I) above						
a) Towards Public Private Partnership with the Government of Maharashtra to impact outcomes of patients having non-communicable diseases.	*	*	*	*	*	*
b) Towards Diabetes with Dignity	3	2	5	2	-	2
c) Towards Counselling patients to manage their diabetes and create awareness on early detection	76	13	89	68	5	73
d) Towards enhancing skills of students of Cardiology / Cardio-thoracic surgery	-	-	-	5	-	5
e) Towards Employee volunteering - Joy in Outreach	3	-	3	1	-	1
f) Towards Grants / Donation	3	-	3	5	-	5
g) Towards skill development of youth skilled Labour	7	-	7	6	1	7
Total	**92**	**15**	**107**	**87**	**6**	**93**

* denotes figure less than a million

50 In the year 2018, Advent International acquired Zentiva, Sanofi Group's European Generics business. Following this transaction, Zentiva continued to source products ('Zentiva portfolio') from the Company (through Sanofi Group), pursuant to a five years Manufacturing and Supply Agreement ending in 2023. Consequent to this global transaction and in anticipation of the impact of termination of this contract in 2023, the Company initiated a review of its manufacturing strategy and conducted an evaluation of its manufacturing facility at Ankleshwar.

The Board of Directors of the Company at its meeting held on September 10, 2019, approved a transaction for the slump sale and transfer of the Ankleshwar manufacturing facility to Zentiva Private Limited for a consideration of ₹ 2,617 million subject to customary working capital adjustments. The members of the Company approved this transaction by way of a postal ballot on October 30, 2019. Other conditions precedent and approvals from statutory authorities are being worked on and subject to progress as per plan, the transaction is expected to close by March 31, 2020.The products which are not part of the 'Zentiva portfolio', will continue to remain with the Company.

The Company has accounted for an impairment loss and other incidental expenses aggregating ₹ 593 million in the year ended December 31, 2019 which have been disclosed as an Exceptional Item.

Pending conditions precedent to the transaction and approvals from regulatory authorities as at December 31, 2019, the Company has classified the relevant non-current assets of Ankleshwar manufacturing facility as 'Assets Held for Sale'. Until the Ankleshwar manufacturing facility is transferred to Zentiva Private Limited, the Company will continue to invest maintenance capital which will be impaired, while the operating revenues and saving in depreciation will continue to accrue to the Company.

51 Fair value measurements

Financial instruments by category (₹ in Million)

	December 31, 2019			December 31, 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments	-	-	-	-	2	-
Loans	-	-	4,617	-	-	5,172
Trade receivables	-	-	2,240	-	-	1,584
Cash and cash equivalents	-	-	11,199	-	-	8,251
Bank balances other than cash and cash equivalents	-	-	96	-	-	68
Other financial assets	-	-	32	-	-	53
Total financial assets	**-**	**-**	**18,184**	**-**	**2**	**15,128**
Financial liabilities						
Trade payables	-	-	3,689	-	-	3,438
Other financial liabilities	-	-	249	-	-	259
Total financial liabilities	**-**	**-**	**3,938**	**-**	**-**	**3,697**

Set out below, is a comparison by class of the carrying value and the fair value of the Company's financial assets/liabilities, other than those with the carrying amounts that are reasonable approximation of fair values mentioned in Note below.

The fair values mentioned below have been calculated based on discounted cash flows method. These are classified as Level 3 in the hierarchy due to the inclusion of unobservable inputs.

(₹ in Million)

Fair value of financial assets and liabilities measured at amortised cost	December 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortised cost				
Loans	4,602	4,602	5,129	5,129
Other receivables	16	16	16	16
Other deposits	12	12	9	9
Margin money deposits	4	4	28	28
	4,634	**4,634**	**5,182**	**5,182**
Financial assets at fair value through other comprehensive income (FVTOCI)				
Investment in equity instruments (Unquoted)*	-	-	2	2
	-	**-**	**2**	**2**

*For investment in equity instrument made in Narmada Clean Tech Limited (formerly known as Bharuch Eco-Acqua Infrastructure Limited), the cost (i.e. carrying value) represents the best estimate of fair value considering the nature of the investment.

There have been no transfers of amount between Level 1, Level 2 and Level 3 during the year.

Fair value of financial assets / liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, current loans, other financial assets, trade payables, other financial iabilities are considered to be the same as their fair values, as they are current in nature.

The categories used are as follows :

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

52 Financial risk management

The Company's activities expose it to variety of financial risks namely market risk, credit risk and liquidity risk. The Company has various financial assets such as deposits, trade and other receivables and cash and bank balances directly related to their business operations. The Company's principal financial liabilities comprise of trade and other payables. The Company's senior management's focus is to foresee the unpredictability and minimize potential adverse effects on the Company's financial performance. The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows :

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management is carried out by the management in consultation with the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific risk areas.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and from its financing activities including deposits with banks and other financial instruments. The Company establishes an impairment allowance based on expected credit loss model that represents its estimate of incurred losses in respect of trade and other receivables.

(i) Trade and other receivables

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 2,240 million as at December 31, 2019 (December 31, 2018 - ₹ 1,584 million). Trade receivables are typically unsecured and are derived from revenue earned from customers located in India as well as outside India.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry, the country and the state in which the customer operates, also has an influence on credit risk assessment. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Further, significant sales of the Company are against advance payment/collection on delivery terms.

The management continuously monitors the credit exposure towards the customers outstanding at the end of each reporting period to determine incurred and expected credit losses.

The movement in the allowance for credit loss in respect of trade receivables was as follows: (₹ in Million)

	December 31, 2019	December 31, 2018
Opening balance	33	15
Changes in loss allowance	13	18
Closing balance	**46**	**33**

The management believes that no further provision is necessary in respect of trade receivables based on historical trends of these customers.

The aging of trade receivables at the reporting date was as follows :

(₹ in Million)

	December 31, 2019	December 31, 2018
Not yet due	1,948	1,063
Past due 1-90 days	221	356
Past due 90-180 days	49	82
Past due 180-270 days	8	18
Past due above 270 days	60	98
Gross trade receivables	**2,286**	**1,617**
Less: Loss Allowance	(46)	(33)
Net trade receivables	**2,240**	**1,584**

Concentration of credit risk arises when counter parties are engaged in similar business activities or have similar economic features that would cause the ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's exposure to customers is diversified and no single customer has significant contribution to trade receivable balances.

(ii) Cash and cash equivalents and bank balances

The Company held cash and cash equivalents of ₹ 11,199 million as at December 31, 2019 (December 31, 2018 : ₹ 8,251 million) and other bank balances of ₹ 96 million (December 31, 2018 : ₹ 68 million). Credit risk on cash and cash equivalents is limited as these are generally held or invested in deposits with banks and financial institutions with good credit ratings.

(iii) Loans

The Company has given loans to its fellow subsidiaries amounting to ₹ 4,450 million (December 31, 2018: ₹ 4,950 million). These loans are guaranteed by group Company i.e. Sanofi S.A.

The Company's maximum exposure to credit risk as at December 31, 2019 and December 31, 2018 is the carrying value of each class of Financial Assets.

(B) Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended December 31, 2019 and December 31, 2018. Cash Flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The following table shows the maturity analysis of the Company's all non- derivative, contractual financial liabilities based on agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

(₹ in Million)

	Carrying amount	Undiscounted Amount		
		Payable within one year	Payable more than one year	Total
As at December 31, 2019				
Trade Payables	3,689	3,689	-	3,689
Unclaimed dividend	30	30	-	30
Liability of Capital Goods	184	184	-	184
Other Payables	35	35	-	35

(₹ in Million)

	Carrying amount	Undiscounted Amount		
		Payable within one year	Payable more than one year	Total
As at December 31, 2018				
Trade Payables	3,438	3,438	-	3,438
Unclaimed dividend	28	28	-	28
Liability of Capital Goods	154	154	-	154
Other Payables	77	77	-	77

(C) Management of Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks namely interest rate risk, currency risk and other price risk, such as commodity risk. The Company is not exposed to interest rate risk and other price risk whereas the exposure to currency risk is given below :

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates and arises where transactions are done in foreign currencies. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies including use of derivatives like foreign exchange forward contracts to hedge foreign currency risk (refer Note 46). The Company does not enter into financial instrument transactions for trading or speculative purposes. The Company's exposure to foreign currency risk at the end of reporting periods in ₹ as follows :

(₹ in Million)

Particulars	December 31, 2019		
	EUR	USD	GBP
Trade receivables	1,444	89	-
Cash and cash equivalents	58	11	-
Trade payables	(972)	(57)	-
Forward Exchange contracts	(359)	-	-
Net exposure	**172**	**42**	**-**

(₹ in Million)

Particulars	December 31, 2018		
	EUR	USD	GBP
Trade receivables	938	61	-
Cash and cash equivalents	49	16	-
Trade payables	(986)	(62)	(8)
Forward Exchange contracts	(199)	-	-
Net exposure	**(198)**	**15**	**(8)**

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:

(₹ in Million)

	Impact on profit after tax	
	December 31, 2019	**December 31, 2018**
USD Sensitivity		
INR/USD increase by 1% (December 31, 2018 - 1%)#	*	*
INR/USD decrease by 1% (December 31, 2018 - 1%)#	(*)	(*)
EUR Sensitivity		
INR/EUR increase by 1% (December 31, 2018 - 1%)#	1	(1)
INR/EUR decrease by 1% (December 31, 2018 - 1%)#	(1)	1
GBP Sensitivity		
INR/GBP increase by 1% (December 31, 2018 - 1%)#	(*)	(*)
INR/GBP decrease by 1% (December 31, 2018 - 1%)#	*	*

Holding all other variables constant
* denotes figure less than a million

53 Capital management

(a) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The current capital structure of the Company is equity based with no financing through borrowings. The Company is not subject to any externally imposed capital requirement.

No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2019 and December 31, 2018.

(b) Dividend (₹ in Million)

	December 31, 2019	December 31, 2018
(i) Equity shares		
Final dividend for the year ended December 31, 2018 : ₹ 66 (December 31, 2017 : ₹ 53) per fully paid up share	1,520	1,221
Dividend Distribution Tax on final dividend.	312	251
Interim dividend for the year ended December 31, 2019 : ₹ Nil (December 31, 2018 : ₹ 18) per fully paid up share	-	415
Dividend Distribution Tax on final dividend.	-	85
(ii) Dividends not recognised at the end of the reporting period		
In addiion to the above dividends, subsequent to the year end the Board of Directors have recommended the payment of a final dividend of ₹ 349 per fully paid equity shares (December 31, 2018 : ₹ 66). This proposed dividend is subject to approval of shareholders in the ensuing annual general meeting.	8,038	1,520
Dividend Distribution Tax on proposed dividend.	-	313

54 With effect from January 1, 2019, the Company has adopted Ind AS 115 – Revenue from Contracts with Customers which resulted in adjustments to the amounts recognised in the financial statements in the form of reclassification. In accordance with the transition provisions in the Ind AS 115, the company has adopted the modified retrospective method. Accordingly, comparative information for prior period has not been restated.

(₹ in Million)

Statement of Profit and Loss accounts (Extract)	Without adoption of Ind AS 115	Increase / (Decrease)#	Balance as reported
Revenue from operartions			
Sales of Products and services	30,353	(250)	30,103
Other Operating Income	353	250	603
Total Revenue from operations	**30,706**	**-**	**30,706**

#It represents Freight recovered from customers on account of separate performance obligation.

Balance Sheet (Extract)	Without adoption of Ind AS 115	Increase / (Decrease)	Balance as reported
Other Current Liabilities			
Contract Liabilities##	-	74	74
Advances from customers	74	(74)	-
Total Current Liabilities	**74**	**-**	**74**

Contract Liabilities represents Advance received from customer for sale of Products.

55 Previous year comparative figures have been regrouped wherever necessary.

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

As per our report of even date

For Price Waterhouse & Co.
Chartered Accountants LLP
Firm Registration No. : 304026E/E-300009

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 25, 2020

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 25, 2020

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 25, 2020

Charles Billard
Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 25, 2020

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 25, 2020

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Sanofi India Limited: Sanofi House, CTS No.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072.