

SANOFI INDIA LIMITED

Corporate Identity No.L24239MH1956PLC009794
Registered Office: 54/A, Sir Mathuradas VasANJI Road, Andheri East, Mumbai 400093
Website: www.sanofiindialtd.com Email: igrc.sil@sanofi.com
Tel no. (022) 28278000 Fax no.(022) 28370939

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Ninth Annual General Meeting of the Members of Sanofi India Limited will be held on Wednesday, 29th April 2015 at 2:30 p.m. at Y. B. Chavan Centre - Auditorium, Gen J. Bhosale Marg, near Sachivalaya Gymkhana, Nariman Point, Mumbai - 400021 to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the financial statements of the Company for the year ended on 31st December 2014 including the audited Balance Sheet as on 31st December 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
- To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT an Interim Dividend for the year ended 31st December 2014 of Rs. 10 per equity share of Rs. 10 paid to the Members whose names appeared on the Register of Members on 1st August 2014 be and the same is hereby approved and confirmed.
RESOLVED FURTHER THAT Final Dividend for the year ended 31st December 2014 of Rs. 24 per equity share of Rs. 10 and a Special One-time Dividend of Rs. 11 per equity share of Rs. 10 be paid to:
 - those Members whose names appear on the Register of Members of the Company on 29th April 2015; and
 - those whose names appear as beneficial owners as at the close of business on 17th April 2015, as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited."
- To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED that M/s. S R B C & CO. LLP, Chartered Accountants (Firm Registration No.324982E), the retiring Auditors be re-appointed as Auditors of the Company pursuant to Section 139 of the Companies Act, 2013, (the "Act"), the Companies (Audit and Auditors) Rules, 2014 and such other applicable provisions, if any, of the Act or Rules framed thereunder from the conclusion of this Annual General Meeting till the conclusion of the Sixty-first Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any, to the said Auditors."

SPECIAL BUSINESS

- To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED that Dr. S. Ayyangar (DIN 00268076) who had been appointed a Director of the Company on 25th October 2005 as a Non-Retiring Director, and who, in terms of the provisions of the Companies Act, 2013, retires by rotation, and who is eligible for appointment and in respect of whom the Company has received a notice, in writing, from a Member under Section 160 of the Companies Act, 2013, signifying his intention to propose Dr. S. Ayyangar as a candidate for the office of Director of the Company, be and is hereby appointed a Director of the Company."
- To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. F. Briens (DIN 03472959) who was appointed a Director of the Company with effect from 23rd August 2011 in the casual vacancy caused by the resignation of Mr. F. X. Duhalde and who, in terms of Section 161 of the Companies Act, 2013 holds office upto the date of this Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice, in writing, from a Member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. F.Briens as a candidate for the office of Director of the Company, be and is hereby appointed a Director of the Company."
- 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 hereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, M/s. N. I. 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 ended 31st December 2014; and
 - the financial year ending 31st December 2015

be paid remuneration of Rs.3 lakhs and Rs.3.30 lakhs, respectively for the aforesaid financial years, plus service 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."

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

"RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 and the provisions of Clause 49 VII of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force, approval of the Company be and is hereby accorded to the Board of Directors, entering into contracts / arrangements / transactions with sanofi-aventis Singapore Pte. Ltd., Singapore, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and Clause 49 VII of the Listing Agreement for purchase, sale, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services or other obligations, if any, on such terms and conditions as may be mutually agreed upon between the Company and sanofi-aventis Singapore Pte. Ltd., for an amount not exceeding in aggregate Rs. 11,000 million (Rupees Eleven Thousand million only) in each financial year.

RESOLVED FURTHER THAT consent of the Company is accorded for ratification of the aforesaid related party transactions already entered into by the Company exceeding the threshold limits as specified in Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and which are material in nature in terms of Clause 49 of the Listing Agreement.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things , settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, finalise the terms and conditions as may be considered necessary, expedient or desirable and execute such agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution in the best interest of the Company."

By Order of the Board

K. SUBRAMANI
COMPANY SECRETARY

Registered Office:
54/A, Sir Mathuradas VasANJI Road,
Andheri East,
Mumbai - 400093

Mumbai, 9th March 2015

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING OF THE COMPANY IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER.

A person can act as proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and same person shall not act as Proxy for any other person or shareholder.

The instrument appointing the Proxy, duly completed and signed, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. A Proxy does not have the right to speak at the meeting and can vote only on a poll.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business listed in item nos. 4 to 7 of the Notice is annexed hereto and forms part of this Notice.
3. The Register of Members of the Company shall remain closed from Saturday, 18th April 2015 to Wednesday, 29th April 2015 (both days inclusive).
4. (i) The Company has transferred all unclaimed dividends upto the financial year ended 31st March 1995 to the General Revenue Account of the Central Government as required under Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrants for the said years are requested to claim the amount from the Registrar of Companies, Maharashtra.
- (ii) Pursuant to Section 205A and 205C of the Companies Act, 1956, unclaimed dividends upto the Interim Dividend for the year ended 31st December 2007 have been transferred to the Investor Education and Protection Fund (IEPF).

In terms of the Companies Act, any dividend remaining unclaimed for a period of seven years from the due date of transfer to the Unpaid Dividend account is required to be transferred to the IEPF.

Members shall not be able to claim any unpaid or unclaimed dividend from the IEPF or the Company thereafter.

Members who have not encashed their dividend warrants towards the Final Dividend for the year ended 31st December 2007 or thereafter are requested to write to Company's Registrars and Transfer Agents.

Members are requested to note that the Final Dividend for the year ended 31st December 2007 declared at the Annual General Meeting held in April 2008 is due to be transferred to the IEPF in May 2015.

5. Members seeking clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the date of the Meeting. This would enable the Company to compile the information and provide replies in the meeting.
6. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management & Administration) Rules, 2014, 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.

The Board of Directors has appointed Mr. S. N. Ananthasubramanian, a Practising Company Secretary (FCS 4206, CP 1774) as Scrutinizer for conducting the electronic voting process in a fair and transparent manner. The Scrutinizer shall submit his report, to the Chairman, on the votes cast in favour or against, if any, within a period of three working days from the date of conclusion of the e-voting period.

7. E-voting Facility:

- (i) The e-voting period commences on Thursday, 23rd April 2015 (9 a.m.) and ends on Saturday, 25th April 2015 (5 p.m.). The e-voting module shall be disabled for voting thereafter.
- (ii) The Company has engaged Central Depository Services (India) Limited ("CDSL") to offer e-voting facility to all its Members to enable them to cast their vote electronically. This notice is being sent to all the Members, whose names appear in the Register of Members / Records of Depositories as on the close of working hours on March 20, 2015 i.e. the cut-off date. Voting rights will be reckoned on the paid-up value of the shares registered in the name of the members as on the cut-off date. E-voting is optional for Members. The Notice of the Annual General Meeting is sent electronically to all the shareholders who have registered their email addresses with the Company / Depositories and to the other shareholders by Speed Post / Registered Post / Courier.
- (iii) Members desiring to exercise their vote by using e-voting facility, should carefully follow the instructions given below.
 - (a) The shareholders should log on to the e-voting website: www.evotingindia.com
 - (b) Click on Shareholders Tab.
 - (c) 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.

Next enter the Image Verification as displayed and Click on Login

If you are holding shares in demat form and had logged on to www.evotingindia.com and have cast your vote earlier for EVSN of any company, then your existing password is to be used.

If you are a first time user, follow the steps given below and fill the appropriate boxes:

For Members holding shares in Demat Form and Physical Form:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (in capital) (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> o Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. The Sequence Number is printed on the Attendance Slip. o In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. # Please enter the DOB or Dividend Bank Details in order to login. If 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)(c).

- (e) After entering these details appropriately, click on "SUBMIT" tab.
 - (f) Members holding shares in physical form will then directly reach the EVSN 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.
 - (g) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (h) Click on the relevant EVSN for Sanofi India Limited on which you choose to vote.
 - (i) 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.
 - (j) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (k) 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.
 - (l) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (m) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - (n) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (o) Note for Non - Individual Shareholders and Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and signature of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - 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.
8. Pursuant to Section 107 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, there will not be voting by show of hands on any of the agenda items at the Meeting and poll will be conducted in lieu thereof.

PROFILE OF DIRECTORS BEING APPOINTED

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

1. Name : Dr. Shailesh Ayyangar
- Age : 60 years
- Qualification : Doctor of Veterinary Medicine and MBA from the Indian Institute of Management, Ahmedabad.
- Experience : Dr. Ayyangar held senior Sales and Marketing positions in Smithkline Beecham Pharmaceuticals and Glaxosmithkline in India and Great Britain. He was also a Wholetime Director of Smithkline Beecham Pharmaceuticals before its merger with Glaxo. He was Head of a business unit in Smithkline Beecham UK for over 4 years.

Dr. Ayyangar became a Non-Retiring Director of the Company from 25th October 2005. He was designated by the Board of Directors as the Managing Director for a period of five years from the said date.

The Members of the Company had, by a resolution passed at the Annual General Meeting held on 26th April 2011, approved his re-appointment as Managing Director for a further period of five years from 25th October 2010.

He is a member of the Corporate Social Responsibility Committee of the Company.

Other Directorships (as on 20th February 2015)

<u>Name of the company</u>	<u>Position held</u>
Sanofi-Synthelabo (India) Limited	Managing Director
Merial India Private Limited	Director
Apollo Sugar Clinics Limited	Director
Sanofi Lanka Limited	Director
Organisation of Pharmaceutical Producers of India	President

Membership of Committees

<u>Name of the company</u>	<u>Member of Committee</u>
Sanofi-Synthelabo (India) Limited	Audit Committee

Dr. Ayyangar does not hold any shares in the Company.

2. Name : Mr. F. Briens
- Age : 55 years
- Qualifications : Master in Economic Sciences, Graduate of Institute Supérieur de Gestion (Paris)
Master in Business Administration (University of San Francisco)
- Experience : Mr. Briens joined in the Sanofi Group in March 1988 as an Internal Auditor. Since then, he served in a variety of positions including Director of Controlling in the USA and CFO Interlatina Zone in Panama.

After the merger with Synthelabo, he was nominated Deputy Director in the Audit department and then CFO for the Latin America Region.

In January 2000, he was appointed to his current position as Vice-President, Chief Financial Officer for the Intercontinental Region of Sanofi.

He was appointed a Director of the Company from 23rd August 2011.

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

Other Directorships as on 20th February 2015

<u>Name of the company</u>	<u>Position held</u>
Sanofi-Synthelabo (India) Limited	Director
Sanofi Lanka Limited	Director
Sanofi - Aventis Gulf FZE	Director
Sanofi - Aventis Pakistan Limited	Director
Zao Aventis Pharma	Director
Winthrop Ilac AS	Director

Membership of Committees

<u>Name of the company</u>	<u>Member of Committee</u>
Sanofi-Synthelabo (India) Limited	Audit Committee

EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 sets out all material facts relating to the business mentioned in item nos. 4 to 7 in the accompanying Notice of the Annual General Meeting.

1. Item No. 4

Dr. S. Ayyangar was appointed a Non-Retiring Director of the Company on 25th October 2005. The Board of Directors designated him as the Managing Director for a period of five years from the said date.

The Members of the Company had, by a resolution passed at the Annual General Meeting held on 26th April 2011, approved his re-appointment as Managing Director for a further period of five years from 25th October 2010.

In view of the provisions of the Companies Act, 2013 which stipulate that the Independent Directors shall not be liable to retire by rotation and that two thirds of the remaining Directors shall be subject to retirement by rotation, Dr. S. Ayyangar, having been longest in office, is liable to retire at this Annual General Meeting and is eligible for election. A notice, in writing, under Section 160 of the Companies Act, 2013 has been received from a Member of the Company signifying his intention to propose Dr. Ayyangar as a candidate for the office of Director.

The Directors are of the opinion that Dr. Ayyangar's knowledge and experience will be of benefit to the Company.

The Board of Directors, therefore, recommends that the Resolution set out at item no. 4 of the Notice convening the meeting be approved and passed.

No Director, Key Managerial Personnel or their relatives, except Dr. S. Ayyangar to whom this resolution relates is interested or concerned in the resolution set out at item no. 4 of the Notice.

2. Item No. 5

Mr. F. Briens was appointed a Director of the Company with effect from 23rd August 2011 in the casual vacancy caused by the resignation of Mr. F. X. Duhalde. He holds office upto the date of this Annual General Meeting and is eligible for election.

A notice, in writing, under Section 160 of the Companies Act, 2013 has been received from a Member of the Company signifying his intention to propose Mr. F. Briens as a candidate for the office of Director.

Mr. Briens is presently Vice-President Chief Financial Officer of the Intercontinental region of Sanofi. He has wide ranging experience in the pharmaceutical industry.

The Directors are of the opinion that his knowledge and experience will be of benefit to the Company.

The Board of Directors, therefore, recommends that the Resolution set out at item no. 5 of the Notice convening the meeting be approved and passed.

No Director, Key Managerial Personnel or their relatives, except Mr. Briens to whom this resolution relates is interested or concerned in the resolution set out at item no. 5 of the Notice.

3. Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. N. I. 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 ended 31st December 2014 and the financial year ending 31st December 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 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 passing an Ordinary Resolution as set out at item no. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ended 31st December 2014 and financial year ending 31st December 2015.

The Board recommends the approval of the remuneration payable to M/s. N. I. 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 or their relatives are in any way concerned or interested in the passing of the resolution.

4. Item No. 7

The Company is *inter alia*, engaged in the business of manufacturing, marketing, trading, import and export of pharmaceutical products. The Company in the ordinary course of its business, imports various products and active pharmaceutical ingredients from / and also exports its products to sanofi-aventis Singapore Pte. Ltd., Singapore.

sanofi-aventis Singapore Pte. Ltd. is a 'Related Party' within the meaning Section 2 (76) of the Companies Act, 2013 and Clause 49 VII of the Listing Agreement.

Transactions for purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations from and export of products to sanofi-aventis Singapore Pte. Ltd. are deemed to be 'material' in nature as defined in Clause 49 VII of the Listing Agreement as they may exceed 10% of the annual turnover of the Company consequent on future business projections. Thus, in terms of explanation (ii) to Clause 49 VII (E) of the Listing Agreement, these transactions would require the approval of the Members by way of a Special Resolution.

The particulars of the contracts / arrangements / transactions are as under:

Particulars	Information
Name of the Related Party	sanofi-aventis Singapore Pte. Ltd.
Name of Director(s) or Key Managerial Personnel who is related	None
Nature of Relationship	The Company and sanofi-aventis Singapore Pte. Ltd., are both indirect subsidiaries of Sanofi SA, France
Material terms the Contracts / arrangements / transactions	Purchase, export, transfer or receipt of products, goods, active pharmaceutical ingredients, materials or other obligations on arm's length basis
Monetary Value	a) Not-exceeding Rs. 6400 million in each financial year towards purchases of products, active pharmaceutical ingredients, materials, etc. b) Not exceeding Rs. 4600 million in each financial year towards export of products
Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions would meet the arm's length standard in the opinion of the Company's Transfer Pricing Consultants	Yes
Whether the transactions have been approved by Audit Committee and the Board of Directors	Yes
Any other information relevant or important for the Members to make a decision on the proposed transactions	None

The annual value of the transactions proposed is estimated on the basis of the Company's current transactions and future business projections.

The Company's ultimate holding company, Sanofi SA of France has discovered, developed, acquired and/or licensed certain products and active pharmaceutical ingredients. sanofi-aventis Singapore Pte. Ltd. has the rights to manufacture, promote, market, distribute and/or sell the same for the Asia Pacific Region.

The Company imports finished products for sale in India and also imports active pharmaceutical ingredients for manufacture of products in India from sanofi-aventis Singapore Pte. Ltd. which has granted to the Company the exclusive right to use the trademarks and/or the intellectual property rights in the products free of cost for sale in India.

Similarly, products manufactured in India by the Company are exported to other countries through sanofi-aventis Singapore Pte. Ltd.

The Board is of the opinion that the transactions of purchase of products, active pharmaceutical ingredients from/ export of products to sanofi-aventis Singapore Pte. Ltd. are in the best interests of the Company.

The Board, therefore, recommends the Special Resolution set out in Item No. 7 of the Notice for the approval of the Members in terms of Clause 49VII(E) of the Listing Agreement.

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

K. SUBRAMANI
COMPANY SECRETARY

Registered Office:
54/A, Sir Mathuradas VasANJI Road,
Andheri East,
Mumbai - 4000093

Mumbai, 9th March 2015

Making
IN
INDIA
SINCE 1950



59TH ANNUAL REPORT 2014
SANOFI INDIA LIMITED



FOREWORD

India is today a pulsating nation!

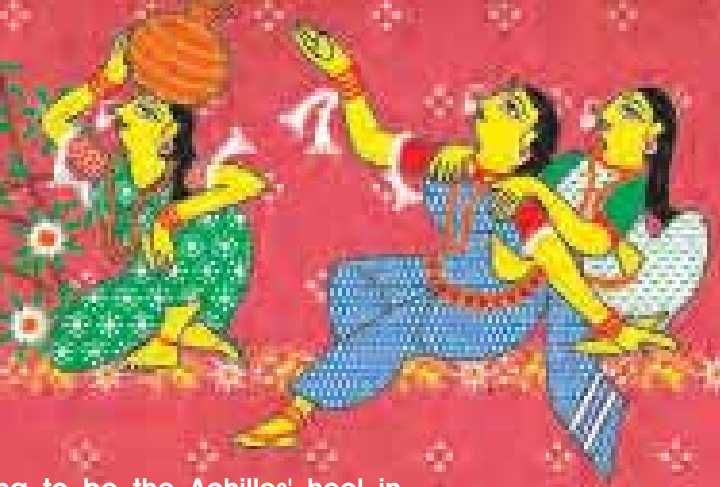
The new Government has ushered in an era of hope and development, and a vision to create a bustling and robust economy for India. Identifying health as one of its key priority areas, the Government has sent an encouraging sign to India's vibrant pharmaceutical industry which is ready and eager to collaborate towards making quality and affordable healthcare available for all.

An initiative that has particularly galvanized the entire country is 'Make in India'. Led by our honourable Prime Minister this campaign is designed to transform India into a global manufacturing hub.

It gives us immense pride to share that Sanofi has been 'making in India' since 1956! Through our state-of-the-art manufacturing sites in Ankleshwar and Goa. Sanofi India has over the years, worked with a single-minded focus, to provide patients with maximum quality and safety. Our long-standing technical experience in the country has helped us develop expertise in diverse areas such as producing Active Pharmaceutical Ingredients (APIs), manufacturing and handling large quantities of formulations and exporting to more than 40 countries. In addition to **'creating capacity'**, your Company's **'Make in India'** efforts of over six decades include **'nurturing skills'**, **'spreading hope'**, **'fostering relationships'** and **'igniting change'**.

In this 59th Annual Report, we proudly present these to you, alongside exclusive Indian art forms that depict lesser-known inventions that have originated at the grass-root level of our powerhouse nation.

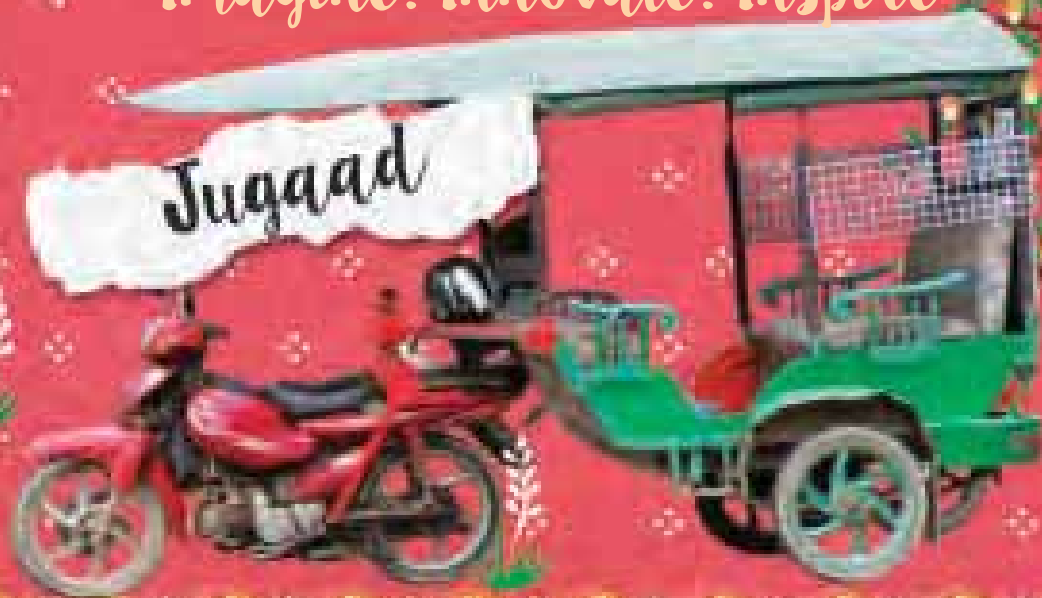
An ode to the rich heritage and diverse culture of a country that stands poised to unleash its true potential!



Transportation was proving to be the Achilles' heel in villages, with increasing fuel and spare parts costs.

Meagre resources combined with several innovative actions resulted in 'Jugaad', revolutionising transportation in many villages. Powered by diesel engines originally intended for agricultural irrigation pumps and made entirely of re-used scrap materials, Jugaad can ferry up to 20 passengers at a time.

Imagine. Innovate. Inspire



Art form depicted: Pattachitra, Odisha

Source: <http://en.wikipedia.org/wiki/Jugaad>

Kind courtesy: National Innovation Foundation - India, an autonomous body of the Department of Science and Technology, Government of India, which provides institutional support to grassroots innovators and outstanding traditional knowledge holders, from the unorganised sector of the society.



CREATING CAPACITY

MAKING
'BEST IN CLASS'
MANUFACTURING
FACILITIES
AVAILABLE IN
INDIA

Your Company has one of the strongest industrial footprints in India, steadily contributing to its ever-growing capacities and capabilities.

The Sanofi Industrial Affairs Team has, over the years, worked with a single-minded focus to provide medicines that are safe and of excellent quality. Our long-standing technical experience in the country has helped us develop expertise in diverse areas such as producing Active Pharmaceutical Ingredients (API), manufacturing and handling large quantities of formulations and exporting to more than 40 countries.

Your Company's two manufacturing sites at Ankleshwar and Goa produce more than eight billion tablets annually.

The **USFDA & AFFAPS** approved Ankleshwar site has the dual accomplishment of having both, Chemistry and Pharmaceutical manufacturing facilities in one location.

2014 was a stellar year for Industrial Affairs at Sanofi India

Our manufacturing abilities continued to break new ground, delivering a volume of 440 million boxes comprising 8.5 billion units of tablets and capsules, 145 million units of vials and ampoules, 34 million units of creams and ointments, and 20 million units of liquids.



- In 2014, the Goa site produced a total of 3.28 billion tablets.
- Your Company's Ankleshwar site was awarded 'The Gujarat State Safety Award - 2013' by Gujarat Safety Council in group 'B' of Drug & Pharmaceuticals, Food and Dairy products category.



- In 2014, we marked the production of **1 million units of AllStar™**, your Company's world-class, innovative and indigenously manufactured reusable insulin pen.

- Project Windmill**, initiated in 2014, will make a contribution to climate change through an annual reduction of ~4500 tonnes of Co₂ emission.





New projects were initiated in Goa and Ankleshwar

Project Ginger in Ankleshwar created an added capacity equivalent to 1 billion tablets, to accommodate the expansion of capacities for future volumes.

A feather in our cap - **Pragati II**, a magnificent facility in Goa for tablet manufacturing with an increased capacity to manufacture 2.5 billion tablets a year.

Compliance with various regulatory requirements was ensured at a high level:

- ❑ The Ankleshwar site successfully completed the first surveillance audit of Integrated Management System for ISO 14001 & OHSAS 18001, and the Goa site successfully completed its second surveillance audit of ISO 14001 and OHSAS 18001.
- ❑ The Goa site also successfully cleared UK-MHRA GMP (Good Manufacturing Practices) Inspection.

People initiatives included:

- ❑ 'Aarohan' - a year-long initiative was rolled out at the Ankleshwar site to build capabilities of the young and talented pool of front-line executives, enhance effectiveness, promote work values, and set up a learning culture in the organisation.
- ❑ An in-house coaching initiative was kicked off with an aim to build capabilities at all levels, and help people learn and grow as a part of their daily interactions. External coaches were also hired to work with a few senior managers to build a talent pipeline.
- ❑ A Development Programme 'Taking the Lead' was conducted for first line Supervisor associates. The associates learnt about behavioural and legal aspects of working with the Operator staff.

Your Company was recognised for its excellent contribution to Pharmaceutical Exports in India.

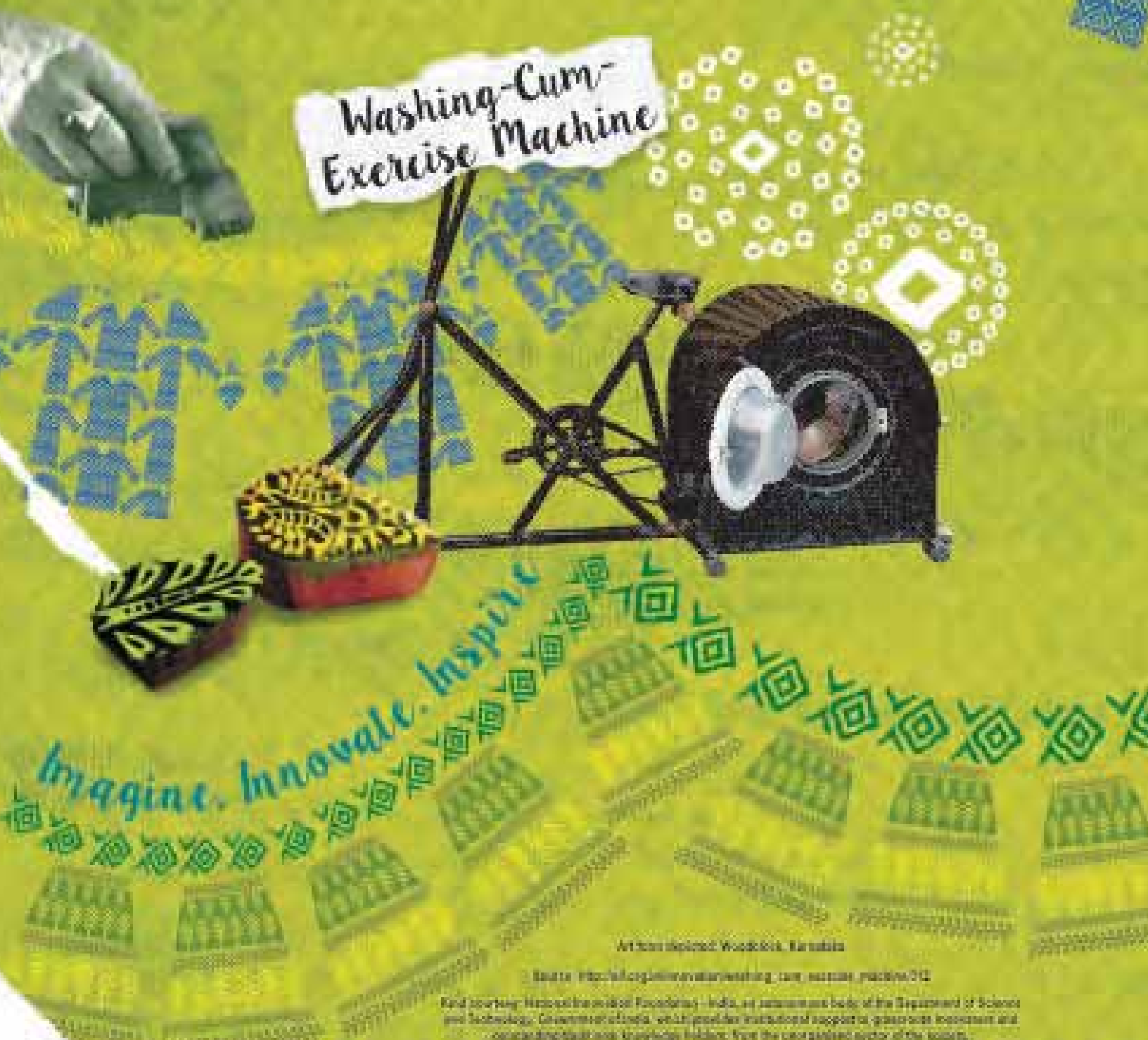


- ❑ Your Company has a large exports business which ranges from APIs, intermediates and a wide variety of formulations.

All those who wash clothes by hand have often wished for a washing machine that is cheap. But then, frequent power cuts, particularly in the rural regions, would make it difficult for one to use - even a low-cost electric washing machine.

Remya Jose, then a class 11 student, thought of an ingenious solution and developed a washing machine that needs to be pedaled to operate. Clothes are not the only thing that will get washed away.


Washing-Cum-Exercise Machine



Art from inspired Woodstock, Karnataka

Source: <https://www.innovativewashing.com/washing-machine-01>

Fund courtesy: National Innovation Foundation - India, an autonomous body of the Department of Science and Technology, Government of India, which provides financial support to grassroots innovators and associated institutions/knowledge holders from the unorganised sector of the economy.



nurturing
SKILLS



MAKING
OPPORTUNITIES
AND
DEVELOPING
TALENT IN
INDIA

With close to 3500 employees in 2014, your Company has - over the years - been contributing to build human resource capabilities in India.

Sanofi India believes that 'people' are essential to deliver performance, and determine your Company's success. Hence, we take steps to empower our employees, and enable each individual to reach his/her full potential and career aspirations. We aim to build a high quality pipeline of talented people who work with passion and purpose to support your Company's vision and business objectives.

In 2014, your Company continued to roll out its flagship people development programmes.



DISHA

Capability development for Field Force

IMPETUS

Future role capability building workshops for front line Sales Executives

MANAGERIAL EXCELLENCE

Workshops organised for new Area Managers to equip them with essentials of people management

JAN-DIVAS

Forum for Policy Education, Query Resolution and Inspiration for the Field Force

Significant steps were taken in 2014 by your Company to effectively drive 'Gender Balance'



Gender Diversity has a direct impact on our business as it reflects our customer base and the people we serve, thereby making us more creative, productive and competitive as an organisation.

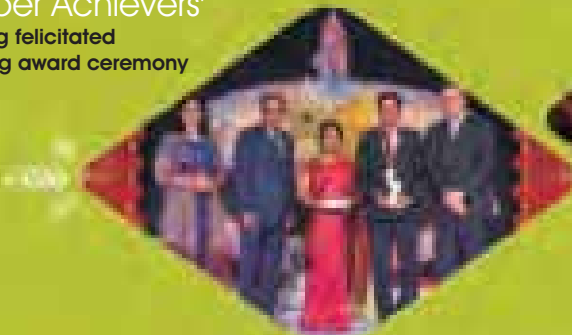
Through forums such as 'International Women's Day', 'Mentoring programmes', 'Networking sessions', and the first-ever 'Women of Sanofi' initiative that brought together Sanofi India women sales colleagues, your Company provided employees the opportunity to discuss, share and learn more about 'Diversity and Gender Balance - its need and benefits.

The 'Women of Sanofi' seminar also saw inspiring addresses by women leaders from external organisations, an exciting speed networking session wherein your Company's dynamic women sales colleagues interacted with facilitators comprising Sanofi senior leadership, head office participants and external facilitators, and also underwent a practical training workshop on self-defense.

Further, a Diversity Board has been constituted towards ensuring a sustained focus towards the Gender Balance agenda.

WE ALSO CELEBRATED OUR PERFORMANCE AND OUR PEOPLE

Sales 'Super Achievers'
being felicitated
at a glittering award ceremony



'Game Changer'
awards to felicitate individuals and
cross-functional project teams for going
beyond their day-to-day responsibilities, and
driving innovation across activities and processes

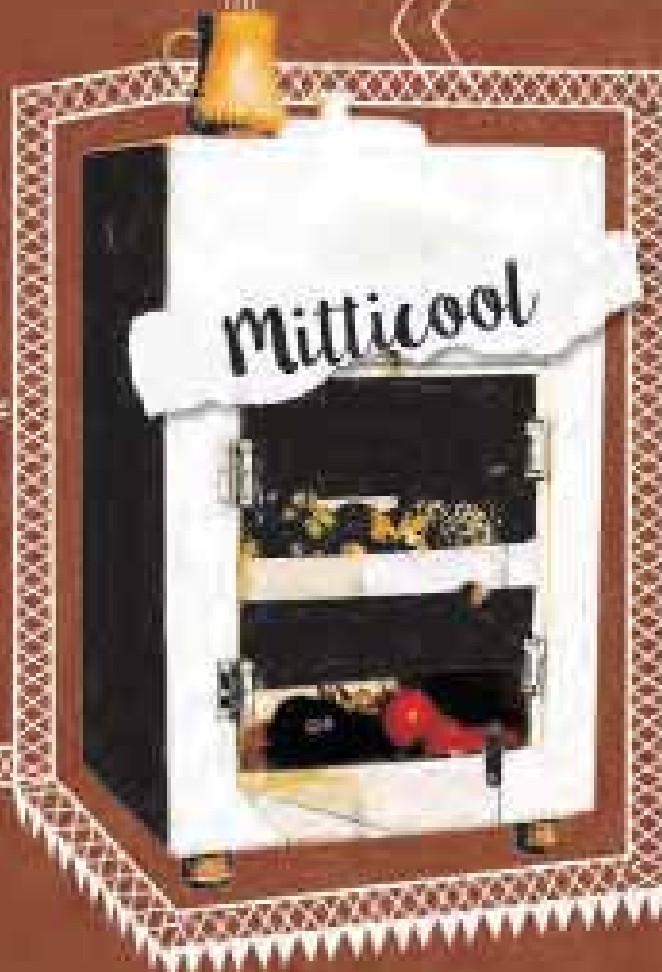


Celebrating
Team Work
and bonding with
the extended Sanofi family

Imagine. Innovate. Inspire

In the aftermath of the Gujarat earthquake of 2001, an image of a broken refrigerator planted a seed for the creation of a low-cost refrigerator that works without electricity.

Mansukhbhai Prajapati's 'Mitticool' refrigerator, made of a specific type of terracotta clay with numerous pores on its walls, works without any form of electricity. Water circulates through the pores and eventually evaporates, lowering the temperature of the clay, and keeping things cool!



Art form depicted: Warli, Maharashtra

Source: <http://nif.org.in/innovation/mitti-cool-refrigerator/751>

Kind courtesy: National Innovation Foundation - India, an autonomous body of the Department of Science and Technology, Government of India, which provides institutional support to grassroots innovators and outstanding traditional knowledge holders, from the unorganised sector of the society.



spreading
hope

MAKING
PRODUCTS,
PROGRAMMES
AND INITIATIVES
TO IMPACT
HEALTHCARE IN
INDIA



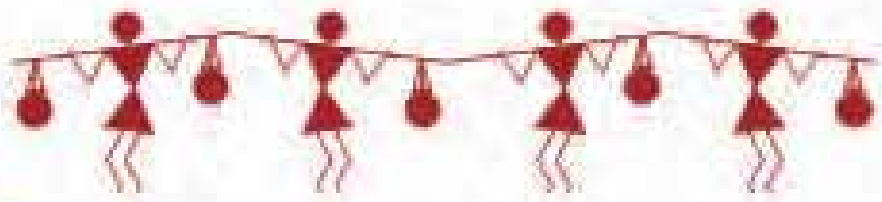
Over the last six decades, your Company has grown from strength to strength, keeping the needs of patients at the heart of its health initiatives, new products and services.

This journey of spreading hope witnessed the launch of

New therapeutic solutions



Telsite™ AM H, an anti-hypertensive, was launched by the Cardiology team for the treatment of hypertension, a growing health problem in India.



The Diabetes team strengthened its oral anti-diabetic portfolio with the launch of **Amaryl® MV**, a combination indicated for treatment of patients suffering from Type II diabetes mellitus with post prandial hyperglycemia.



Apidra
rapid acting

Fast. Flexible. Physiological.

Further, the Diabetes team extended the benefit of one of its leading rapid-acting insulin brands, **Apidra**®, to a larger number of patients with the launch of teal-colored AllStar™ (reusable insulin pen) for use with Apidra® cartridges.



Your Company's Consumer Healthcare Team launched DePURA™ a supplement, indicated for Vitamin D deficiency, estimated to be affecting 80% of healthy Indians.



The **Consumer Healthcare Team** also embarked on a new initiative - 'Change feels good' in order to build a consistent packaging architecture for your Company's entire Nutraceuticals range. Consumers will now be able to take home their trusted brands in an attractive, appealing and refreshing new avatar that can be easily identified as part of the Sanofi range.

Health Awareness and Education initiatives

In 2014, your Company worked towards raising awareness on Juvenile or Type 1 diabetes. In association with the Public Health Foundation of India (PHFI), HRIDAY (Health Related Information Dissemination Amongst Youth), and International Diabetes Federation (IDF), a **KiDS (Kids and Diabetes in Schools) 'School Diabetes Information Pack'** designed for India was rolled out in public and private schools in New Delhi. This initiative is a school-based intervention that aims to counteract diabetes related discrimination and foster a supportive learning environment in schools around both types of diabetes. The specially designed 'School Diabetes Information Pack' - which reached out to approximately 3,00,000 students, teachers and families in 2014 - offers information on diabetes management to children with diabetes, as well as teachers and parents of children with diabetes, also suggesting interesting extra-curricular activities to engage children on the issue.

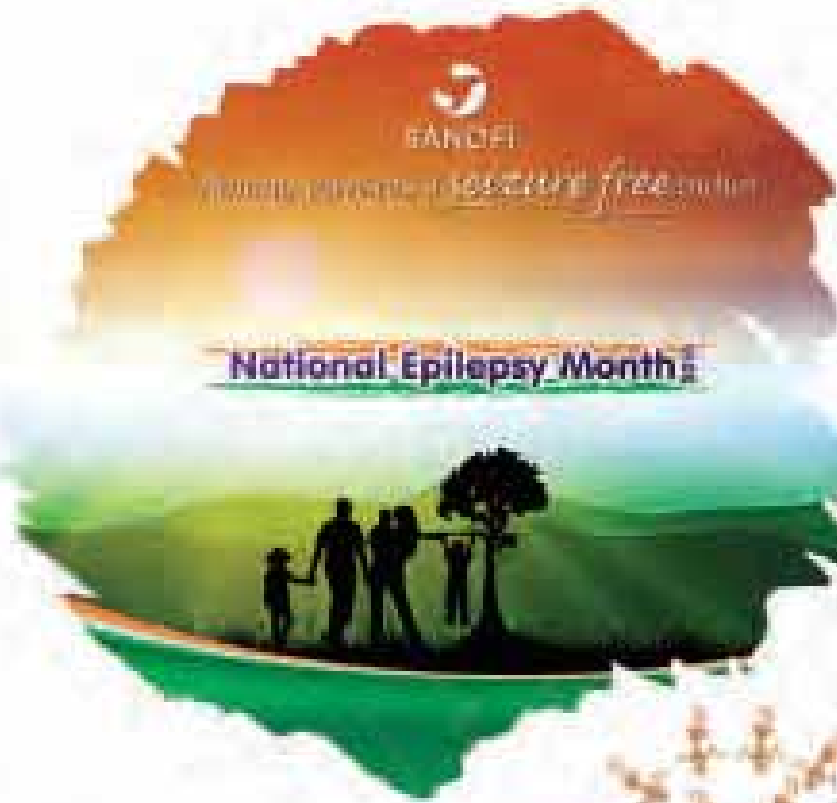


A unique feat was achieved by 19-year-old Eshaan Shevate, a Type 1 diabetic from Maharashtra, who became the first and only Indian member of an international team of type 1 diabetics to take the Sanofi-World Diabetes Tour T1 Diabetes Challenge – an expedition to Machu Picchu (Peru). They trekked together for 8 hours each day for a period of 5 days, while managing their diabetes under tough circumstances. This 13 member team (10 of whom were diabetic) demonstrated that it is possible to go 'beyond' diabetes with the right preparation, knowledge of one's dietary and physical needs, and a positive attitude.



Your Company's 'Saath 7' team of counsellors continued to support patients in their diabetes management, through home-visits, tele-counselling services and educational material. Saath 7 - meaning 'Together Towards Control' - one of India's longest running patient support programmes for diabetes, offered counselling services to over 67,000 patients in 2014.

For the sixth consecutive year, the 'Seizure-Free India Campaign' - a collaborative initiative with leading neurologists of India, to enhance epilepsy awareness amongst patients & care-givers - was rolled out across the country during the National Epilepsy month in November. This year, the campaign reached out to over 50,000 epilepsy patients through patient education lectures, painting competitions, school awareness programmes, paediatric epilepsy meets and an informative radio campaign.



CineArt 'Healthy Children Happy Children', India's largest student-led campaign on children's health, which was launched in 2013 by your Company in association with PVR Nest (the social programme and registered foundation of PVR) reached out to 66,180 children in 2014. The 370 health workshops conducted till date across the 4 cities of New Delhi, Mumbai, Chennai and Hyderabad, used experiential learning methodologies like puppetry, theatre, storytelling, etc. to sensitize children on relevant health topics.



Imagine. Innovate. Inspire

Gas Iron



Ironing clothes in villages is a difficult proposition, owing to the irregular supply of electricity and unavailability of coal.

That's when two individuals stepped up to make gas-operated iron. Simple in design and quite low in operating cost, Lingabrahmam and Ajmeri's creation has changed the way people iron their clothes in villages.

Art form depicted: Kanchipuram, Tamil Nadu

Source: <http://nif.org.in/innovation/gas-operated-iron/606>

Kind courtesy: National Innovation Foundation - India, an autonomous body of the Department of Science and Technology, Government of India, which provides institutional support to grassroots innovators and outstanding traditional knowledge holders, from the unorganised sector of the society.



FOSTERING RELATIONSHIPS

MAKING
COLLABORATIVE
PARTNERSHIPS
IN
INDIA

Making a sustainable difference to healthcare in India requires stakeholders - physicians, patients, corporate houses, government, civil society and partners - to come together; each contributing to bring about a collective action for change. Over the years, your Company has followed a collaborative approach in identifying and working with partners, who share our values and vision.

In 2014, as part of its Corporate Social Responsibility efforts,

Sanofi India initiated its first public-private partnership with the State of Maharashtra, in the area of diabetes control and management. Over the next 5 years, Sanofi India will support the Maharashtra State Government in training counsellors and nurses from NCD cells across all the 35 districts. The programme aims to upgrade the knowledge of healthcare personnel regarding the management of patients with diabetes, hypertension, CVD and Cancer.



'Gyaan Express', your Company's initiative to mentor underprivileged children in association with Concern India Foundation, was extended from one city i.e. Mumbai to 7 more cities (New Delhi, Chennai, Hyderabad, Kolkata, Goa, Ankleshwar and Lucknow) reaching out to 442 children from 21 NGOs. The initiative involves Sanofi India employees adopting innovative teaching tools to educate children on diverse topics like health, science, general knowledge, and also mentor them towards their aspirations.

For the 10th consecutive year, your Company continued its support to the reputed **NGO Childline** with 50 of its employees participating in the prestigious Standard Chartered Marathon held in Mumbai.



4965 patients benefited from your Company's partnership with **SEWA Rural hospital** for diabetes screening in Bharuch.



In response to the unfortunate **natural disasters** in Jammu & Kashmir, Uttar Pradesh, Assam, Uttarakhand, Bihar and Odisha; Sanofi India, through its NGO partner **AmeriCares**, donated medicines and customised care kits.



More than 15000 children benefited from your Company's **'Fun Centres'**.



Health camps in association with the **Voluntary Health Association of Goa**.

In November 2014, The Economic Times (Corporate Dossier) ranked Sanofi India among its top 100 **'India's Best Companies for CSR'**.



Initiatives were taken to share the latest scientific updates with Healthcare Practitioners.

Your Company's participation at the annual conference of **RSSDI (Research Society for the Study of Diabetes in India)** drew huge crowds in **Bengaluru**. At this meeting of the largest organisation of diabetes healthcare professionals and researchers in Asia, Sanofi India hosted scientific sessions, poster presentations, and an interactive stall which was one of the largest and the most digitally innovative. As a fore-runner in diabetes management, your Company also honoured leading doctors for innovations in advanced Diabetes care. Dr. Sandesh Mohan from Agra was awarded the coveted AllStar™ Corporate Social Responsibility Award for 2014.



The Sanofi CNS (Central Nervous System) team participated in **IANCON (the Annual Conference of the Indian Academy of Neurology)** and reached out to 800 neurologists for discussions on epilepsy management, through a scientific stall and symposium.

NAPCON 2014 (16th National conference of National College of Chest Physicians India NCCP (I) & the Indian Chest Society) saw participation from your Company through sessions focusing on **Asthma** (an update of clinical trials, reviews, studies and meta-analysis), and **Environmental Issues and respiratory disorders** chaired by luminaries from the field of pulmonology.

Your Company's Mass Therapy team conducted two landmark ISPs (International Speaker Programmes) that transcended geographical barriers, and for the first time connected physicians from 75 cities across the country to hear top international doctors sharing insights on 'Airways diseases and Probiotics'.



Towards greater collaboration with our distribution partners to improve availability of our medicines



Sanofi India leadership connected with over 700 distribution partners from across 35 locations through '**Sandesh - REAL TIME**', an interactive webcast. In addition to discussing the key healthcare developments in the country, they also shared and discussed ways in which we could collaborate better, towards ensuring that patients have access to our medicines at the right place, at the right time and in the right condition.

Imagine. Innovate. Inspire

Electrical accidents were a frequent affair in Manipur, causing danger to life in residential areas as well as huge losses and inefficiencies in commercial establishments.

K. Nicholson from Manipur developed an innovative device that converts all electrical lines into shock-free power lines. Connected to the electrical meter, it safeguards all connections in the establishment with a single link.



Art form depicted: Pashmina, Kashmir

Source: http://nif.org.in/innovation/electric_shock/13

Kind courtesy: National Innovation Foundation - India, an autonomous body of the Department of Science and Technology, Government of India, which provides institutional support to grassroots innovators and outstanding traditional knowledge holders, from the unorganised sector of the society.



Igniting
Change

MAKING
INNOVATION
AND EXCELLENCE
THE FOUNDATION
OF ALL
WE DO IN
INDIA



At Sanofi India, **Change** is constant and **Innovation** - a way of life! The ever-changing healthcare landscape and the evolving needs of our patients, inspire us to constantly improve our offerings, processes and our services. **It is this spirit of entrepreneurship inherent in your Company's culture that has carved our journey, of nearly six decades of growth and performance.**

In 2014, your Company continued to raise the bar, embracing change and setting new standards of excellence.



Sanofi India's Managing Director Dr. Shailesh Ayyangar was unanimously elected for a second term as the President of OPPI (Organisation of Pharmaceutical Producers of India) for 2014-2015.

Increasing use of digital technology and social media for health awareness and education



- **E-detailing** with the help of tablets in selected specialty areas, is transforming the quality of our interaction with physicians, and offers an opportunity for increasing scientific engagement.



- **Awareness campaigns** for our OTC brand, Seacod® on **Facebook** and **Twitter**.



- **Patient awareness videos** on YouTube for central nervous system disorders.



- Dedicated websites for diabetes awareness (www.sanofidiabetes.in) and for Seacod® (www.seacod.com)

'Digital Day 2014' was designed to inspire employees to explore the use of digital solutions across our operations



Launch of 'My Sanofi', an intranet portal connecting employees on a single platform



Employees getting a first-hand view of exciting business solutions in the market



'Mobcast'- Sanofi India's very own mobile application to share information with employees

Gearing up for the Big Move as your Company gets ready to move into its new headquarters- 'Sanofi House'- located in Powai in Mumbai.

An open office concept which offers transparency and collaboration

A modern vibrant office with new technology and modern amenities for an ideal work - life balance



A participative journey wherein employees were part of each step of the making of the New Office right from its very foundation



State-of-the-art Security Systems





*Financial
Summary/
Charts*

35

*Managing
Director's
Message*

33

Contents

Information

31

*Auditors'
Report*

60



*Directors'
Report*

38

*Management
Discussion
and
Analysis*

44

*Financial
Statements*

65

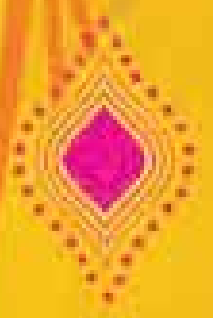
*Report
on
Corporate
Governance*

50



Board of Directors

(As of 20.2.2015)





Registered Office

54/A, Sir Mathuradas VasANJI Rd.
Andheri East
Mumbai 400093

Manufacturing Sites

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

GIDC, Plot No. L-121

Phase III, Verna Industrial Estate
Verna, Goa 403722

Registrars & Transfer Agents

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

Auditors

SRBC & Co. LLP

Solicitors

M/s. Crawford Bayley & Co.

Dr. Vijay Mallya

DIN 00122890
(Chairman)

Dr. Shailesh Ayyangar

DIN 00268076
(Managing Director)

Mr. F. Briens

DIN 03472959

Ms. Virginie Boucinha

DIN 05302127

Mr. J. M. Georges

DIN 00883730

Mr. S. R. Gupte

DIN 00109548

Mr. Rangaswamy Iyer

DIN 00474407

Mr. A. K. R. Nedungadi

DIN 00103214

Mr. M. G. Rao

DIN 00267548
(Alternate to Mr. J. M. Georges)

Mr. K. Subramani

(Company Secretary)

Bankers

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

59th Annual General Meeting

Date: Wednesday, April 29, 2015

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

Time: 2.30 p.m.

Imagine. Innovate. Inspire

Building trust

Making a commitment
to the highest ethical and
quality standards in India

Art form depicted: Madhubani, Bihar



MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

2014 was indeed a year of transformation and optimism, as Indian voters delivered a decisive judgement in favour of resetting India on a path of development. Promising inclusive growth, the newly elected Government has pledged to be more proactive, and deliver a 'Pro-people' approach. In his inspiring address to the nation on Independence Day, the Honourable Prime Minister emphasised 'healthcare' as one of his key priority areas, sending an encouraging sign to the Indian healthcare industry.

'Make in India' our honourable Prime Minister's initiative is indeed the buzzword today, and the inspiration for the 59th Annual Report of your Company. Sanofi's 'Make in India' efforts over the past six decades include the establishment of a strong manufacturing footprint in the country; contribution to the national exchequer through a steadily growing exports business; a portfolio adapted to Indian patients' needs; services and access initiatives; people initiatives to develop human capital; and collaborations with the medical community, public and private groups for innovative, patient centric initiatives.

In 2014, we continued to work hard to become a high performing unit while keeping patients at the centre of all our activities.

Five of our brands - Lantus®, Combiflam®, Cardace®, Clexane®, and Allegra™, featured in the top 100 brands of the Indian Pharmaceutical Market. We continued to set new milestones with our manufacturing abilities, delivering a volume of 440 million boxes in 2014, and also marked the production of one million units of AllStar™ (your Company's world-class, innovative and indigenously manufactured reusable insulin pen). We launched new products, and strengthened health awareness initiatives such as KiDS (Kids and Diabetes in Schools), HCHC (Healthy Children, Happy Children), 'Saath 7', 'Seizure-free India' among many others.

Our Medical team, in collaboration with the Marketing and Sales teams, undertook several initiatives that successfully enhanced the scientific image and credibility of the organisation. In the area of CSR (Corporate Social Responsibility), your Company was ranked among 'India's 100 Best Companies for CSR'. We are especially delighted to share that in 2014, we embarked on our first public-private partnership with the State of Maharashtra, in the area of diabetes control and management.

In addition to our flagship 'people development' programmes, significant steps were taken by your Company to effectively drive 'Gender Balance' at Sanofi India. With Ethics and Compliance at the foundation of all our operations, we further strengthened efforts towards ensuring ethical and compliant behaviour by organising trainings, sharing expectations and defining responsibilities for employees and partners on the 'code of ethics' and other relevant subjects that build our integrity.

2014 was also a year in which the pharmaceutical industry faced severe headwinds in the form of additional price controls, imposed on various drugs not included in the NLEM (National List of Essential Medicines). Despite the Government's stated objective of creating a predictable policy environment, in July a price control order was passed without stakeholder consultation. Such arbitrary and unexpected price cuts in the middle of the year, adversely impacted your Company's financial results.

Going ahead, your Company will continue to consolidate its efforts, leveraging on opportunities and facing the challenges that lie ahead, so that we deliver on the expectations of our patients, partners, employees and our shareholders. Further, as Sanofi India continues to play a leadership role at the OPPI (Organisation of Pharmaceutical Producers of India), we look forward to an era of greater collaboration with the Government and other partners, towards improving the health of our nation.

As shareholders, you have always been supportive of Sanofi India's efforts - through varied initiatives and programmes - to make a difference in the lives of millions of patients. I take this opportunity to express my heartfelt gratitude to each and every one of you, and also to our employees and business partners for their steadfast support and commitment.

Yours sincerely,

Shailesh Ayyangar



Nurturing Value

MAKING IN INDIA



Financial Summary

(Rs. in Million)

	2014*	2013*	2012	2011	2010*
SALES, PROFIT & DIVIDEND					
Sales (Gross)	19,230	17,524	15,336	12,586	11,073
Profit before Depreciation Interest & Tax (PBDIT)	4,032	4,558	3,530	3,155	2,566
Profit before Interest & Tax (PBIT)	3,065	3,635	2,631	2,844	2,369
Profit before Tax (PBT)	3,061	3,631	2,617	2,840	2,340
Profit after Tax (PAT)	1,971	2,398	1,767	1,912	1,550
Dividend (Amount)	1,036	1,036	760	760	1,267
Rate (Rs. per share)	45**	45	33	33	55**
SHARE CAPITAL & CAPITAL EMPLOYED					
Share Capital	230	230	230	230	230
Shareholders' Funds #	14,858	13,467	12,041	11,166	10,142
Capital Employed #	14,858	13,467	12,041	11,166	10,142
Represented by: Fixed Assets (net) & Investments #	8,585	8,350	7,432	7,602	1,848
Net Current & Other Assets	6,273	5,117	4,609	3,564	8,294
RETURN					
On Sales (PBT) %	15.9%	20.7%	17.1%	22.6%	21.1%
On Capital Employed (PBIT) %	20.6%	27.0%	21.9%	25.5%	23.4%
On Shareholders' Funds (PAT) %	13.3%	17.8%	14.7%	17.1%	15.3%
Per Share (PAT) Rs.	85.56	104.12	76.71	83.01	67.39
Personnel Cost	2,882	2,421	2,136	1,764	1,633
No. of Employees	3,448	3,291	3,164	2,943	2,282

* Figures excludes the impact of exceptional item

Includes special dividend of Rs. 11 per share

** Includes special dividend of Rs. 28 per share

Includes revaluation of fixed assets since 1986

Financial Summary

Rs. in Million

SALES



DISTRIBUTION OF REVENUE FOR 2014

Rs. in Million



CONTRIBUTION TO THE NATIONAL EXCHEQUER FOR 2014

Rs. in Million



REPORT OF THE DIRECTORS TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting the Audited Accounts of your Company for the Fifty-ninth financial year ended 31st December 2014.

The Ministry of Corporate Affairs vide circular no. 08/2014 dated 4th April 2014 clarified that the financial statements and the documents required to be attached thereto, the auditor's and directors' report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made thereunder.

The Company has accordingly prepared the Balance Sheet, Statement of Profit and Loss, the schedules hereto and the Directors' Report in accordance with the relevant provisions of the Companies Act, 1956, schedules and rules made thereunder.

FINANCIAL RESULTS

	Rs. in Lakhs	
	2014	2013
Net Sales	187,500	170,646
Other Operating Income	10,248	10,240
Other Income	6,430	5,786
Profit before Tax and Exceptional Items	30,606	36,308
Provision for Taxation	10,901	12,328
Net Profit after Tax and before Exceptional Items	19,705	23,980
Exceptional Item	6,656	2,538
Net Profit after Tax and Exceptional Items	26,361	26,518
Balance brought forward from previous year	103,022	91,332
Available for appropriation	129,384	117,850
Which your Directors have appropriated as follows:		
Interim dividend (paid in August 2014)	2,303	2,303
Provision for Final dividend and Special one-time dividend	8,061	8,061
Tax on Interim and proposed Final dividend	2,003	1,812
Transfer to General Reserve	2,636	2,652
Balance carried to Balance Sheet	114,381	103,022

DIVIDEND

An Interim dividend of Rs. 10 per Equity Share of Rs. 10 was declared by the Board of Directors and was paid in August 2014.

Your Directors recommend payment of Final dividend of Rs.24 per Equity share of Rs. 10. If declared by the Shareholders at the Annual General Meeting to be held on 29th April 2015, the Interim dividend and proposed Final dividend will absorb Rs. 783.04 million (excluding Dividend Distribution Tax).

Having regard to the cash generation during the year from the sale of four floors of the commercial premises owned by the Company in Mumbai, your Directors recommend a Special One-time dividend of Rs. 11 per Equity share of Rs.10. If declared by the Shareholders at the Annual General Meeting, the Special One-time dividend will absorb Rs.253.34 million (excluding Dividend Distribution tax).

The proposed Final dividend and the Special One-time dividend will be paid to:

- those Members whose names appear on the Register of Members of the Company on 29th April 2015; and
- those whose names appear as beneficial owners as at the close of business on 17th April 2015, as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIRECTORATE

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 2013, Dr. S. Ayyangar is due for election as a Director.

Mr. F. Briens, who had been appointed a Director of the Company in August 2011 in the casual vacancy caused by the resignation of Mr. F. X. Duhalde, holds office upto the Annual General Meeting. He is eligible for election.

Mr. A. Ortoli resigned as a Director with effect from 21st January 2015 following his retirement from the Sanofi group.

Your Directors have placed on record their appreciation of the services rendered by Mr. Ortoli during his tenure as Director.

Pursuant to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. S. R. Gupte, Mr. A. K. R. Nedungadi and Mr. Rangaswamy R. Iyer are proposed to be appointed as Independent Directors for a term of five years each from 31st March 2015 and shall not be liable to retire by rotation. Approval of the Shareholders for their appointments is being sought through a Postal Ballot.

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

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

PARTICULARS OF EMPLOYEES

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

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

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. The annexed accounts for the financial year ended 31st December 2014 have been prepared on a going concern basis.
2. In preparation of the said Accounts all the applicable accounting standards have been duly followed and complied with and there were no material departures from the same.
3. Your Directors have selected such accounting policies and applied them consistently along with proper explanation relating to departures, if any and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st December 2014 and of the profit of the Company for that year.
4. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

COST AUDIT

The Central Government had ordered that audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations be conducted by an Auditor with the qualifications prescribed under Section 233B of the Companies Act, 1956. The Board of Directors, on the recommendation of the Audit Committee, re-appointed M/s. N. I. Mehta & Co., Cost Accountants, to audit the cost accounts in respect of bulk drugs and formulations for the financial year ended 31st December 2014. The cost audit reports for the financial year ended 31st December 2014 are due to be filed by 30th June 2015.

The cost audit reports for the financial year ended 31st December 2013 were filed in August 2014.

AUDITORS

M/s. S R B C & CO. LLP, Chartered Accountants (ICAI Firm Registration No. 324982E) retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors that their appointment as Statutory Auditors, if made, would be within the limits prescribed under the Companies Act, 2013. The Audit Committee and the Board recommends the re-appointment of M/s. S R B C & CO. LLP as Statutory Auditors for a period of two years from the conclusion of the Fifty-ninth Annual General Meeting to the conclusion of the Sixty-first Annual General Meeting, subject to ratification by the Members every year in the Annual General Meeting, in accordance with the provisions of the Companies (Audit and Auditors) Rules, 2014.

By Authority of the Board

DR. VIJAY MALLYA
CHAIRMAN

Mumbai, 20th February 2015

ANNEXE TO THE REPORT OF THE DIRECTORS

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

A. CONSERVATION OF ENERGY

Energy Conservation measures undertaken in 2014:

Goa factory

- Reuse of Reverse Osmosis and Electro deionization (RO + EDI) water usage for cooling tower top-up and reduced fresh water
- Automation of Hot water pump in Production-II plant for required flow
- Compressed air system audit which helped reduce air consumption
- 1.0 KW Solar lighting for security cabin
- Central dust collection system in Production -II plant
- Seasonal sugar cane bagasse for Biomass boiler & Biomass boiler +VAM operated for chilled water generation
- 100% landscaping from recycled water

Ankleshwar factory

- Introduction of EC motors in HVAC
- BMS system on HVAC for conservation of chilled water
- Replacement of fused chokes with LED lighting in Pharma Plant
- Diverting Ginger AHU exhaust to RO-EDI plant
- Steam condensate recovery from WWTP plant sent back to boiler for reuse
- Replacement of 36 W tube lights by 19 W -LED tube light with same lumens
- Modified 250 W -HVMP lamp fixtures to fix 65 W CFL lamps in WWTP plant
- Rebate @ 0.5% for every 0.01 improvement in power factor above 0.95
- Energy efficient motor of 15HP installed at cooling tower fan in place of 20 HP motor
- Coro-coating applied on chilled water circulation pump for power saving

Energy conservation measures proposed to be taken in 2015:

Goa factory

- Replacement of conventional lights in Quality control building by LED lighting
- Energy Audit for finding unidentified energy losses and to improve system performance
- Rain water harvesting in open plot area

Ankleshwar factory

- Impeller replacement on CHWC
- Cooling tower fan motor replacement with energy efficient motor of 15HP
- VFD installation with 6 TPH boiler feed water pump motor
- VFD installation with Brine water supply pump motor
- Installation of auto tube brushing system in 375 TR screw chiller

REQUISITE DATA IN RESPECT OF ENERGY CONSUMPTION ARE GIVEN BELOW:

POWER & FUEL CONSUMPTION		YEAR ENDED 31.12.2014	YEAR ENDED 31.12.2013	REASONS FOR VARIATION	
1.	ELECTRICITY				
(a)	Purchased Units	Million KWH	21.875	17.312	Change in product mix and expansion project
	Total Amount	Rs. Million	174.363	180.424	
	Rate/Unit	Rs.	7.971	10.422	Change in power supplier in Goa
(b)	Own Generation				
(i)	Through Diesel Generator Units	Million KWH	0.714	0.127	Increased power outages in Goa
	Units per litre of Diesel Oil	KWH	4.329	0.769	Increase in rate of HSD
	Cost/Unit	Rs.	12.421	69.879	Higher generation resulting in lower average cost
(ii)	Through Steam Turbine / Generator		NIL	NIL	
2.	COAL		NIL	NIL	
3.	FURNACE OIL / LSHS Quantity	K.Lit	0	10	Use of furnace oil boiler stopped
	Total amount	Rs. Million	0	0.50	
	Average rate per K.Lit	Rs.	0.000	50,000	
4.	NATURAL GAS Quantity	M3	3,204,649	4,324,248	
	Total Amount	Rs. Million	136.274	164.118	
	Average Rate	Rs.	42.524	37.953	Increase in gas price
5.	BIOMASS Quantity	Tonnes	2,388	1,650	Full steam generation from Biomass boiler
	Total amount	Rs. Million	13	10	
	Average Rate per Tonne	Rs.	5.295	6.213	

CONSUMPTION PER UNIT OF PRODUCTION

Product	Unit of Production	Standards (If any)	YEAR ENDED 31.12.2014	YEAR ENDED 31.12.2013	REASONS FOR VARIATION
1. ELECTRICITY-KWH					
Bulk Drugs	Tonnes	NONE	11,015	9,590	Consumption depends on product mix
Bulk Drugs Formulations	K.Lits Million Units	NONE NONE	– 1,529	– 1,339	
2. FURNACE OIL / LSHS (K.LIT)					
Bulk Drugs	Tonnes	NONE	–	–	Consumption depends on product mix
Bulk Drugs Formulations	K. Lits Million Units	NONE NONE	– 0.000	– 0.004	
3. NATURAL GAS (IN THOUSAND M3)					
Bulk Drugs	Tonnes	NONE	0.515	0.395	Consumption depends on product mix
Bulk Drugs Formulations	K. Lits Million Units	NONE NONE	– 0.007	– 0.008	

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

Specific areas in which R&D carried out :

No basic research is carried out by the Company.

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

Expenditure on R&D

- Capital Rs. 70 lakhs
- Revenue Rs. 333 lakhs
- Total Rs. 403 lakhs
- Total R&D Expenditure as a percentage of total turnover : 0.22 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, towards technology absorption, adaptation and innovation:
The Company interacted with its collaborators who continued to give the latest technology.
- Benefits derived as a result of the above :
It has helped the Company to retain its market share.
- Imported Technology :
Technology imported, year of import and whether technology has been fully absorbed
Based on prescriptions received from the collaborators, a number of products were taken up for manufacture and are in regular production. The technology for such products has been fully absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Total Foreign Exchange used Rs. 74,190 lakhs
- Total Foreign Exchange earned Rs. 54,952 lakhs

MANAGEMENT DISCUSSION AND ANALYSIS

PHARMACEUTICAL MARKET

The Indian Pharmaceutical Market for the year ended 31st December 2014 was estimated at Rs.872 million, growing at 11% over the previous year. The 11% value growth was a combined effect of 3.8% volume growth of existing products and 6.3% from new introductions. Price led growth contributed only 1% to the growth.

Restating your Company's sales without the price cuts it suffered in the middle of the year, its growth is in line with the Pharmaceutical market growth. Five brands of your Company, **Lantus®**, **Combiflam®**, **Cardace®**, **Clexane®** and **Allegra™** have the distinction of being featured amongst the Industry's top 100 brands. (Source IMS TSA Dec 2014).

OPPORTUNITIES AND THREATS

2014 was a year of both achievements and setbacks for the Indian Pharmaceutical industry. Consolidation of the industry got intensified with the takeover announcement of Ranbaxy Laboratories by Sun Pharma. At the same time many Indian manufacturing units came under the scanner of increased scrutiny by US Food & Drug Administration (FDA). The Pharmaceutical Industry faced unexpected price cuts in July 2014 from the National Pricing Authority (NPPA) - on several drugs. The predictability of the pricing regime, a vital ingredient for the smooth working of pharma industry and trade, was disturbed by this unexpected move and resulted in many companies - including your Company - suffering heavily in sales and profits in the last two quarters of the year.

The new National Government under the leadership of Honourable Prime Minister Shri Narendra Modi has assured environment of ease of doing business, removal of the culture of adhoc decision making and bringing in stability and predictability in policy changes. Industry is hoping that a responsible regulatory mechanism will be put in place which ensures patient's safety and industry's growth through innovation and quality. The Government is also working on a separate policy to promote and strengthen domestic production of active pharmaceutical ingredients (APIs). This is a welcome move and will encourage further stability in pharmaceutical production.

In 2015, the industry will have to fall in line with Unified Code of Pharmaceutical Medical Practices (UCPMP) - a voluntary code promulgated by the Department of Pharmaceuticals. Your Company is already following strict guidelines with regard to ethical dealings with Health Care Professionals. Your Company welcomes this initiative in the overall interest of the image of our industry and for the benefit of the patients. With many biological innovative medicines coming out of mandatory patent period, the scope for well-designed bio-similars offer new opportunities for growth. With stringent focus on quality, Government's commitment to augmenting healthcare infrastructure and skills development, the pharmaceutical industry is poised to continue to grow at double digit growth for the next 5-10 years. The export business is also expected to grow at the same pace as the domestic industry, given the cost arbitrage enjoyed by Indian manufacturers.

While essential medicines are already under price controls, any attempt to bring more medicines under price controls will slow down the pace of growth of the industry.

SALES AND PROFITABILITY

During the year ended 31st December 2014, your Company had total net sales of Rs. 187,500 lakhs as against Rs. 170,646 lakhs in the previous year, representing a growth of 9.88%

Profit before Tax and exceptional items declined from Rs. 36,308 lakhs to Rs. 30,606 lakhs, a decline of 15.70%. The Profit after Tax and exceptional items was almost flat at Rs. 26,361 lakhs as against Rs 26,518 lakhs in the previous year. The major reasons impacting profitability were:

- a) The decision of the NPPA in July 2014 to reduce the prices of cardiovascular and anti-diabetes medicines. Your Company's medicines **Cardace®** and **Amaryl®** were significantly impacted by the price reduction leading to a sharp decline in margins, the full impact of which was felt in the last quarter of the financial year ended 31st December 2014.
- b) Higher expenses relating to selling and distribution, marketing and expansion of field force - which will have longer term positive paybacks.

- c) Sale of your Company's commercial premises comprising of five floors in a building called Hoechst House in Nariman Point, Mumbai for a total consideration of Rs. 13,425.6 lakhs. The transaction in respect of sale of four floors was completed in the quarter ended 31st December 2014 and the transaction for the remaining floor was completed in January 2015. Net Profit of Rs. 6,656 lakhs on the sale of four floors has been accounted for in the results for the quarter and year ended 31st December 2014.

DOMESTIC SALES REVIEW

Domestic sales, which constituted 73.5% of total net sales, increased from Rs. 126,878 lakhs to Rs. 137,726 lakhs in 2014, reflecting a growth of 8.55%. This was achieved in spite of severe price cut impact your Company had to suffer due to the July 2014 order of the NPPA.

MAJOR BRAND PERFORMANCE REVIEW

Cardace® group declined in value due to reduction in price by NPPA. It continues to be the no.1 ACE inhibitor prescribed by Cardiologists, Diabetologists and Consulting Physicians.

Your Company continued to be a leading player in Diabetes management:

- **Lantus®** grew by over 30% in value terms. It ranks as the no.1 brand in the analog market.
- **Insuman®** grew by over 25% in value terms. Your Company's strategy was to increase the prescriber base which has helped to increase its market share. The **AllStar™** pen indigenously manufactured by your Company has received excellent response from the patients and is helping drive the sales of cartridges of both **Lantus®** and **Insuman®**
- **Apidra®** grew by 50% in value terms. **Apidra®** cartridges which were launched in July 2014 have helped to drive growth.
- Over 1 million **AllStar™** pens have been manufactured since launch. Teal colour **AllStar™** pens were launched for patients who take both Basal and Rapid insulin. In addition to preventing mixing up of wrong insulins, it also helps visually impaired patients to identify even in low light conditions.
- **Amaryl®** group grew by 6% in value terms - after the impact of price cuts.
- **Cetapin®** group grew by 20%. **Cetapin® XR** has become the second largest brand in the crowded Metformin market. **Cetapin® V** is the fifth largest brand in the Metformin + Voglibose category.

Clexane® grew by 3% and continues to be the no.1 anti-coagulant brand in India. This medicine also suffered from recent price cuts.

Allegra™ group grew by 18%. **Allegra™** is ranked no.1 in the anti-histaminic market. **Allegra™** suspension is ranked 2nd in the liquid anti-histaminic market.

Frisium® grew by over 10%. It is ranked no.4 in the highly competitive anti-epileptic market.

CONSUMER HEALTHCARE - OTC DIVISION

During the year an exercise of product prioritization was carried out thereby bringing clear focus to key nutraceutical brands. This move is showing early signs of strong growth.

Your Company's iconic brands - such as **Combiflam®** and **Soframycin®** are showing growth momentum thanks to some innovative product promotion strategies. **Combiflam®** group grew by over 5%. It ranks 2nd in the NSAID market. **Soframycin®** Skin cream grew by 8%.

EXPORT SALES

Exports sales for 2014, which contributed to 26.5% of total net sales, were at Rs. 49,774 lakhs, representing a growth of 13.63% over 2013. This was by far the highest ever export turnover achieved by your Company.

There was significant volume growth of 29%. Your Company exported over 250 SKUs to 41 countries. Germany, UK, Russia and Australia were the major contributors to export sales.

Main product groups which contributed to the exports were Paracetamol + Codeine, Metformin, **Trental®**, Articaïne and **Festal®**.

Your Company won the prestigious Pharmexcil Outstanding Expert Performance Award 2013-14 in recognition of its excellent contribution to the overall pharmaceutical exports of India.

Exports to Ukraine declined due to site registration issues for **Festal®** and also due to a grim market situation arising from political and economic factors.

There was a significant increase of over 75% in volumes of Paracetamol + Codeine tablets exported to the U.K. New compositions and line extensions of Paracetamol + Codeine tablets were introduced.

Over 800,000 **AllStar™** Pens were exported to 9 countries.

Exports of Rampiril Precursor to Germany increased substantially.

Increased volumes of **Trental®** and **Baralgin®** tablets led to overall growth in Russia.

MANUFACTURING OPERATIONS

Keeping in line with the increased volumes, production facilities were upgraded in the Ankleshwar and Goa factories.

A 2.1 MW wind mill was installed and commissioned in Gujarat to generate renewable energy. Your Company entered into a long duration contract to wheel power through the state grid for captive consumption. 4.9 million units were produced. The project will save about 4200 tons of carbon dioxide from being released into the atmosphere. It has helped to reduce electricity cost in the Ankleshwar factory.

Switch over to Goa Electricity Board power supply has helped to reduce electricity cost for the Goa factory.

Industrial Excellence projects (LEAN initiatives) continued to be in operation and have helped to reduce cost of goods, improved processes and strengthened systems.

Both the factories have successfully completed surveillance audits of Integrated Management System for ISO 14001 and OHSAS 18001. No critical or major observations were reported during the audits.

Ankleshwar Site won the Gujarat State Safety Award 2013 of the Gujarat Safety Council in Group B of Drugs & Pharmaceuticals, Food and Dairy products category.

Goa site successfully cleared UK-MHRA GMP inspection and GMP certificate was issued. It also successfully cleared Kenya Pharmacy and Poisons Board (PPB) inspection with no critical/major observations.

MEDICAL AND REGULATORY AFFAIRS

Medical Affairs acts as a catalyst to transform research into practice based on scientific profiles and current treatment practices. It disseminates latest scientific knowledge and medical protocols through several scientific engagements with healthcare providers.

Five international speaker tours were conducted to accelerate sharing of best practices and recent therapeutic advances in diabetes, neurology, airway diseases and probiotics.

Advisory Board meetings were organised to gain insights in current medical practices. Over 100 continuing medical education programs were conducted to apprise the participants with latest medical advancements as well as familiarize them with scientific information on various medicines.

Two observational studies were completed and three new observational studies were initiated.

Regulatory Affairs ensures that your Company complies with existing regulations. It contributes to the Company's growth by registering new products/indications and servicing timely product registration renewals.

Apidra® cartridges were launched as a line extension.

Two new locally developed medicines – a vitamin D formulation, **Depura®** (for treatment and prevention of Vitamin D deficiency) and a combination of Eperisone Hydrochloride Sustained Release and Diclofenac Sodium Sustained Release capsules, **Syndol® MR** (for treatment of acute musculoskeletal spasm associated with low back pain) were also launched.

HUMAN RESOURCES

Your Company had 3448 employees as on 31st December 2014.

The overall industrial relations atmosphere continued to be cordial.

Negotiations are continuing with the internal Union representing the Medical Representatives on their Charter of Demands.

A settlement was signed with the Union representing the workmen in the Goa factory on their Charter of Demands for the period from January 2011 to March 2014. A fresh Charter of Demands has been received for the period from April 2014 and negotiations are in progress.

During the year ended 31st December 2014, the Internal Complaints Committee (ICC) constituted by the Company in accordance with Section 4 of the Sexual Harassment of Women (Prevention, Prohibition and Redressal) Act, 2013 received one complaint which was investigated by the ICC and on its recommendation, the Company has taken appropriate action.

INTERNAL AUDIT AND CONTROL

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

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

DRUG POLICY

Government notified in May 2013, the Drugs (Prices Control) Order, 2013 (DPCO 2013). Many of your Company's medicines fall under the DPCO 2013 where the prices are controlled. Your Company is compliant with the Government orders on prices.

Under para 19 of DPCO 2013, Government may, in case of extraordinary circumstances if it considers necessary to do so in public interest, fix the ceiling price or retail price of any drug for such period, as it may deem fit.

On 10th July 2014, NPPA in accordance with its internal guidelines dated 29th May 2014, fixed the ceiling prices of certain cardiovascular and anti-diabetic medicines. As a result, prices of two products of your Company, **Cardace®** and **Amaryl®** were significantly reduced. This has a significant material impact on the profitability of your Company.

Aggrieved by these arbitrary price fixation orders, the Organisation of Pharmaceutical Producers of India (OPPI) (of which your Company is a member) has filed a Writ Petition in the Delhi High Court. Although NPPA subsequently withdrew the Internal Guidelines of 29th May 2014, the prices fixed on 10th July 2014 have not been withdrawn and your Company continues to sell the products at the reduced prices. OPPI is pursuing the writ petition.

NPPA has also, by notification issued in September 2014, reduced prices of two other products, **Avil®** and **Lasix®**. While your Company has filed appeals against the reduction, it continues to sell these medicines from November 2014 at the notified prices.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of the Companies Act, your Company has constituted a Corporate Social Responsibility (CSR) Committee. The provisions of the Companies Act on mandatory spending were not applicable for the financial year ended 31st December 2014 but are applicable from the next financial year.

Your Company's approach towards CSR is on the areas where it can make a difference and have the most impact. It wants to use its expertise and resources to come close to its vision of improving access to quality healthcare in the country.

Your Company's sustainability approach places the patient at the heart of what it does and the way it conducts its business. Your Company focuses on four key areas- Patient, People, Planet and Ethics.

PATIENT

Access to healthcare is not only a matter of the patient having access to affordable medicines and vaccines, but of having the opportunity of disease prevention and to receive comprehensive care, from diagnosis to treatment.

Diabetes CSR Program in Partnership with the Government of Maharashtra

Diabetes in India is poorly managed and often, not treated either. Your Company has, over the last 5 years, adopted a 360° approach to tackle this disease so that it does not increase in epidemic proportions in the years to come.

In October 2014, your Company initiated its **first public private CSR partnership with the State of Maharashtra**, in the area of diabetes control and management.

Saath 7

Initiated as a pilot in 2003 and launched as 'Saath 7' (means 'Together towards Control'), in 2007 - 'Saath 7' is India's longest running patient support program in diabetes management. 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. Saath 7 provides patients with educational material, consultations, and other resources to teach them how to cope and adapt to the lifestyle that is often dictated by their illnesses, with consent and under supervision of their treating physicians. The counselors also provide home visits and tele-counseling services to patients.

Impact: It has offered counseling services to over 167,000 patients since its launch.

PEOPLE

Your Company is committed towards the upliftment of the communities in which it operates. Showcasing solidarity, your Company's employees devote their time and expertise to create positive change in these areas. In addition, your Company also responds to emergencies in times of natural disasters.

HEALTHY CHILDREN HAPPY CHILDREN (HCHC) - School Outreach Program

Sanofi devised HCHC program, the largest student led campaign for healthcare awareness through creative workshops in the schools revolving around 8 identified health themes. It is an integrated program bringing together Public and Private Schools, NGOs and your Company. Through creative mediums like puppet shows, poster making and games, the message of health is passed on to the children.

So far, more than 370 Big shows and Workshops have been conducted in 4 metros (Delhi, Mumbai, Chennai and Hyderabad). The HCHC program has reached out to approximately 66,180 children.

The final outcome of the program will be in the form of release of 8 films on health made by children, which will be screened in 100 PVR cinemas across the country.

Reducing health inequalities around manufacturing sites

(a) Voluntary Health Association of Goa

Close to your Company's plant in Goa, health camps are regularly conducted in schools with the help of a team of medical professionals to check immunization status, nutritional deficiencies, personal hygiene & other chronic diseases. Those needing urgent attention are counseled and sent for further treatment to Government Hospitals and follow up.

Impact: Monitored medical records of 11,000 children since its launch in 2011.

(b) SEWA Rural

Close to your Company's plant in Ankleshwar, your Company has associated with SEWA Rural hospital for blood sugar level testing of the local community. In 2014, your Company committed to improve maternal and infant health for the tribal villages of Jhagadia. Fetal bilirubinometer and Ultrasound probes have helped doctors in the hospital cater to more number of patients and save more lives.

Impact: 10,965 patients have benefitted since the launch in 2012.

Responding to humanitarian emergencies

In response to the unfortunate natural disasters in Jammu & Kashmir, Uttar Pradesh, Assam, Uttarakhand, Bihar and Odisha, Sanofi India, through its NGO partner AmeriCares, donated medicines for use in medical camps conducted in villages across various districts.

Impact: Medicines and customized care kits made available to an estimated 11,700 beneficiaries.

Employee volunteering

(a) Gyan Express

'Gyan Express' is an initiative to mentor underprivileged children in schools from Mumbai, Delhi, Chennai, Hyderabad, Kolkata, Goa, Ankleshwar and Lucknow. By educating them on varied topics (such as health, science, etc.), Sanofi employees gave the gift of time and effort to these children to uplift their morale, build aspirations, and add grace to their growth.

Impact: 442 children from 21 NGOs across the cities participated in Gyan Express.

(b) Maternal & Child mortality

Your Company's employees regularly volunteer to contribute towards the reduction of maternal and child mortality in India - one of the Millennium Development Goals (a collaborative approach of The United Nations, Ministry of Health, and Health Professional groups like Indian Medical Association and Pharmaceutical Industry).

Impact: Sanofi employees, along with OPPI (Organisation of Pharmaceutical Producers in India), reached out to more than 4700 mothers.

PLANET

Reducing our carbon footprint and using energy responsibly are part of our mission to help protect life on this planet. To safeguard the health of communities everywhere, we continually seek to limit the environmental impact of our activities for the entire life cycle of our products.

Green futures: using renewable energies

Your Company installed windmill in Gujarat to generate renewable power for consumption in the Ankleshwar manufacturing site. Your Company is one of the few healthcare companies in India exploring the use of renewable energy sources for its manufacturing operations.

The Goa manufacturing site demonstrated 'Innovative utilization of Biomass' from agro waste to generate energy. This initiative, in addition to creating employment for local villagers, has also helped reducing steam cost and the dependence on fossil fuel.

ETHICS

Ethical business conduct cannot be disassociated from economic performance. At Sanofi, a culture of respect for our values and ethical principles is embedded in the heart of our activities. For our employees and the organization, our uniting goal is the health and well-being of patients. Therefore, our practices are based on principles designed to keep a meaningful focus on patients' needs & benefits while being ethical in trying to address them.

Code of Ethics

Our Code of Ethics is our guiding framework and a pledge of our integrity and defines Sanofi's expectations when conducting business. Sanofi Compliance Officers, throughout the group, are dedicated towards embedding these ethical values in day-to-day dealings and ensuring that all employees are adequately trained in our Company principles.

PROSPECTS FOR 2015

Overall prospects for domestic business and exports are good barring unforeseen circumstances.

Your Company is setting up facilities in Ankleshwar for manufacture of Floctafenine (an API) which is presently manufactured in a Sanofi Group site in France. The project is expected to be commissioned in the second quarter of 2015.

A state of the art Chemical and Biotechnology Development Centre is being set up in Ankleshwar which will essentially cater to the development of Active Product Ingredients (APIs)

Your Company is also setting up facilities in Ankleshwar for manufacture of generic formulations for export to Sanofi Group companies.

The Quality Control laboratory in Goa will also be renovated.

CAUTIONARY NOTE

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

REPORT ON CORPORATE GOVERNANCE

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

A. MANDATORY REQUIREMENTS

1. Company's philosophy on Code of Governance

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

2. Board of Directors

(As on 31st December 2014)

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

During the year ended 31st December 2014, four Board Meetings were held on 25th February 2014, 29th April 2014, 23rd July 2014 and 11th November 2014.

Attendance of each Director at the Board Meetings in 2014 and the last Annual General Meeting and the number of Companies and Committees where he / she is Director/Member (as on 31st December 2014) :

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 29th April 2014	No. of other companies in which Director (including Private Limited companies)	No. of Committees in which Member***
Dr. Vijay Mallya	Non - Executive Chairman	4	Yes	11 (In India) 30 (Outside India)	1
Dr. Shailesh Ayyangar	Managing Director	4	Yes	3 (In India) 1 (Outside India)	1
Mr. F. Briens*	NED**	-	No	1 (In India) 5 (Outside India)	1
Ms. Virginie Simone Jeanine Verrechia (Ms. Virginie Boucinha)	ED	3	Yes	2 (In India) 2 (Outside India)	Nil
Mr. J. M. Georges*	NED**	1	No	2 (Outside India)	Nil
Mr. S. R. Gupte	Independent NED	4	Yes	4 (In India)	1
Mr. A. K. R. Nedungadi	Independent NED	3	No	2 (In India) 5 (Outside India)	2
Mr. A. Ortoli*	NED**	1	No	1 (In India) 5 (Outside India)	1
Mr. Rangaswamy R. Iyer	Independent NED	4	Yes	3 (In India)	1
Mr. M. G. Rao**	Alternate to Mr. J. M. Georges	4	Yes		-

ED - Executive Director

NED - Non Executive Director

*Employees of Sanofi Group companies

** Executive Director for part of the year

*** Includes only Audit Committee and Investors' Grievance Committee/ Stakeholders Relationship Committees of public limited companies other than Sanofi India Limited

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

3. Audit Committee

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

The Audit Committee comprises of Mr. S. R. Gupte, Chairman, Mr. A.K.R. Nedungadi, Mr. Rangaswamy R. Iyer and Dr. S. Ayyangar.

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

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committees under the revised Clause 49 of Listing Agreement and Section 177 of the Companies Act, 2013.

Seven Meetings were held during the year ended 31st December 2014. Mr. Gupte attended all the meetings. Dr. Ayyangar attended five of the seven meetings. Mr. R. Iyer and Mr. Nedungadi each attended six of the seven meetings held.

4. Nomination & Remuneration Committee

The Nomination and Remuneration Committee was constituted in July 2014. It comprises of Mr. S. R. Gupte, Chairman, Mr. A. K. R. Nedungadi and Mr. Rangaswamy Iyer, all of whom are Independent Directors. One meeting was held during the year which was attended by two of the three Members.

Terms of reference of the Committee are:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and to recommend to the Board a policy, relating to the remuneration of 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 who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Remuneration Policy

The remuneration policy of the Company is performance driven and is designed to motivate employees, recognise their achievements and promote excellence in performance.

a) For Executive Directors

The Board of Directors/ Nomination and Remuneration Committee of Directors is authorised to decide the remuneration of the Wholetime 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 of Directors within the salary range approved by the Members.

PLI is computed on the basis of specific targets for each of the Wholetime Directors.

The details of remuneration paid to the Executive Directors during the financial year January - December 2014 are given below:

Names of Directors	Salary and Allowances ** Rs.	Perquisites*** Rs.	Retirement Benefits**** Rs.
Dr. S. Ayyangar	8,857,102	1,538,310	741,600
Ms. Virginie Simone Jeanine Verrechia	6,140,160	10,914,819	187,200
Ms. J. Potts*	283,804	1,131,921	20,160
Mr. M. G. Rao*	6,784,719	487,990	342,884

*For part of the year

** Includes Performance Bonus

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

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

NOTES

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

b) Non-Executive Directors

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

Names of Directors	Sitting Fees paid during the year ended 31st December 2014 Rs.	Commission paid during the year ended 31st December 2014 (for the previous financial year ended 31st December 2013) Rs.
Dr. Vijay Mallya*	80,000	750,000
Mr. S. R. Gupte	260,000	450,000
Mr. A. K. R. Nedungadi	220,000	450,000
Mr. Rangaswamy R. Iyer	220,000	75,000**

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

** Director for part of the year

5. Stakeholders Relationship Committee (formerly called Investors'/Shareholders' Grievance Committee)

The Investors' / Shareholders' Grievance Committee has been renamed as the Stakeholders Relationship Committee, pursuant to the revised clause 49 of the Listing Agreement.

The Members of the Committee are Mr. S. R. Gupte, Chairman, Mr. A.K.R. Nedungadi and Mr. Rangaswamy R. Iyer.

One Meeting of the Committee was held during the year ended 31st December 2014 which was attended by all the three Members of the Committee.

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

The Company's Registrars, Link Intime India Private Limited had received 587 letters / requests during the year, dealing with various subjects such as revalidation/non-receipt of dividend warrants, change of address, registration of nominations, non-receipt of share certificates, etc. All these matters were resolved to the satisfaction of the shareholders / investors.

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

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

6. Corporate Social Responsibility (CSR) Committee (mandatory under Companies Act, 2013 effective 1st April 2014)

The Corporate Social Responsibility Committee was constituted in April 2014. It comprises of Mr. Rangaswamy R. Iyer, Chairman (who is an Independent Director), Dr. S. Ayyangar (Managing Director) and Ms. Virginie Boucinha (Wholtime Director and Chief Financial Officer).

7. Risk Management Framework

The Company has in place a mechanism to inform the Audit Committee and Board about the risk assessment and minimization procedures.

8. 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 by Clause 49 I D of the Listing Agreement. The Company has received confirmations from the Directors and Senior Management regarding compliance with the Code for the year ended 31st December 2014. 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.

9. Whistleblower Policy

As required by Clause 49 of the Listing Agreement, the Company has a Whistleblower Policy which has been displayed on its website, www.sanofiindialtd.com.

No personnel have been denied access to the Audit Committee.

10. 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, 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading. Mr. K. Subramani, Company Secretary is the Compliance Officer. The Code of Conduct is applicable to all Directors and such identified employees of the Company as well as of Group companies who are expected to have access to unpublished price sensitive information relating to the Company.

11. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
January - December 2011	3.5.2012	3.15 p.m.	Y. B. Chavan Centre - Auditorium, Mumbai
January - December 2012	30.4.2013	2.45 p.m.	Y. B. Chavan Centre - Auditorium, Mumbai
January - December 2013	29.4.2014	2.30 p.m.	Y. B. Chavan Centre - Auditorium, Mumbai

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

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

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

12. Disclosures

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

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

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

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

- c) The Company has also complied with and adopted the mandatory requirements of the amended Clause 49 of the Listing Agreement.

- d) The Company is in the process of formulating criteria for annual evaluation of the Independent Directors and the Board. The performance of Executive Directors will be evaluated by the Nomination and Remuneration Committee and the performance of Independent Directors will be evaluated by the Board. The Director being evaluated will not participate in the meeting at the time of his / her evaluation.

- e) As and when a new Independent Director is appointed, the Company takes steps to familiarize the Director about the Company's operations, business model, industry in which the Company operates and the Director's roles and responsibilities.

The details of such familiarisation programme have been displayed on the Company's website www.sanofiindialtd.com.

- f) In line with the requirements of the amended Clause 49 of the Listing Agreement, the Audit Committee and the Board of Directors reviewed the Management's perception of the risks facing the Company and measures taken to minimise the same.

- g) As required by Clause 49 (ix) of the Listing Agreement, the Managing Director and Chief Financial Officer have submitted a Certificate to the Board of Directors in the prescribed format for the financial year ended 31st December 2014. The certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

13. Means of Communication

Half yearly report sent to each household of shareholders :

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

Quarterly Results :

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

Any Website where displayed :

www.sanofiindialtd.com

Whether it also displays official News releases :

Yes

Newspapers in which Results are normally published in :

- i) Economic Times
- ii) Maharashtra Times

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

Yes

Presentations made to institutional investors or analysts :

No presentations were made during the year

14. General Shareholder Information

AGM Date, Time and Venue: Wednesday, 29th April 2015 at 2.30 p.m. at Y.B. Chavan Centre - Auditorium, Gen. J. Bhosale Marg, Nariman Point, Mumbai 400 021

Financial Calendar - 2015 /2016

Financial Year	- January to December
First Quarter Results	- Between 16th April and 15th May 2015
Half Yearly Results	- Between 16th July and 14th August 2015
Third Quarter Results	- Between 16th October and 14th November 2015
Audited Results for the year ending 31st December 2015	- February 2016

Dates of Book Closure :

18th April 2015 to 29th April 2015 (both days inclusive)

Dividend payment date :

On 8th May 2015, if declared at Annual General Meeting on 29th April 2015

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 2014-2015 and is in the process of paying the fees for 2015-2016.

The Bombay Stock Exchange Limited

The National Stock Exchange of India

Stock Code :

500674 on the Bombay Stock Exchange Limited

Demat ISIN Number for NSDL & CDSL :

INE 058A01010

Market Price Data :

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

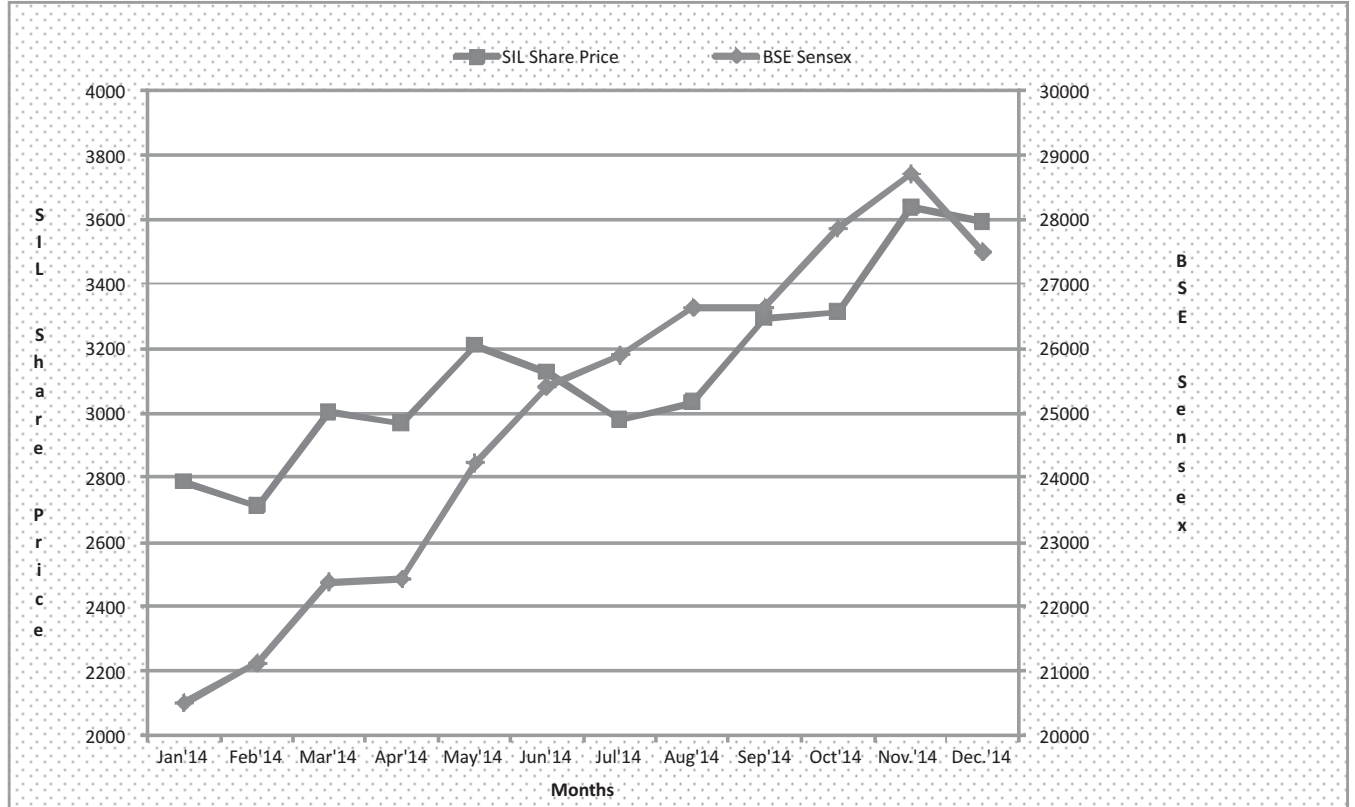
Share Price on the Bombay Stock Exchange Limited (Face Value Rs. 10)

Months	Open Rs.	High Rs.	Low Rs.	Close Rs.
January 2014	2,769.90	2,898.10	2,594.05	2,784.85
February 2014	2,783.00	2,812.90	2,500.00	2,710.60
March 2014	2,694.00	3,099.90	2,649.95	3,001.85
April 2014	3,015.25	3,160.00	2,860.40	2,967.20
May 2014	2,981.20	3,290.00	2,760.05	3,209.80
June 2014	3,249.00	3,540.00	3,045.00	3,123.50
July 2014	3,204.20	3,448.00	2,861.05	2,976.90
August 2014	2,950.00	3,191.85	2,731.00	3,031.00
September 2014	3,034.35	3,693.80	2,941.00	3,291.05
October 2014	3,290.00	3,433.00	3,165.00	3,312.90
November 2014	3,334.00	3,800.00	3,320.00	3,637.10
December 2014	3,658.85	3,670.40	3,282.40	3,593.40

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

January - December 2014 (in percentage %)

Sanofi India Limited	(+) 30.08 %
BSE Sensex	(+) 29.89 %
BSE 200	(+) 35.47 %
BSE 100	(+) 32.28 %



Registrars & Transfer Agents :

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

Persons to contact:

Mr. Manohar Shirwadkar / Ms. Evelin Subalatha / Ms. Neha Pawar

Telephone No. : (022) 25946970 Fax No. : (022) 25946969

E.Mail : rnt.helpdesk@linkintime.co.in

Share Transfer System:

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

Distribution of Shareholding as on 31.12.2014 :

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 100	13945	91.84	721830	3.13
101 to 200	668	4.40	118743	0.52
201 to 300	169	1.11	45576	0.20
301 to 400	91	0.60	33876	0.15
401 to 500	69	0.46	33498	0.14
501 to 1000	94	0.6	71200	0.31
1001 to 2000	43	0.28	65215	0.28
2001 to 3000	17	0.11	43599	0.19
3001 to 4000	6	0.04	20633	0.09
4001 to 5000	9	0.06	40845	0.18
5001 to 10000	15	0.10	112752	0.49
10001 and above	58	0.38	21722855	94.32
TOTAL	15184	100	23030622	100

Shareholding Pattern as on 31.12.2014

	Percentage %
a) Foreign Promoters (Hoechst GmbH/ Sanofi)	60.40
b) Mutual Funds/ UTI	12.03
c) Foreign Institutional Investors / Foreign Portfolio Investors	14.63
d) Financial Institutions / Banks	0.09
e) Insurance Companies	2.32
f) Bodies Corporate	4.58
g) Overseas Corporate Bodies / Trusts / Clearing Members	0.03
h) Hindu Undivided Family	0.02
i) Individuals holding upto Rs. 1 lakh in nominal capital	4.84
j) Individuals holding more than Rs. 1 lakh in nominal capital	0.18
k) Non-Resident Indians (with repatriation benefits)	0.04
l) Non-Resident Indians (without repatriation benefits)	0.85
Total	<u>100.00</u>

Dematerialisation of Shares and liquidity :

As on 31.12.2014, 98.97% of the paid-up Share Capital had been dematerialised.

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

Not Issued

Plant locations :

Ankleshwar (Gujarat) and Verna (Goa)

Address for correspondence :

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

Investors may also write to or contact the Company Secretary, Mr. K. Subramani at the Registered Office for any assistance that they may need. Telephone No. (022) 28278530 Fax No. (022) 28360862 E.Mail - K.Subramani@sanofi.com; igrc.sil@sanofi.com

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

(B) Non-Mandatory Requirements

a) Chairman of the Board :

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

Yes

b) Shareholder Rights :

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

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

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

c) Audit Qualifications:

The Auditors have issued an unqualified opinion for the year ended 31st December 2014.

d) Separate posts of Chairman and CEO

Separate persons have been appointed to the posts of Chairman and Managing Director.

e) Reporting of Internal Auditor

The Company may consider adopting in future, direct reporting of the Internal Auditor to the Audit Committee.

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Clause 49 of the Listing Agreements with the Stock Exchanges, the Board Members and Senior Management personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st December 2014.

For SANOFI INDIA LIMITED

DR. SHAILESH AYYANGAR
MANAGING DIRECTOR

Mumbai, 20th February 2015



AUDITORS' CERTIFICATE

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 on 31st December 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

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

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

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

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Vijay Maniar
Partner
Membership No.: 36738

Place : Mumbai
Date: February 20, 2015

Independent Auditors' Report

To

The Members of Sanofi India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sanofi India Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
- e) On the basis of written representations received from the directors as on 31 December 2014 under section 164 (2) of the Companies Act, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2014, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013 which corresponds to clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E

per Vijay Maniar

Partner

Membership Number: 36738

Place: Mumbai

Date: 20 February 2015


Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Sanofi India Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company had granted loan to a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 26,500 lacs and year-end balance of loan granted to such party was Nil. In reporting the amounts covered under Section 301, transactions only up to 31 March 2014 (being the last day up to which this section was applicable to the Company) have been considered.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that certain items of inventory purchased from strategic vendors or are of special nature for which suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered. In evaluating the parties to be covered under Section 301, only contracts or arrangements up to 31 March 2014 (being the last day up to which this section was applicable to the Company) have been considered.

- (b) In our opinion and according to the information and explanations given to us and having regard to the explanation that sale of goods are of proprietary nature and sale and purchase of services for which alternative sources are not available to obtain comparable quotations, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, for the period upto 31 March 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014), 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 same.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of wealth-tax, income-tax, customs duty and cess which have not been deposited on account of any dispute. According to the records of the Company, the dues outstanding of excise duty, service tax, entry tax and sales tax on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Duty on Samples	5	1994 to 1999	Customs Excise and Service tax Appellate tribunal.
	Disallowance of Modvat	17	1993	Commissioner of Appeals, Surat.
Medicinal & Toilet Preparations (Levy of Excise Duty) Act, 1955	Dispute Whether Central or State Excise duty	232	1990 to 1997	Central Board of Excise and Customs
	Dispute Whether Central or State Excise duty	132	1996 to 1999	Commissioner of State Excise Maharashtra.
Sales Tax Act	Submission of 'F' form	56	2008-09	Joint Commissioner of Sales tax, Uttar Pradesh
Service Tax	Service Tax on sponsorship	1	2011-12	Commissioner of Customs, Central Excise and Services Tax
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Local Entry Tax	238	Oct 2013-Dec 2014	Calcutta High Court

- 
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions or by way of debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the said Order are not applicable to the Company and hence not commented upon.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the said Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 for the period upto 31 March 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014).
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Vijay Maniar
Partner
Membership Number: 36738

Place: Mumbai
Date: 20 February 2015

Balance Sheet

as at December 31, 2014

	Notes	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	2,303	2,303
Reserves and surplus	3	146,281	132,367
Sub-total shareholders' funds		148,584	134,670
Non-current liabilities			
Other long term liabilities	4	–	74
Long term provisions	5	3,207	2,528
Deferred Tax Liabilities (Net)	6	5,388	3,669
Sub-total non-current liabilities		8,595	6,271
Current liabilities			
Trade Payables	7	32,686	18,710
Other current liabilities	7	11,004	8,993
Short-term provisions	8	21,892	19,190
Sub-total current liabilities		65,582	46,893
TOTAL EQUITY AND LIABILITIES		222,761	187,834
ASSETS			
Non-current assets			
Fixed Assets	9		
Tangible assets		26,621	25,400
Intangible assets		38,215	44,455
Capital Work in Progress			
Tangible assets		20,781	13,456
Intangible assets under development		207	164
Non current investments	10	24	24
Long term loans and advances	11	10,481	9,514
Other non-current assets	12	150	107
Sub-total non-current assets		96,479	93,120
Current assets			
Inventories	13	47,809	34,000
Trade receivables	14	11,522	11,831
Cash and Bank Balances	15	46,884	26,440
Short term loans and advances	16	19,614	21,912
Other current assets	17	453	531
Sub-total current assets		126,282	94,714
TOTAL ASSETS		222,761	187,834
Significant accounting policies	1		

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. : 324982E

per **Vijay Maniar**

Partner

Membership No. 36738

Mumbai : February 20, 2015

For and on behalf of the Board of Directors of
Sanofi India Limited

Dr. Vijay Mallya

Chairman

S. Ayyangar

Managing Director

Virginie Boucinha

Director &

Chief Financial officer

S. R. Gupte

Director

Rangaswamy R. Iyer

Director

A. K. R. Nedungadi

Director

K. Subramani

Company Secretary

Mumbai : February 20, 2015

Statement of Profit and Loss

for the year ended December 31, 2014

	Notes	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
Income			
Revenue from Operations (gross)	18	202,552	185,485
Less :Excise Duty		4,804	4,599
Revenue from Operations (net)		197,748	180,886
Other income	19	6,430	5,786
Total Revenue		204,178	186,672
Expenses			
Cost of material consumed	20	63,717	63,831
Purchases of traded goods	21	48,787	19,059
Changes in inventories of finished goods, work-in-progress and traded goods	22	(15,100)	(947)
Employee benefits expenses	23	28,824	24,213
Other expenses	24	37,632	34,940
Depreciation and Amortisation Expense	9	9,744	9,310
Less: recoupment from revaluation reserve		(80)	(84)
Net Depreciation and Amortisation Expense		9,664	9,226
Finance Costs		48	42
Total Expenses		173,572	150,364
Profit before Tax and Exceptional Item		30,606	36,308
Tax Expense			
- Current tax		9,592	10,787
- Deferred tax		1,309	1,541
Total Tax Expenses		10,901	12,328
Profit after Tax and before Exceptional Item		19,705	23,980
Exceptional Item (net of tax Rs. 3,427 Lacs (2013: Nil) ref note 43)		6,656	2,538
Profit after Tax and Exceptional Item		26,361	26,518
Earnings per equity share			
	32		
Basic and Diluted Earning Per Share in Rs. (Nominal Value of equity share of Rs. 10 Each (2013 : Rs. 10))			
- Computed on the basis of earnings before exceptional items		85.56	104.12
- Computed on the basis of earnings after exceptional items		114.46	115.14
Significant accounting policies	1		

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. : 324982E

per **Vijay Maniar**

Partner

Membership No. 36738

Mumbai : February 20, 2015

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Director

Rangaswamy R. Iyer

Director

A. K. R. Nedungadi

Director

K. Subramani

Company Secretary

Mumbai : February 20, 2015

Cash Flow Statement

for the year ended December 31, 2014

Particulars	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
Cash flow From operating activities before exceptional items		
Net Profit before tax and Exceptional item	30,606	36,308
Adjustment for:		
Depreciation and amortization	9,664	9,226
Unrealised exchange gain/loss (net)	118	(51)
(Profit) / Loss on sale of fixed assets (net)	(17)	24
Finance costs	48	42
Interest income	(5,059)	(3,289)
Provision no longer required written back (net)	(103)	(627)
Provision for doubtful debts and advances (net)	(114)	22
Dividends	*	(2)
Operating profit before working capital changes	35,143	41,653
Movements in working capital		
(Increase)/Decrease in Trade Receivables	387	(1,856)
Decrease/(Increase) in Loans and Advances and other current/ non-current assets	(1,311)	2,917
(Increase)/Decrease in inventories	(13,808)	(6,755)
Increase/(Decrease) in trade payables, current/non-current liabilities and provisions	18,368	3,025
Cash generated from operations	38,779	38,984
Direct taxes paid	(12,284)	(11,729)
Net cash flow from operating activities (A)	26,495	27,255
Cash flow from Investment activities		
Proceeds from sale of fixed assets (refer note 43)	10,899	23
Dividend received	*	2
Interest received	4,985	3,305
Repayment of Inter corporate loan	16,000	11,000
Inter corporate loan given	(13,000)	(32,800)
Investment in Margin money deposit (net)	(31)	(173)
Purchase of Fixed Assets	(12,719)	(17,442)
Proceeds from Sale of Investments	–	2,550
Net cash used in investing activities (B)	6,134	(33,535)
Cash flow from financing activities		
Interim and final dividend paid (including tax thereon)	(12,125)	(10,457)
Finance Cost	(48)	(42)
Net cash used in financing activities (C)	(12,173)	(10,499)
Net (decrease) / increase in cash & cash equivalents (A+B+C)	20,456	(16,779)

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
Effect of Exchange differences on cash & cash equivalents held in foreign currency	*	4
Cash and Cash Equivalents at the beginning of the year	26,110	42,885
Cash and Cash Equivalents at the end of the year	46,566	26,110
Components of Cash and Cash Equivalents		
Cash and Bank Balances (as per Note 15) - (Refer note 3 below)	46,566	26,110

* denotes figure less than a lac.

Notes:

- (1) Comparative figures have been regrouped wherever necessary.
- (2) The cash flow statement has been prepared under the indirect method as set out in the Accounting standard -3 on cash flow statements issued by the Institute of Chartered Accountants of India.
- (3) Cash and Bank Balance as per note 15 includes Rs. 106 lacs (2013 : Rs. 129 lacs) which are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For S R B C & Co. LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E

per **Vijay Maniar**
Partner
Membership No. 36738

Mumbai : February 20, 2015

For and on behalf of the Board of Directors of
Sanofi India Limited

Dr. Vijay Mallya	Chairman
S. Ayyangar	Managing Director
Virginie Boucinha	Director & Chief Financial officer
S. R. Gupte	Director
Rangaswamy R. Iyer	Director
A. K. R. Nedungadi	Director
K. Subramani	Company Secretary

Mumbai : February 20, 2015

Notes forming part of the Financial Statements

for the year ended December 31, 2014

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified and the relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated 8 April 2014, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation was carried out.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1. Significant accounting policies:

Use of estimates

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

Tangible and intangible fixed assets

Fixed assets are stated at cost (or revalued amounts, as the case may be) less accumulated depreciation/amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation/amortisation

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

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

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

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

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 of five years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Impairment

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

Leases

Company is the Lessee

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

Company is the Lessor

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

Investments

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

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

Inventories

Inventories are valued as follows:

Raw Material and Packing Material

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

Work-in-progress and finished goods

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

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

Cash and Cash equivalents

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

Foreign currency transactions

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

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

Forward exchange contracts not intended for trading or speculation purposes

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

Revenue Recognition

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

Sale of Goods

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

Service Income

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

Interest

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

Dividend

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

Others

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

Retirement & Other employee benefits

(i) Long-term Employee Benefits

(a) Defined Contribution Plans

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

All the above mentioned schemes are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the statement of profit and loss, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

(b) Defined Benefit Plans

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

(c) Other Long-term Employee Benefit

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

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

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

Taxation

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

Segment Reporting

Identification of segments

The operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Earnings per Share

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

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

Provisions and Contingencies

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

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

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
2. SHARE CAPITAL		
Authorised		
23,500,000 (2013 : 23,500,000) Equity Shares of Rs. 10 each	2,350	2,350
	2,350	2,350
Issued, Subscribed and Paid-up		
23,030,622 (2013 : 23,030,622) Equity Shares of Rs. 10 each fully Paid-up	2,303	2,303
	2,303	2,303

a) Shares held by holding and ultimate holding company

13,904,722 (2013 : 13,904,722) equity shares are held by Hoechst GmbH, Germany, holding company and 4,865 (2013 : 4,865) Equity shares are held by Sanofi S.A., France ultimate holding company

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

	December 31, 2014		December 31, 2013	
	Numbers	Amount in Lacs	Numbers	Amount in Lacs
At the beginning of the year and outstanding at the end of the year	23,030,622	2,303	23,030,622	2,303

c) Terms/rights attached to equity shares

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

During the year ended 31 December 2014, the amount of per share dividend (including interim dividend of Rs. 10 (December 2013 : Rs. 10)) recognized as distributions to equity shareholders was Rs. 45 (December 2013 : Rs. 45).

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

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

	December 31, 2014		December 31, 2013	
	No of Shares	% of Holding	No of Shares	% of Holding
Hoechst GmbH, Germany	13,904,722	60.37	13,904,722	60.37
Reliance Capital Trustee Company Limited	1,287,005	5.59	1,522,482	6.61
Aberdeen Global Indian Equity Fund (Mauritius) Ltd	1,238,883	5.38	1,338,883	5.81

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

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
3. RESERVES AND SURPLUS		
Capital Reserve	349	349
Securities premium account	204	204
Revaluation Reserves		
Balance as per last balance sheet	1,027	1,111
Less: Transferred to statement of profit and loss as reduction from depreciation	80	84
Less: Transferred to General Reserve (Ref note 43)	601	-
Closing Balance	346	1,027
General reserve		
Balance as per last balance sheet	27,765	25,113
Add: Transferred from surplus balance in the statement of profit and loss	2,636	2,652
Add: Transferred from Revaluation Reserve	601	-
Closing Balance	31,002	27,765
Surplus in the statement of profit and loss		
Opening balance	103,022	91,332
Profit for the year	26,361	26,518
Less: Appropriations		
Interim dividend on equity shares	2,303	2,303
Proposed final dividend on equity shares	8,061	8,061
Tax on dividend	2,003	1,812
Transferred to general reserves	2,636	2,652
Net surplus in the statement of profit and loss	114,380	103,022
	146,281	132,367
4. OTHER LONG TERM LIABILITIES		
Security Deposit	-	74
	-	74
5. LONG TERM PROVISIONS		
Provision for Employee Benefits (ref note No. 31)		
Employees' retirement and other long term benefits	182	154
Employees' retirement benefits - Pension	41	74
Other Provision		
Provision for Sales Returns (ref note No 34)	2,984	2,300
	3,207	2,528

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
6. DEFERRED TAX LIABILITIES		
Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	8,649	6,516
Gross deferred tax liabilities	8,649	6,516
Employee retirement and other long term benefits	977	625
Effect of expenditure debited to statement of Profit & Loss in current year but allowed for tax purposes in following years	2,210	2,110
Provision for doubtful debts and advances	74	112
Gross deferred tax assets	3,261	2,847
Net Deferred Tax Liability	5,388	3,669
7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade Payables (Ref note 36)	32,686	18,710
Other current liabilities		
Liability for capital goods	750	1,369
Employee related and other current liabilities	7,448	5,688
Advance towards sale of Fixed Assets (Ref note 43)	600	-
Statutory and other liabilities	1,913	1,348
Security Deposits	1	201
Advances from customers and others	186	258
Unclaimed Dividend (ref note (a) below)	106	129
	11,004	8,993
	43,690	27,703
(a) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
8. SHORT TERM PROVISIONS		
Provision for Employee Benefits (ref note No. 31)		
Employees' retirement and other long term benefits	2,739	1,636
Employees' retirement benefits - Pension	20	16
Other Provisions		
Provision for Income Tax (Net of Advance Tax)	4,161	3,355
Proposed dividend	8,061	8,061
Tax on proposed dividend	1,612	1,370
Provision for sales returns (ref note No. 34)	2,387	1,840
Other Provisions (ref note No. 34)	2,912	2,912
	21,892	19,190

Notes forming part of the Financial Statements

for the year ended December 31, 2014

9. FIXED ASSETS

(Rupees in Lacs)

	GROSS BLOCKS AS AT			DEPRECIATION/ AMORTISATION			NET BLOCK AS AT	
	As at 01.01.2014	Additions	Deductions	As at 01.01.2014	For the Year	Deductions	As at 31.12.2014	31.12.2014
	01.01.2014	31.12.2014	31.12.2014	01.01.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2014
<u>Intangible Assets</u>								
Goodwill (1)	12,529	-	-	12,529	1,254	-	3,970	8,559
Brand (1)	40,711	-	-	40,711	4,070	-	12,890	27,821
Software (2)	734	141	-	875	40	-	771	104
Marketing and technical rights for formulations	2,004	-	-	2,004	-	-	2,004	-
Technical know-how (3)	5,381	-	-	5,381	1,017	-	3,650	1,731
Sub Total (A)	61,359	141	-	61,500	6,381	-	23,285	38,215
Previous Year	61,061	302	4	61,359	6,358	4	16,904	44,455
<u>Tangible Assets</u>								
Freehold Land	348	-	-	348	-	-	-	348
Leasehold Land	628	34	-	662	8	-	100	562
Buildings & Waterworks (4)	13,980	239	1,963	12,256	561	1,205	4,892	7,364
Leasehold Improvement	400	13	-	413	67	-	334	79
Plant & Machinery	28,791	4,531	149	33,173	2,232	120	16,503	16,670
Furniture & Fixtures	1,291	44	12	1,323	89	8	808	515
Office Equipment	675	6	30	651	21	26	443	208
Computers	2,664	518	379	2,803	373	373	1,942	861
Motor Vehicles	82	-	-	82	12	-	68	14
Sub Total (B)	48,859	5,385	2,533	51,711	3,363	1,732	25,090	26,621
Previous Year	40,377	8,976	494	48,859	2,952	445	23,459	25,400
Total (A+B)	110,218	5,526	2,533	113,211	9,744	1,732	48,375	64,836
Previous Year Total	101,438	9,278	498	110,218	9,310	449	40,363	69,855

Notes:

- 1) Remaining amortisation period upto 80 months.
- 2) Remaining amortisation period upto 28 months.
- 3) Remaining amortisation period from 2 to 43 months.
- 4) Buildings include investments representing ownership of Office premises and Residential flats in co-operative societies.
- 5) Buildings include buildings given on operating lease (refer note 33).

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
10. NON CURRENT INVESTMENTS		
UNQUOTED EQUITY INSTRUMENTS		
Trade Investments (at cost)		
(i) Bharuch Enviro Infrastructure Limited 2,188 (2013 : 2,188) Equity shares of Rs.10 /- each fully paid up.	*	*
(ii) Bharuch Eco-Acqua Infrastructure Limited 236,000 (2013 : 236,000) Equity shares of Rs.10/- each fully paid up.	24	24
	24	24
* denotes figure less than a lac		
11. LONG TERM LOANS AND ADVANCES		
Unsecured, considered good unless stated otherwise		
Employee loans and advances	585	588
Loans and advances to related parties (Ref Note 30)		
Inter Corporate Loan [Unsecured, given against Corporate guarantee by Sanofi S.A. (ultimate holding Company)]	2,300	2,300
Tender Security Deposits		
Unsecured, considered good	112	112
Unsecured, considered doubtful	126	116
	238	228
Less : Provision for Doubtful security deposits	(126)	(116)
	112	112
Advance tax (Net of Provision)	5,679	5,197
Capital Advances	573	262
Deposits Others	1,232	1,055
	10,481	9,514

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
12. OTHER NON CURRENT ASSETS		
Margin Money Deposits (Ref Note 15)	150	107
	150	107
13. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw Materials and packing materials (Including in transit Rs. 4,267 Lacs; 2013: Rs. 4,038 Lacs)	15,495	16,786
Work-in-progress	3,898	3,268
Finished goods / Traded goods (Including in transit Rs. 11,415 Lacs; 2013: Rs. 856 Lacs)	28,416	13,946
	47,809	34,000
Details of Work-in-progress		
Formulations	3,898	3,268
Details of Finished goods/Traded goods (Refer note 22)		
Formulations	28,416	13,946
14. TRADE RECEIVABLES		
Unsecured, considered good unless stated otherwise		
Outstanding over six months		
Considered - good	275	508
- doubtful	71	195
	346	703
Others		
Considered - good	11,247	11,323
- doubtful	-	-
	11,247	11,323
	11,593	12,026
Less : Provision for doubtful debts	71	195
	11,522	11,831

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
15. CASH AND BANK BALANCES		
Cash on hand	1	2
<u>With scheduled banks in</u>		
Current accounts	759	2,829
Bank Deposit with original maturity of less than three months	45,700	23,150
Unpaid dividend accounts	106	129
	46,566	26,110
<u>Other Bank Balances</u>		
Margin money deposits	468	437
Less : Amount disclosed under non current assets (Ref note 12)	(150)	(107)
	318	330
	46,884	26,440
Margin money deposit given as security		
Margin money deposit with carrying amount of Rs. 468 lacs (2013 : Rs. 437 lacs) are subject to first charge to secure bank guarantees issued by bank on our behalf.		
16. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received	288	218
Loans and advances to related parties (Ref note 30)		
Advances recoverable in cash or in kind or for value to be received	320	215
Inter Corporate Loan [Unsecured, given against Corporate guarantee by Sanofi S.A (ultimate holding Company)]	16,500	19,500
Other Loans and Advances		
Employee loans and advances		
Unsecured, considered good	291	304
Unsecured, considered doubtful	19	19
	310	323
Less: Provision for doubtful advances	(19)	(19)
	291	304
Prepaid Expenses	544	488
Balances with Statutory Authorities	416	552
VAT/Service credit (input) receivable	432	150
Interest Accrued on Fixed Deposits	92	18
Advance payment to Suppliers	731	467
	19,614	21,912

Loans and Advances in nature of loan given to Shantha Biotechnics Limited, a company in which directors are interested;
Inter Corporate loan balance as at December 31, 2014 - Rs. 16,500 Lacs (2013 - Rs. 19,500)
Maximum balance outstanding during the year - Rs. 26,500 Lacs (2013 - Rs. 20,500 Lacs)
The same is payable within 12 months.

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	Notes	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
17. OTHER CURRENT ASSETS			
Finished goods - Sample Inventory		311	459
Tangible asset held for Sale (Ref note 43)*		142	-
Rent Receivable		-	72
		453	531

* [Gross Value Rs. 393 Lacs (2013 : Rs. 393 Lacs) accumulated depreciation Rs. 251 Lacs (2013 : Rs. 230 Lacs)]

18. REVENUE FROM OPERATIONS (NET)

Sale of Products (gross)		192,304	175,245
Less: Excise Duty (Refer Note (a) below)		4,804	4,599
Sale of Products (net)	18(a)	187,500	170,646
Sale of Services	18(b)	8,543	9,071
Other operating income	18(c)	1,705	1,169
Revenue from operations		197,748	180,886

(a) Excise duty on sales amounting to Rs. 4,804 Lacs (2013 : Rs. 4,599 Lacs) has been reduced from sales in statement of profit & loss and increase of excise duty on inventory, sample etc. amounting to Rs. 213 Lacs (2013 : Rs. 160 Lacs) has been considered as expense in Note 24 of financial statements.

18(a) Details of Products sold

Formulations		187,345	170,437
Bulk Drugs		155	209
		187,500	170,646

18(b) Details of Services rendered

Business Auxiliary Services		8,543	9,071
		8,543	9,071

18(c) Other Operating Income

Sale of Scrap		102	87
Export Incentives		706	666
Indirect taxes set off/ refunds		403	386
Others		494	30
		1,705	1,169

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
19. OTHER INCOME		
Interest		
Bank deposits	2,199	1,701
Inter corporate deposits	2,008	1,266
Others (Includes interest on income tax refunds, employee loans, etc)	852	322
Gain on disposal of fixed assets (net)	17	–
Rent	1,064	1,092
Exchange difference (net)	–	681
Provision no longer required written back (net)	103	627
Provision for doubtful debt written back (net)	114	–
Miscellaneous Income	73	95
Dividend income on investments	–	2
	6,430	5,786
20. COST OF MATERIAL CONSUMED		
Inventory at the beginning of the year	16,786	10,978
Add: Purchases	62,426	69,639
Less: Inventory at the end of the year	15,495	16,786
Cost of Material Consumed	63,717	63,831
Details of Material Consumed		
Active Pharma Ingredients	53,094	55,198
Packing Materials	10,623	8,633
	63,717	63,831
Details of Inventory at the end of the year		
Active Pharma Ingredients	13,225	15,195
Packing Materials	2,270	1,591
	15,495	16,786

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
21. PURCHASE OF TRADED GOODS		
Purchase of Traded Goods	48,787	19,059
	48,787	19,059

Details of Purchase of Traded Goods

Formulations	48,787	19,059
	48,787	19,059

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs	(Increase)/Decrease Rupees in Lacs
<u>Inventory at the end of the year</u>			December 2014
Traded Goods	23,624	8,688	(14,936)
Work-in-progress	3,898	3,268	(630)
Finished Goods	4,792	5,258	466
	32,314	17,214	(15,100)
<u>Inventory at the beginning of the year</u>			December 2013
Traded Goods	8,688	7,214	(1,474)
Work-in-progress	3,268	2,908	(360)
Finished Goods	5,258	6,145	887
	17,214	16,267	(947)
(Increase) in Inventory	(15,100)	(947)	

23. EMPLOYEE BENEFITS EXPENSES

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
Salaries, wages and bonus	25,118	21,471
Contribution to provident fund / other funds (refer note 31)	2,119	1,292
Staff welfare expenses	1,587	1,450
	28,824	24,213

Notes forming part of the Financial Statements

for the year ended December 31, 2014

	December 31, 2014 Rupees in Lacs	December 31, 2013 Rupees in Lacs
24. OTHER EXPENSES		
Advertisement and sales promotion	4,945	5,725
Travelling and conveyance	7,599	6,789
Selling and distribution expenses	9,181	8,807
Power and fuel	3,985	4,183
Toll Manufacturing Charges	3,445	2,906
Decrease of excise duty on inventory	213	160
Legal and professional fees	4,197	3,724
Training & meetings	1,653	1,567
Repairs - building	282	73
- plant and machinery	897	669
- others	1,226	1,040
Insurance	652	575
Rent	1,770	1,709
Auxiliary and other materials	1,188	863
Rates and taxes	756	765
Stores and spares	456	278
Provision for doubtful debts and advance (net)	-	22
Exchange difference (net)	411	-
Loss on disposal of fixed assets (net)	-	24
Auditors remuneration (Including Service Tax)		
Audit fees	62	55
Tax audit fees	4	4
Certifications	2	6
Out of pocket expenses	2	1
Donations (other than political parties)	38	47
Others	2,907	2,763
	45,871	42,755
Less: Reimbursement of expenses*	8,239	7,815
	37,632	34,940

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

Notes forming part of the Financial Statements

for the year ended December 31, 2014

25. The tax year for the Company being the year ending March 31, the provision for taxation for the year is the aggregate of the provision made for the three months ended March 31, 2014 and the provision based on the profit for the remaining nine months up to December 31, 2014, the ultimate liability of which will be determined on the basis of the profit for the tax year April 1, 2014 to March 31, 2015.

26. Balance with customs and excise authorities includes excise and CENVAT deposit Rs. 525 Lacs (2013 : Rs. 293 Lacs) with toll manufacturers.

27. **Other commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 13,142 Lacs (2013 : Rs. 14,844 Lacs).

28. **Contingent Liabilities:**

Particulars	Dec 14 Rupees Lacs	Dec 13 Rupees Lacs
Tax demands in respect of which*		
➤ Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	3,476	6,162
➤ Company's appeals are pending before appropriate authorities/ the Company is in process of filing an appeal with appropriate authorities	8,348	8,613

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

29. The operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers.

(Rupees Lacs)

Particulars	Dec 14			Dec 13		
	India	Outside India	Total	India	Outside India	Total
Revenues (Net)	146,999	50,749	197,748	136,085	44,801	180,886
Carrying amount of segment assets*	143,199	8,692	151,891	129,131	7,876	137,007
Capital expenditure for the year	12,894	–	12,894	18,547	–	18,547

*Segment Assets includes the following

(Rupees Lacs)

Particulars	Dec 14	Dec 13
Fixed Assets		
i) Tangible Assets	26,621	25,400
ii) Intangible Assets	38,215	44,455
iii) Capital work in progress		
Tangible Assets	20,781	13,456
Intangible Assets	207	164
Long term loans and advances	2,502	2,017
Other non-current assets	150	107
	88,476	85,599
Current Assets		
Inventories	47,809	34,000
Trade receivables - Domestic	2,830	3,954
Trade receivables - Export	8,692	7,876
Cash & Bank Balances	610	2,724
Short term loans and advances	3,021	2,394
Other Current Assets	453	460
	63,415	51,408
TOTAL	151,891	137,007

30. Related parties:

i. Parties where control exists:

- Hoechst GmbH, Germany, holding Company (holds 60.38% of the equity share capital as at December 31, 2014)
- Sanofi S.A., France, ultimate holding Company

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

a) Fellow subsidiaries

Sanofi-aventis (Malaysia) SDN. BHD	Aventis Pharma Limited. UK
sanofi-aventis Pakistan limited	Francopia S.A.R.L.
Sanofi-Aventis Groupe S.A.	Sanofi-Aventis Deutschland GmbH
Sanofi Lanka Limited	sanofi-aventis U.S.Inc.
Sanofi Chimie S.A	Sanofi Pasteur India Pvt. Limited
Sanofi-Synthelabo (India) Limited	Sanofi Winthrop Industrie S.A.
Sanofi-Aventis Recherche et Développement S.A.	Sanofi-Aventis Spa
sanofi-aventis Singapore Pte. Limited	Sanofi-Aventis Spolska Z.o.o
Shantha Biotechnics Limited	Zentiva S.A.
Zentiva K.S.	

b) Key management personnel of the Company for the year

Name	Category of Directorship
Dr. Shailesh Ayyangar	Managing Director
Mr. Madhusudan Garimela Rao	Executive Director upto 5th September 2014
Ms. Joanna Potts	Executive Director from 1st May, 2013 to 10th September 2013 and 9th October 2013 to 9th February, 2014
Ms. Virginie Boucinha	Executive Director
Mr. Susheel Umesh	Executive director till 31st January 2013

c) Transactions during the year:

(Rupees Lacs)

Particulars	Dec 14	Dec 13
Holding Company		
Dividend		
Sanofi S.A.	2	2
Hoechst GmbH	6,257	5,423
Recovery of Expenses		
Sanofi S.A.	–	47
Fellow subsidiaries		
Sale of Raw Material and Finished Goods		
sanofi-aventis Singapore Pte. Limited	45,577	39,351
Others	3,904	3,699
Total	49,481	43,050
Purchase of Raw Material and Finished Goods		
sanofi-aventis Singapore Pte. Limited	56,735	38,478
Francopia S.A.R.L.	7,622	2,298
Others	1,866	7,682
Total	66,223	48,458
Recovery of expenses		
sanofi-aventis Singapore Pte. Limited	6,685	6,580
Others	182	313
Total	6,867	6,893
Income from Service rendered		
Sanofi-Synthelabo (India) Limited	7,299	7,553
Sanofi Pasteur India Private Limited	959	1,137
Others	286	300
Total	8,543	8,990
Rent Income		
Sanofi-Synthelabo (India) Limited	8	8
Refund of Inter Corporate Loan given		
Shantha Biotechnics Limited	16,000	11,000
Inter Corporate Loan given		
Shantha Biotechnics Limited	13,000	30,500
Sanofi Pasteur India Private Limited	–	2,300
Interest income (others) on loan/inter Company deposits given		
Shantha Biotechnics Limited	1,790	1,088
Sanofi Pasteur India Private Limited	218	177
Purchase of Fixed Assets		
Sanofi Chimie S.A	111	–
Zentiva K.S.	12	–
Sanofi-Aventis Deutschland GmbH	80	–

Payment of Common shared expenses		
Zentiva SA	459	238
Sanofi-Synthelabo (India) Limited	80	95
Others	275	122
Total	814	455
Payment towards Intangibles under development		
Sanofi-Synthelabo (India) Limited	69	82
Key Management Personnel Remuneration		
Dr. Shailesh Ayyangar	111	115
Mr. Madhusudan Garimela Rao	76	110
Ms. Joanna Potts	14	43
Mr. Susheel Umesh	–	9
Ms. Virginie Boucinha	172	176
Total	373	453

d) Outstanding as at December 31, 2014

(Rupees Lacs)

Particulars	Dec 14	Dec 13
Holding Company		
Sanofi S.A. (Receivable)	–	47
Fellow Subsidiaries		
Trade Receivables		
sanofi-aventis Singapore Pte. Limited	7,004	5,575
Sanofi Lanka Limited	443	645
Others	103	671
Total	7,550	6,891
Other Receivables		
Sanofi-Synthelabo (India) Limited	834	992
sanofi-aventis Singapore Pte. Limited	558	607
Others	626	218
Total	2,018	1,817
Trade Payables		
Sanofi Winthrop Industrie S.A.	–	1,033
sanofi-aventis Singapore Pte. Limited	18,422	6,375
Sanofi-Aventis Spa	121	334
Others	2,659	965
Total	21,202	8,707
Inter Corporate Loan Balance		
Shantha Biotechnics Limited	16,500	19,500
Sanofi Pasteur India Private Limited	2,300	2,300
Total	18,800	21,800

31. Employee Benefits

A) Defined Contribution Plans

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

Particulars	Dec 14 Rupees Lacs	Dec 13 Rupees Lacs
i) Contribution to Employees' Provident Fund (Ankleshwar and Nepal)	27	28
ii) Contribution to Employees' Superannuation Fund	100	98
iii) Contribution to Employee's Pension Scheme, 1995	275	203

B) Post Employment Defined Benefit Plans

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

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13
(a) Discount Rate (per annum)	8.10%	9.00%	8.10%	9.00%	8.10%	9.00%
(b) Expected Rate of Return on Plan Assets	8.10%	9.00%	8.10%	9.00%	8.10%	9.00%
(c) Salary Escalation rate#	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
(d) Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	LIC- Ultimate 94-96	Indian Assured Lives Mortality (2006-08) Ultimate	LIC- Ultimate 94-96	Indian Assured Lives Mortality (2006-08) Ultimate	LIC- Ultimate 94-96
(e) Employees' turnover	Age related	Age related	Age related	Age related	Age related	Age related

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

i) Change in Benefit Obligation

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13
Liability at the beginning of the period	3,749	3,233	90	145	14,762	12,768
Interest Cost	337	274	8	12	1,118	1,134
Current Service Cost	236	230	1	2	701	652
Employees Contribution	-	-	-	-	1,237	1,109
Interest Guarantee	-	-	-	-	-	-
Benefits Paid	(606)	(219)	(26)	(26)	(1,598)	(930)
Transfer from previous employer's	-	-	-	-	-	-
Liability Transfer In	-	-	-	-	128	222
Liability Transfer Out	-	-	-	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-	-	-
Actuarial (gain)/loss on Obligations	708	231	(10)	(43)	-	(193)
Liability at the end of the year	4,424	3,749	63	90	16,347	14,762
Funded benefit obligation	3,647	3,660	-	-	16,347	14,762
Non Funded Benefit Obligation	777	89	63	90	-	-

ii) Fair value of Plan Assets

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13
Fair Value of Plan Assets at the beginning of the year	3,660	2,937	-	-	14,762	12,574
Expected Return on Plan Assets	331	250	-	-	1,118	1,134
Interest Shortfall paid by the Company	-	-	-	-	-	-
Employer's Contributions	279	651	26	26	701	652
Employees Contribution	-	-	-	-	1,237	1,109
Benefits Paid	(606)	(219)	(26)	(26)	(1,598)	(930)
Transfer from Other Approved Funds	-	-	-	-	128	223
Provision for diminution in fair value of Plan assets	-	-	-	-	-	-
Actuarial gain/(loss) on Plan Assets	(17)	41	-	-	-	-
Fair Value of Plan Assets at the end of the year	3,647	3,660	-	-	16,347	14,762
Contributions expected to be paid to the Plan in 2015	707	308	-	-	-	-

iii) Actual Return on Plan Assets

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13
Expected Return on Plan Assets	331	250	–	–	1,118	1,134
Actuarial gain/(loss) on Plan Assets	(17)	41	–	–	–	–
Actual Return on Plan Assets	314	291	–	–	1,118	1,134

iv) Amount Recognised in the Balance Sheet

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13
Liability at the end of the year	4,424	3,749	63	90	16,347	14,762
Fair Value of Plan Assets at the end of the year	3,647	3,660	–	–	16,347	14,762
Difference	777	89	63	90	–	–
Amount Recognised in the Balance Sheet	777	89	63	90	–	–

v) Expenses Recognised in the Income Statement

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13
Current Service Cost	236	230	1	2	701	652
Interest Cost	337	274	8	12	1,118	1,134
Expected Return on Plan Assets	(331)	(250)	–	–	(1,118)	(1,134)
Interest Guarantee	–	–	–	–	–	–
Net Actuarial (Gain)/Loss to be Recognised	726	190	(10)	(43)	–	(193)
Expense Recognised in Profit and Loss under personnel expenses	968	444	(1)	(29)	701	459

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

(Rupees Lacs)

Particulars	Gratuity					Pension Plan					Provident Fund				
	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10
Defined Benefit Obligation	4,424	3,749	3,233	2,818	2,744	63	90	145	168	163	16,347	14,762	12,768	11,983	10,381
Plan assets	3,647	3,660	2,937	2,773	2,033	-	-	-	-	-	16,347	14,762	12,574	11,484	10,006
Surplus/ (deficit)	777	89	296	45	711	63	90	145	168	163	-	-	194	499	375
Experience adjustment on benefit obligation															
Net Actuarial (Gain)/Loss due to Experience	295	231	133	(77)	116	(11)	-	(7)	18	(9)	-	(193)	(467)	125	66
Net Actuarial (Gain)/Loss due to Change in Assumption	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Experience adjustment on Plan Assets															
Net Actuarial Gain/(Loss) due to Experience	(17)	41	6	56	37	-	-	-	-	-	-	-	-	-	-
Net Actuarial (Gain)/Loss due to Change in Assumption	-	-	-	-	-	(2)	-	-	-	-	-	-	-	-	-

vii) Basis used to determine expected rate of return on assets

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

viii) General descriptions of significant defined Plans

Gratuity Plan

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

Pension Plan

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

Provident Fund

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

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

Particulars	Gratuity		Provident Fund	
	Dec 14	Dec 13	Dec 14	Dec 13
Government of India securities	–	–	23%	22%
Bonds	–	–	37%	38%
Special Deposit Scheme, 1975	–	–	34%	34%
Other assets	–	–	6%	6%
Administered by Life Insurance Corporation of India	100%	100%	–	–
	100%	100%	100%	100%

32. Earnings per share:

Particulars	Dec 14	Dec 13
Numerator used for calculating basic and diluted earnings per share - profit after tax and before exceptional item (Rs. in Lacs)	19,706	23,980
Numerator used for calculating basic and diluted earnings per share - profit after tax after exceptional item (Rs. in Lacs)	26,362	26,518
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share.	23,030,622	23,030,622
Nominal value per share (Rupees)	10	10
Basic and diluted earnings per share		
Computed on the basis of earnings before exceptional items divided by weighted average number of shares (Rupees)	85.56	104.12
Computed on the basis of earnings after exceptional items divided by weighted average number of shares (Rupees)	114.46	115.14

33. Operating leases:

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

Where Company is the lessee:

(Rupees Lacs)

Particulars	Dec 14	Dec 13
Charged to Statement of profit and loss *	50	49
Not later than one year	15	36
Later than one year but not later than five years	6	40

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

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

(Rupees lacs)

Particulars	Dec 14	Dec 13
Car Lease Charges**	224	210
Premises Lease Charges**	1,496	1,450
Total	1,720	1,660

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

Where Company is the lessor:

In respect of non-cancellable operating leases

(Rupees lacs)

Particulars	Dec 14	Dec 13
Credited to Statement of profit and loss #	1,064	1,092
Not later than one year	–	1,003
Later than one year but not later than five years	–	422

Uncollectible minimum lease payments receivable at the balance sheet date Rs. Nil (2013 : Rs. Nil)

#The Company has leased out building on operating lease. The lease term is for a period ranging from 12-60 months.

Details in respect of assets given on operating lease: (Refer Note 43)

(Rupees lacs)

Particulars	Dec 14	Dec 13
Gross carrying amount of buildings	379	1,963
Accumulated depreciation on cost and re-valued amount	237	1,143
Depreciation recognised in statement of profit and loss	61	66
Less: Transferred from revaluation reserve	59	63
Net depreciation as per Statement of profit and loss	2	3

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

34. Other provisions:

Movements in provisions:

(Rupees Lacs)

	Class of provisions			Total
	Indirect tax	Provision for Sales Returns	Others	
Balance as at January 1, 2014	856 (856)	4,140 (2,707)	2,056 (3,296)	7,052 (6,859)
Amount provided during the year	– (–)	4,406 (4,118)	– (41)	4,406 (4,159)
Amount written back/paid during the year	– (–)	3,175 (2,685)	– (1,281)	3,175 (3,966)
Balance as at December 31, 2014	856 (856)	5,371 (4,140)	2,056 (2,056)	8,283 (7,052)

Note: Figures in brackets are for the previous year.

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

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

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

Particulars	Foreign currency	Dec 14		Dec 13	
		Foreign currency Value	(Rupees in Lacs)	Foreign currency Value	(Rupees in Lacs)
Trade Payables	EUR	9,317,258	7,148	5,980,872	5,106
	JPY	4,410,000	23	–	–
	USD	733,403	463	580,624	359
	GBP	6,000	6	2,588	3
	NPR	139,215	1	57,578	*
	AED	–	–	384	*
	SGD	97	*	–	–
	CHF	4,560	3	–	–
Trade Receivables	EUR	10,650,711	8,171	8,225,194	7,022
	USD	824,728	521	1,380,790	855
Cash and Bank Balances	EUR	23,837	18	250,550	214

* denotes less than a lac

36. Micro and Small Enterprises

Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006	(Rupees Lacs)	
	Dec 14	Dec 13
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal Amount	12	44
Interest thereon remaining unpaid	-	-
Amount of interest paid in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	10	-
Amount of interest accrued and remaining unpaid at the end of each accounting year; and	10	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

37. Value of imports on CIF basis:

(Rupees Lacs)

Particulars	Dec 14	Dec 13
Raw and packing materials	28,514	21,559
Components, spares and auxiliary	49	58
Capital goods	849	1,314
Finished goods	43,569	31,620

38. Expenditure in foreign currency (on accrual basis)

(Rupees Lacs)

Particulars	Dec 14	Dec 13
Commission	49	85
Traveling and conveyance	222	217
Salary and Wages	14	94
Legal and professional fees	25	57
Others	898	507

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

(Rupees Lacs)

Particulars	Dec 14	Dec 13
FOB value of exports	47,879	41,517
Income from services rendered	286	300
Reimbursement of expenses & Market Support	6,787	6,831
	54,952	48,648

40. Consumption of raw materials, packing materials spare parts and components

(Rupees Lacs)

	Dec 14	%	Dec 13	%
Raw Materials and packing materials:				
Indigenous	27,163	43	24,256	38
Imported	36,554	57	39,575	62
Sub Total	63,717	100	63,831	100
Spare parts and components:				
Indigenous	393	86	265	95
Imported	62	14	13	5
Sub Total	455	100	278	100
Total	64,172		64,109	

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

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

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

42. Dividend remittances in foreign currency:

(Rupees Lacs)

Particulars	Dec 14	Dec 13
Dividend remitted in foreign currency		
Final for year 2012	–	4,034
Interim for the year 2013	–	1,391
Final for year 2013	4,868	–
Interim for the year 2014	1,391	–
Number of non-resident shareholders	2	2
Number of shares held	13,909,587	13,909,587

All remittances are made in EURO.

43. The Board of Directors of the Company had approved, in November 2014, sale of the commercial premises comprising five floors owned by the Company in a building called Hoechst House in Nariman Point, Mumbai for a total consideration of Rs. 13,426 lacs. The transaction for sale of four floors was completed during the quarter ended December 31, 2014 and the transaction for the remaining one floor was completed in January 2015. The net profit of Rs. 6,656 lacs (net of tax Rs. 3,427 lacs) arising from the sale of four floors has been indicated in Exceptional item in statement of profit and loss for the year.
44. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

Signatures to Notes 1 to 44

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No : 324982E
Chartered Accountants

per **Vijay Maniar**
Partner
Membership No. 36738

Mumbai : February 20, 2015

For and on behalf of the Board of Directors of
Sanofi India Limited

Dr. Vijay Mallya	Chairman
S. Ayyangar	Managing Director
Virginie Boucinha	Director & Chief Financial officer
S. R. Gupte	Director
Rangaswamy R. Iyer	Director
A. K. R. Nedungadi	Director
K. Subramani	Company Secretary

Mumbai : February 20, 2015

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Corporate Identity Number (CIN): L24239MH1956PLC0009794
Balance Sheet Date 31.12.2014

State Code 11

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

<u>Public Issue</u>	<u>Rights Issue</u>
Nil	Nil
<u>Bonus Issue</u>	<u>Private Placement</u>
Nil	Nil

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

	<u>Total Liabilities</u>	<u>Total Assets</u>
	222,761	222,761
Sources of Funds		
	<u>Paid-up Capital</u>	<u>Reserves & Surplus</u>
	2,303	146,281
	<u>Secured Loans</u>	<u>Unsecured Loans</u>
	Nil	Nil
Application of Funds		
	<u>Net Fixed Assets</u>	<u>Investments</u>
	85,824	24
	<u>Net Current and Other Assets</u>	<u>Misc. Expenditure</u>
	62,736	Nil
Accumulated Losses	Nil	

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

<u>Turnover*</u>	<u>Total Expenditure</u>
204,178	173,572
* Includes Other Income	
<u>Profit/Loss before Tax</u>	<u>Profit/Loss After Tax and</u>
30,606	<u>Exceptional items</u>
	26,361
<u>Earnings per Share in Rs.</u>	<u>Dividend Rate %</u>
114.46	450

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

Item Code No. (ITC Code)	: 3004 90 71
Product Description	: RAMIPRIL TABLETS
Item Code No. (ITC Code)	: 3004 31 10
Product Description	: INSULIN GLARGINE
Item Code No. (ITC Code)	: 2935 00 90
Product Description	: GLIMEPIRIDE

SANOFI 

Sanofi India Limited, 54/A, 3rd Midhyanagar, Kowli Pooje, Andheri East, Mumbai, 400071, India. Tel: (91) - 221 2927 8000

ANNEXE TO THE REPORT OF THE DIRECTORS

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended December 31, 2014 and forming part of the Directors' Report for the said financial year.

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

Name	Age (Years)	Qualifications	Designation	Date of commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Particulars of last employment
Dr. Ayyangar Shailesh	60	B.V.Fc & A.H., P.G.D.M. IIM (Ahmedabad)	Managing Director	25-Oct-05	35	8,436,788	Wholetime Director, Sanofi-Synthelabo (India) Limited
Mr. Bahadur Gaurav	44	B.Sc., M.P.M.	Senior Director - HR (India & South Asia)	15-Apr-13	21	13,696,328	EVP-Human Resources, Firstsource Solutions Ltd.
Mr. Bhatnagar Tarun	63	B.Sc.	Senior Resident Director	11-Dec-74	41	6,831,632	Sales Representative, Cosmos Enterprises
Ms. Cama Yasmin J	60	B.A., L.L.B., L.L.M.	Senior Director - Legal Affairs	16-Sep-85	35	9,128,364	Advocate Assistant - Legal, M/S Crawford Bayley & Co.
Mr. Chowdhury Anindya	44	P.G.D.M., B.E.T.C.E	Senior Director - Consumer Healthcare BU	8-Nov-11	20	7,985,434	Senior Director, Dr Reddy's Laboratories Ltd.
Mr. Narayanaswamy M K	60	B.Com, I.C.W.A.	Senior Director - Accounting & Taxation	6-Feb-84	38	6,666,297	Cost Accountant, Godfrey Phillips India Pvt. Ltd.
Ms. Potts Joanna	51	B.Sc (Hons) 2(ii) Medicinal and Pharmaceutical Chemistry with Diploma of Industrial Studies	Commercial Operations Officer	1-Jan-13	30	7,031,291	Divisional Director, Sanofi UK and Ireland
Mr. Sood Ashwani	54	B.Sc, M.Pharm	Senior Director - Industrial Affairs, India	27-Oct-88	30	6,356,573	Production Supervisor, E Merck India Limited
Ms. Virginie Boucinha	45	MBA (Ecole Supérieure de Gestion, Paris)	Chief Financial Officer	1-Jul-12	23	15,769,739	Associate VP Organizational Effectiveness, Corporate Finance, Sanofi France
Ms. Thomas Aparna	40	Masters in Communication Studies (MCS), Masters' in English Literature, Bachelor of Arts (BA)	Senior Director - Communications (South Asia) & Public Affairs - India	30-Jun-08	16	6,361,468	Senior Manager and Head - Corporate Communications, Pfizer Limited

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

Name	Age (Years)	Qualifications	Designation	Date of Commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Particulars of last employment
Mr. Chavan Sanjay V	53	B. Tech & M.Tech	Country Procurement Head, India	1-Jun-14	28	5,375,354	Process Engineer, Hindustan Polyamides & Fibres Limited
Mr. N. Rajaram	46	Graduation in Electrical and Electronic Engineering, M.B.A. in International Business	General Manager - Pharmaceutical Operations	1-Feb-14	22	22,926,340	Chief Marketing Officer and CEO, Airtel
Mr. Khandelwal Manish	41	B.Com, CS, ICWA, CA	Senior Director - Controlling & Group Reporting (South Asia)	11-Aug-08	18	5,033,816	Finance Director, FMC India Pvt. Limited
Dr. Naqvi Mubarak	41	M.D.(Clinical Biochemistry), MBBS	Senior Director - Medical & Regulatory Affairs	1-Mar-14	17	8,864,220	Vice President, Project Management & Client Services CliniRx Research Pvt. Limited
Mr. Rao Madhusudan	64	M.Sc. (Organic Chemistry), D.B.M.	Senior Director - Industrial Affairs, India	20-Jun-73	41	28,550,274	First Employment
Mr. Wadhawan Lalit	61	B.Sc	Senior Director - Portfolio Development (Nutraceutical BU)	17-Mar-06	20	6,202,652	President Marketing, Universal Medicare PVT Limited

NOTES :

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


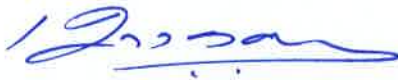

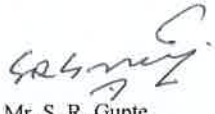
By Authority of the Board

DR. VIJAY MALLYA
CHAIRMAN

Form A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the Company :	Sanofi India Limited
2	Annual Financial Statement for the year ended :	31st December, 2014
3	Type of Audit observation :	Un-qualified
4	Frequency of observation :	Whether appeared first time...../ repetitive...../ since how long-period..... NOT APPLICABLE
5	Signed by:	

<p>For SRBC & Co. LLP Chartered Accountants ICAI Firm Registration No.: 324982E</p>  <p>Per Vijay Maniar Partner Membership No: 36738</p> <p>Place : Mumbai Date : 20 FEB 2015</p>	<p>Sanofi India Limited</p>  <p>Dr. Shailesh Ayyangar Managing Director</p>  <p>Ms. Virginie Boucinha Chief Financial Officer</p> <p>Place : Mumbai Date : 20/2/2015</p>	 <p>Mr. S. R. Gupte Audit Committee Chairman</p>
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