SANOFI

9th April 2019

The Secretary
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

The Secretary,
The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra East,
Mumbai 400 050

Annual Report for financial year ended 31st December 2018

Dear Sirs

Pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report for the financial year ended 31st December 2018 along with the Notice of the Annual General Meeting which is scheduled to be held on 7th May 2019 for your information and records.

Thanking you,

Yours sincerely,
SANOFI INDIA LIMITED

GIRISH TEKCHANDANI
COMPANY SECRETARY

Encl.: a/a

Sanofi India Limited, Sanofi House, CTS No. 117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072 - India - Tel.: +91(22) 2803 2000 - Fax: +91(22) 2803 2939
Corporate Identity Number : L24239MH1956PLC009794 Website: www.sanofiindialtd.com Email: igrc.sil@sanofi.com

SANOFI

63rd Annual Report 2018

SANOFI INDIA LIMITED

Empowering Life

Empowering Life

Keeping Patients at the Heart

Health is a palette of colours with hues of highs and shades of lows. And, when there are darker shades on health, a right healthcare partner can help make all the difference. For over six decades, countless Indians have trusted Sanofi as their health journey partner when faced with health challenges.

Sanofi is truly **Empowering Life** – It is your Company's commitment to keep patients at the heart of everything that we do, to help them live life to its complete potential. This commitment is demonstrated by each member of your Company, and truly embodies the innate virtues of - being ***Responsible***, bringing ***Focus***, demonstrating ***Passion*** and exemplifying ***Empathy*** in all our actions.

This year, we have used colour theory, which is both a science and an art, to denote the key virtues that power every action of your Company, as we march along with millions of Indians on their health journey. We're **Responsible**, **Passionate**, **Focused** and **Empathetic** as an organisation, and the colors of **Blue**, **Red**, **Orange** and **Green** aptly emote these virtues.

This 63rd Annual Report highlights how your Company is Empowering Life and keeping patients at the centre of all its actions, through a vibrant, colorful depiction – a company that cares.

Read on to learn more about your Company's accomplishments and performance in 2018.

MESSAGE from the Managing Director

RAJARAM NARAYANAN

Dear Shareholders,

At the outset, I wish to thank all of you for the trust and confidence you have placed in the Company. With your support, your Company continues to excel in providing world class, innovative, accessible medicines to millions of patients in the country, and around the world.

In recent months, healthcare has received special attention in India. With *Ayushman Bharat*, India has taken a major leap towards providing universal healthcare. As this program reaches the implementation stage, we hope to see several public-private partnerships, which will result in better access to affordable, quality healthcare solutions to all Indians.

India continues to be amongst the fastest growing pharmaceutical markets in the world, with an operating environment that is dynamic and full of surprises. The industry has faced several headwinds including the effects of the Goods & Services Tax (GST), bans on certain fixed dose combinations, and challenges on the policy front. Your Company has navigated this challenging environment commendably through agile initiatives, and excellence in execution, while keeping patients at the centre of all its activities.

You will be proud that your Company had yet another year of strong performance, delivering double-digit revenue growth in the year under review. In 2018, we introduced new innovative medicines that strengthened our presence in key therapy areas. We continued to increase awareness and availability of our strong diversified portfolio in diabetes, cardiology, central nervous system diseases, thrombosis, respiratory and anti-infectives. Our robust manufacturing footprint provided strong support to our ambition, as our sites delivered world class medicines for domestic and international markets. tThe exports operations hold a special place in your Company, delivering quality healthcare solutions to over 50 international markets. India is destined to be a leading centre for drug manufacturing, and your Company is well placed to play an important role in this journey.

Technology has become a key disruptor and differentiator in healthcare. Your Company has introduced several digital initiatives to reach more patients and doctors, creating awareness of diseases and enhancing capability of healthcare practitioners. Our pioneering patient support programs leverage digital technology for delivering better health outcomes. Your Company is also rapidly digitising all commercial and manufacturing operations, receiving strong support from Sanofi's global expertise.

As a health journey partner, our purpose is *Empowering Life*, bringing value to society by protecting, enabling and supporting people facing health challenges through our drug treatments and healthcare initiatives. Your Company firmly believes in making a positive contribution to our communities, and giving back to society. I am proud that in 2018 your company expanded its commitment to Corporate Social Responsibility (CSR) through various programs in awareness, education, and employee volunteering, some of which have been developed and executed in partnership with the State and Central Government. Your Company places the highest emphasis on safety and responsible ethical practices. Our employees and partners are continuously engaged in living the values of Sanofi, through education, training and strong governance.

Our employees remain our pride - with their dedication and commitment to make a difference to millions of patients. Our global employee surveys have revealed exceptionally high engagement scores, with a majority of our employees extremely proud to work with Sanofi. We continue to accord the highest importance to employee welfare, and implement progressive practices like flexible working hours for our people. Your Company has put in place a transformational roadmap for human resources. We are committed to building a future-ready organisation, driven by purpose and

“Your Company has had yet another year of strong performance, delivering double digit revenue growth.”

attractive to millennials and the talent of the future. The Company places highest priority on promoting diversity, inclusiveness and gender balance.

Today, we are living in exciting times. While there are uncertainties, your Company has always adapted to rise to the challenges and seize the opportunities. With the support of our partners and stakeholders, we will continue to work passionately, every day, to understand and solve the healthcare needs of people. India holds a special place for the Sanofi group, and we are privileged to receive their global expertise and support at every stage.

Once again, I take this opportunity to thank every shareholder for your support at all times, in the progress and development of your Company. I also express my gratitude to the employees of the Company for their unwavering commitment to the values of Sanofi, and for their relentless perseverance to make sure that every person gets the gift of good health.

My best wishes to you and your families for a happy and healthy 2019.

Yours sincerely,

Rajaram Narayanan

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Responsible

Actions count more than words. They help build trust and earn confidence; both that can only be earned, not bought. At your Company, acting responsibly means living up to the highest ethics and transparency, complying with top standards of safety and quality, and providing equal opportunities to all.

It is all about supporting people responsibly during their health challenges, so they can continue to live life to its complete potential.

Fit to fight the fake

Brands across the globe are facing the menace of fake news today. It is common for people to trust the internet for information.

So, when your Company's trusted and India's largest selling pain relief brand - Combiflam® became the victim of misleading social media messages questioning its safety and efficacy, your Company decided to counter it in a responsible manner.

Combiflam®
RANGE OF PAIN RELIEF SOLUTIONS

PAIN CLINICS

While every person experiences pain at some point, a majority of them self-medicate or seek information on the Internet, which, if untrue, can be dangerous and misleading. Hence, your Company has taken the lead by launching a pain education campaign to help people find credible information on the web to manage pain effectively. As a first step, a series of videos by doctors and pain experts, on a dedicated YouTube channel called 'Pain Clinics', was launched. This was to generate awareness and educate people, so that they can understand and treat pain in an informed and responsible manner. A large number of people have already benefitted from this initiative.

As a responsible health journey partner, your Company is committed to stand by its patients, and empower the lives of millions of people who rely on us for a healthier, fuller life.

In pursuit **of quality**

When it comes to human life, there can be no compromise on quality. This commitment to the highest standards of excellence is built into your Company's DNA as a responsible organisation.

Not surprisingly, then, your Company's pharmaceutical manufacturing sites at Goa and Ankleshwar successfully cleared a rigorous GMP inspection (Good Manufacturing Practices) by a German health agency, Regierungspräsidium Darmstadt. The positive outcome was a result of your employees' dedication and perseverance and also the division's consistent efforts over time.

Your Company is committed to sustaining the culture of quality by continuously improving its standards.

One of the best ways to fulfil responsibilities towards patients and society at large is by driving excellence through quality.

Nurturing **inclusive growth**

Gender balance is more than just a moral imperative or a women's issue. Increasingly, more organisations are beginning to recognize the merits of having gender parity at workplace.

Your Company is committed to diversity, gender equality and gender balance. Greater diversity and inclusiveness are part of Sanofi's cultural transformation.

Over the years, your Company has taken multiple steps in the areas of work-life integration, fostering an inclusive working environment and investing in the hiring and development of women employees. Knowing that this is a long-term initiative, Sanofi India has also set up governance to regularly direct and review progress of the gender balance initiatives for India. Furthermore, to enable an inclusive work environment your Company's India representative is on Sanofi's Gender Balance Board of Asia and was a part of the Women's Forum for the Economy & Society in Singapore.

Your Company is responsibly helping change perceptions and bring in balance to build a workplace, in which, each of our employees can build a better future.

Passion

Passion can make all the difference between success and failure. It distinguishes the innovators from the imitators, the great from the good. It is what powers your Company's drive to transform scientific innovation into healthcare solutions.

It's the fire that lights our path in empowering life of millions of people who rely on us for their healthcare needs.

Bringing **global medical expertise** to India

On an average 15-20% of the general population gets urticaria (hives) at least once during their lifetime. Young adults are affected most often.

Bringing urticaria management to the fore, your Company brought renowned, global allergy expert Prof. Carsten Bindslev-Jensen to educate doctors on the 'Changing Paradigm of Allergic & Auto-immune Skin Disorders' in India. Over 1,800 dermatologists and pediatricians from India and Sri Lanka benefitted from the sessions that delved deep into available treatment solutions.

As a health journey partner, your Company invests in bringing world-class medical knowledge to Indian shores, to provide the best healthcare solutions for people in India.

D3 Academy – Bringing to light, the sunshine Vitamin

Vitamin D deficiency continues to plague almost every person in India, across strata and geographies. With almost every Indian being Vitamin D3 deficient, health related concerns could range from mild to grave.

Recognising the need to raise awareness and spur healthcare professionals to diagnose and treat the rampant Vitamin D deficiency, your Company launched the 'D3 Academy' infocentre on Docplexus – India's leading networking platform for doctors. The D3 Academy is a first-of-its-kind initiative that aims at engaging general practitioners, consultant physicians, gynaecologists, orthopaedicians, endocrinologists and paediatricians to raise awareness, training them on diagnosis & healthcare solutions and, also actively seeking their views and experiences.

This, in addition to several other passionate initiatives, is what your Company has undertaken to help millions of people lead a healthier, fuller life.

SANOFI KNOWLEDGE ACADEMY
—A Digital LINKS Initiative

Going digital: **Sanofi Knowledge Academy**

In an era where everything is available at the click of a button or the swipe of a finger, it comes as no surprise that the healthcare industry is undergoing a transformation, as well. More and more doctors are going digital, and so is your Company.

With diabetes growing at an alarming rate, your Company has initiated a digital knowledge program especially for doctors - Sanofi Knowledge Academy.

This initiative is to share knowledge about diabetes, the health complications it causes, and information on insulins to doctors on a digital platform, so they are more updated and better equipped to treat people with diabetes better. Over 4,000 doctors are already benefitting from this program through different touchpoints, since its launch in 2018. Additionally, more doctors are looking forward to gaining information on latest innovations in medicine, topic-based webcasts from acclaimed specialists and insightful discussions.

Digital knowledge-sharing initiatives continues to be our focus to ensure that patients receive the best healthcare solutions.


YALE

Focus

Focus is important because it is the gateway to success. It would be impossible to face the innumerable health challenges that confront us without unwavering focus on human health. Your Company is focused to understand and solve the healthcare needs of generations of Indians who have turned to us for their health challenges.

It is all about keeping patients at the focus of everything that we do.

Introducing the next-gen insulin: **TOUJEO™**

Diabetes continues to be one of India's biggest health challenges, with 73 million people in the country living with diabetes. It is the fastest growing disease, and soon will make India, the diabetes capital of the world. Without access to required treatment and optimum healthcare solutions, a person could face severe health complications.

We understand these health challenges and have been supporting people with differentiated products and services to help meet their treatment goals. To this end, your Company launched its new product - Toujeo™, the next generation basal insulin for type 1 and type 2 diabetes. Thousands of people with diabetes have already started benefitting from this once-daily, long acting insulin, and also from 'MY COACH' patient support program - which is offered free to patients prescribed Toujeo™.

This launch is a step towards demonstrating your Company's focus in helping patients to lead a healthier life with newer healthcare solutions.

The **SEAD bears fruit**

The journey to better health is not confined to only diagnosis and treatment of diseases. It is also important that the best treatment practices are institutionalised to help patients get the best healthcare solutions. Towards this, your Company planted a seed three years ago, that has now borne fruit.

Sanofi endeavours to make India VTE free (Venous Thromboembolism) by empowering doctors to better diagnose, understand and manage patients who are at the risk of developing complications like Deep-Vein Thrombosis (DVT) and Pulmonary embolism, which are potentially life threatening. Your Company launched the SEAD program (Sharing Expertise in mAnaging Thrombotic Disorders) in 2016 to discuss challenges and solutions in managing VTE effectively. With this, more than 70 health experts have compiled a guide, especially for all ICUs – 'Decode DVT'. This book details all the factors that are critical for implementing effective VTE practices in Indian hospitals. Over 4,000 clinicians have already been trained, and more doctors continue to be reached out to and be educated on this customised course.

This initiative marks a new milestone in your Company's focused efforts to ensure the best healthcare practices, so that every person with thrombotic complication gets better health and thus, a better life.

Confluence: Battling diabetes and cardiovascular diseases - on a dual front

An alarming 61% of deaths in India are due to non-communicable diseases like diabetes and cardiovascular diseases (CVD). Both these conditions go hand-in-hand, and have grown to epidemic proportions in recent years.

Given the magnitude of this problem, clearly, there is an urgent need to address this subject in a unified manner. Majority of the doctors who treat these two diseases, are common. Moreover, your Company's iconic brands such as Amaryl® for diabetes and Cardace® for CVD help millions of people solve their healthcare needs.

This was a perfect fitment for your Company to address the problem with combined forces of both – the 'oral diabetes' teams and 'cardiology' teams. This 'confluence' of teamforces helps your Company to manage both diseases effectively, in reaching out to over 30,000 doctors together. The same representatives are now better equipped to illustrate healthcare solutions of both diseases to common doctors - for better patients' care.

Your Company is focused on making every effort to help millions of patients live a better life.

Empathy

Success can't be measured by numbers alone. It is equally about evoking empathy and making a positive contribution to society. The culture of care and compassion is woven into the fabric of how your Company supports communities and the underserved.

It is a commitment from every single employee - A commitment to understand and share the feelings of one another not only at work, but also in life.

Gift of Good Health

Access to basic healthcare should be easy and unhindered for all. Timely and appropriate medical diagnosis can go a long way in treating ailments, better.

Imagine for a moment, the health of children coming from low economic background and vulnerable communities. The social and economic conditions of parents force them to pay less attention to the health needs of their children. While some of them are migrants whose parents are engaged in unskilled labour, some are working as daily wage labourers in factories, or are locals engaged in farming.

Since 2011, in association with Voluntary Health Association of Goa, close to the manufacturing plant in Goa, your Company regularly conducts health camps in schools. Medical professionals check immunisation status, nutritional deficiencies, personal hygiene and signs of other chronic diseases, if any. Those needing urgent attention are counselled and sent for further treatment and follow ups to Government Hospitals.

As a health journey partner, your Company's medical check-ups have offered healthcare services to more than 27,000 students, helping them lead a healthy life.

Celebrating the **Joy of Giving**

There's no bigger joy than the joy of giving. This is amply evident at your Company's Daan Utsav or the Festival of Giving, each year. And this year was no different; employees demonstrated the spirit of Sanofi, whole heartedly.

- **Soul Curry –** Employees got into the shoes of masterchefs and sold their culinary creations. The sale proceeds went to 'Muskaan Foundation' NGO, which works for children with disabilities. To add to the twist, employees were encouraged to buy food from the stalls and gift it to the support staff from the administration, security and housekeeping functions. 'Charity begins at home', they say.

- **Wish Tree –** Employees donated generously to treat malnourished children of 'Fight Hunger Foundation' NGO, bringing smiles and hope for their better living.

- **NGO mela –** Bringing stories of inspiring women to life, we had 10 NGOs set up their stalls on Sanofi grounds to sell goodies – diyas, bags, books, candles, and several home utility items. A boosting response from your Company's employees encouraged talent and the self-sustained lives of women.

- ***Anna daan* –** It was said, the donation of food is supreme and incomparable to any other charity. Living up to this tradition, employees generously donated grains, cereals and food items for children of the NGO 'Sneha Sagar'.

The spirit was all-pervasive, as every employee contributed generously and compassionately to give back to society. They also raised more funds than the previous years for the chosen charities.

But then, making a difference with empathy is indeed the Sanofi way of life.

BOARD OF DIRECTORS AND CORPORATE INFORMATION

Board Of Directors

Mr. Aditya Narayan
Chairman

Mr. Rajaram Narayanan
Managing Director

Mr. Rangaswamy R. Iyer
Independent Director

Ms. Usha Thorat
Independent Director

Mr. Cyril Grandchamp-Desraux
Non-Executive Director

Dr. Shailesh Ayyangar
Non-Executive Director

Mr. Thomas Rouckout
Non-Executive Director

Mr. Ashwani Sood
Whole Time Director

Mr. Charles Billard
Whole Time Director &
Chief Financial Officer

Company Secretary

Mr. Girish Tekchandani

Registered Office

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

Registrar and Transfer Agents

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

Manufacturing Sites

3501-15, 6310, B - 14
GIDC Estate
Ankleshwar – 393 002

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

Auditors

Price Waterhouse & Co Chartered Accountants LLP

63RD ANNUAL GENERAL MEETING

Tuesday, 7th May 2019
at 3.00 p.m.

Venue: Hall of Culture
Nehru Centre
Dr. Annie Besant Road
Worli, Mumbai - 400 018

FINANCIAL SUMMARY

FOR LAST 5 YEARS

(Rupees in million)

REVENUE, PROFIT & DIVIDEND	2018[(1)]	2017[(1)]	2016[(1)]	2015[(2)]	2014[(2)]
Revenue from Operations (Gross)	27,708	24,914	24,197	22,429	20,255
Profit before Depreciation Finance Cost & Tax (PBDFT)	7,132	6,179	6,015	5,105	4,032
Profit before Finance Cost & Tax (PBFT)	6,105	5,157	4,827	3,975	3,065
Profit before Tax (PBT)	6,098	5,146	4,804	3,971	3,061
Profit after Tax (PAT)	3,806	3,260	3,042	2,377	1,971
Total Comprehensive Income net of Tax	3,819	3,247	2,984	—	—
Dividend (Total Amount)	1,935	1,636	1,567	1,497	1,036
Dividend Per Share	84	71	68	65[(3)]	45[(4)]

(Rupees in million)

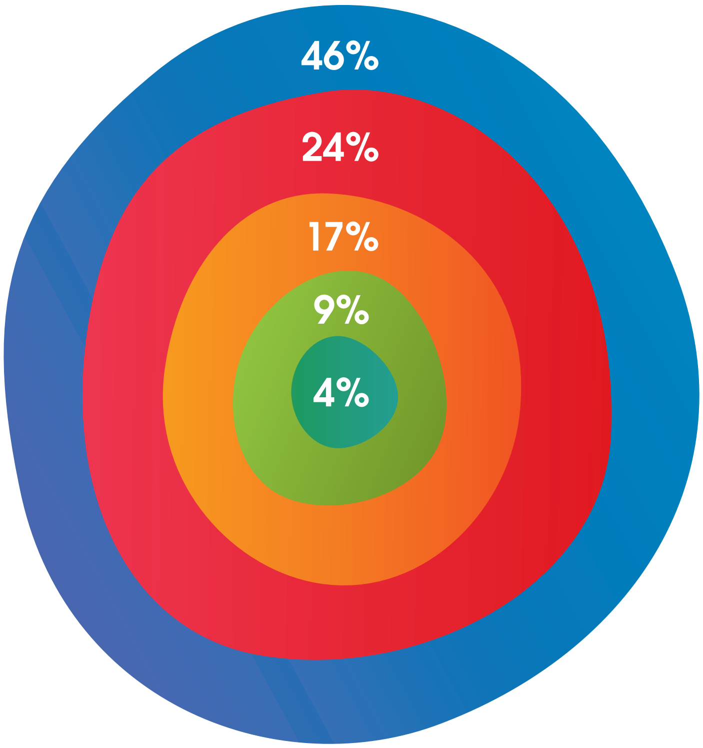
SHARE CAPITAL & CAPITAL EMPLOYED	2018[(1)]	2017[(1)]	2016[(1)]	2015[(2)]	2014[(2)]
Share Capital	230	230	230	230	230
Shareholder's Funds[(5)]	22,192	20,264	18,830	16,271	14,858
Capital Employed[(5)]	22,192	20,264	18,830	16,271	14,858
Represented by: Fixed Assets (Net) & Investments[(5)]	7,541	7,993	8,507	8,994	8,585
Net Current & Other Assets	14,651	12,271	10,323	7,277	6,273

RETURN	2018[1]	2017[1]	2016[1]	2015[2]	2014[2]
On Sales (PBT) %	23.5%	22.1%	21.3%	18.9%	15.9%
On Capital Employed (PBFT) %	27.5%	25.4%	25.6%	24.4%	20.6%
On Shareholders Funds (PAT) %	17.2%	16.1%	16.2%	14.6%	13.3%
Per Share (PAT) Rs.	165.48	141.74	132.28	103.18	85.56
Personnel Cost.	4,068	3,685	3,553	3,333	2,882
No. of Employees	3,301	3,239	3,623	3,663	3,448

1. As per Ind_AS
2. As per Previous GAAP
3. Includes special dividend of Rs 14 and diamond jubilee dividend 8 per share
4. Includes special dividend of Rs 11 per share
5. Includes revaluation of fixed assets since 1986

All above figures exclude the impact of exceptional item if any

DISTRIBUTION OF REVENUE FOR 2018



(Rupees in Million)

Materials
₹ 11,459

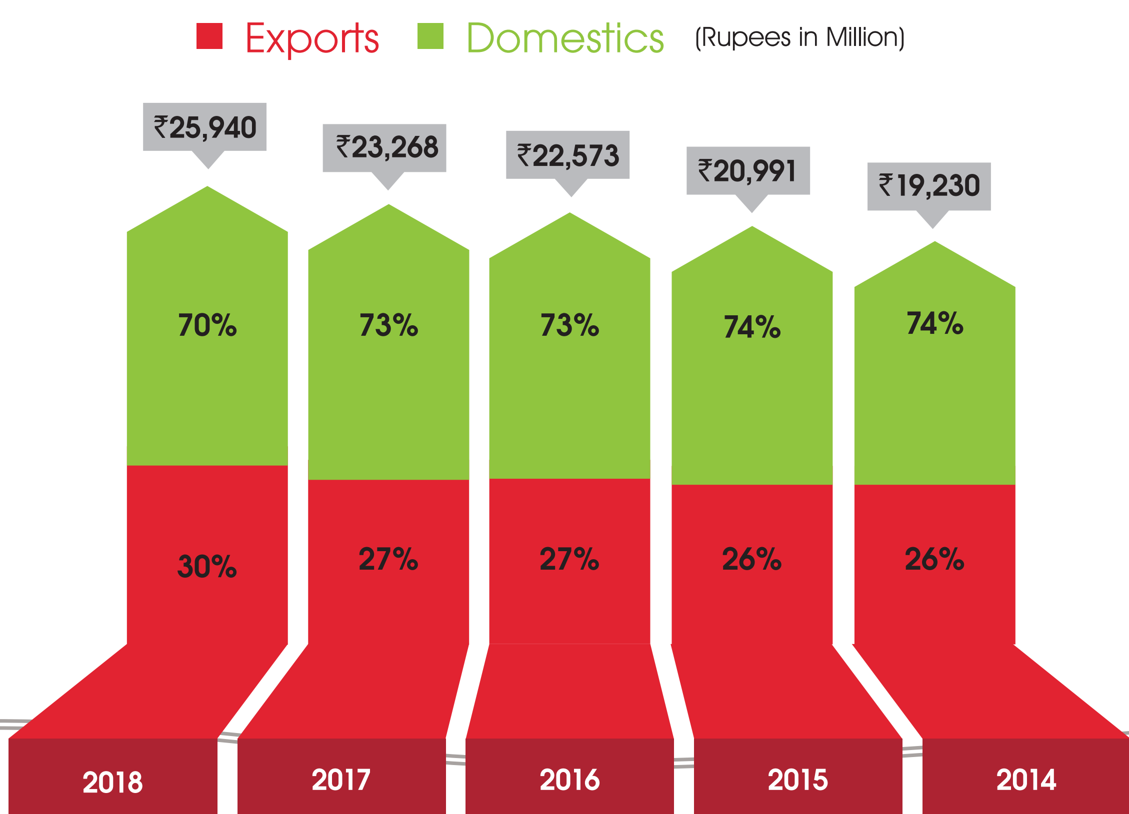
General
₹ 5,946

Staff Cost
₹ 4,068

Corporate taxes
₹ 2,292

Depreciation
₹ 1,027

SALES CHART 2018



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-third Annual General Meeting of Sanofi India Limited will be held on Tuesday, 7th May 2019 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st December 2018 including the audited Balance Sheet as on 31st December 2018 and the statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend on equity shares for the financial year ended 31st December 2018.
3. To re-appoint Dr. Shailesh Ayyangar (DIN 00268076), who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Mr. Cyril Grandchamp-Desraux (DIN 07719763), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

   "RESOLVED THAT Mr. Charles Billard (DIN 08173583) who was appointed as an Additional Director by the Board of Directors under Section 161 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) with effect from 25th July 2018 and who holds office up to the date of this Annual General Meeting of the Company, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retire by rotation."

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

   "RESOLVED THAT subject to the approval of the Central Government, the Company hereby accords its approval under Sections 196 and 197 and all other applicable provisions of the Companies Act, 2013 read with Schedule V thereto, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) to the appointment of Mr. Charles Billard (DIN 08173583) as Whole Time Director of the Company for a period of five years with effect from 25th July 2018 and to his receiving remuneration, benefits and amenities as Whole Time Director of the Company as set out in the Explanatory Statement annexed to the Notice of this Meeting and upon the terms and conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. Charles Billard, a draft whereof is placed before the Meeting and which, for the purposes of identification, is initialed by the Chairman of the Meeting.

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

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

   "RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, M/s. Kirit Mehta & Co., Cost Accountants, to conduct the audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations for the financial year ending 31st December 2019 be paid remuneration of Rs.390,000 plus Goods and Services Tax and out of pocket expenses, in performance of their duties.

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

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

   "RESOLVED THAT pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the Articles of Association, the Directors, other than the Managing Director or Whole Time Directors or Directors who are employees of Sanofi or companies of the Sanofi group, in addition to sitting fees paid to them for attending the meetings of the Board of Directors or its Committees, be paid every year for a period of five financial years commencing from

1st January 2019, such sum by way of commission as the Board may determine from time to time, but not exceeding 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified under the Act from time to time and computed in the manner provided under Section 198 of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

By Order of the Board

GIRISH TEKCHANDANI
COMPANY SECRETARY

26th February 2019

NOTES:

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

   Proxy form has been provided in the Annual Report.

   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 member.

   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 on a poll.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the Act) with respect to item nos. 5 to 8 of the Notice is annexed hereto and forms part of this Notice.

3. The Register of Members of the Company shall remain closed from the 30th April 2019 to the 7th May 2019 (both days inclusive).

4. Payment of dividend as recommended by the Board of Directors, if approved at the Meeting, will be made to those members whose names are on the Company's Register of Members on 7th May 2019 and those whose names appear as Beneficial Owners as at the close of the business hours on 29th April 2019 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

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

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

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

   During the year 2018, the Company transferred unclaimed dividend amounts of Rs. 2,803,776 and Rs. 255,224 from the Final Dividend for the year 2010 and Interim Dividend for the year 2011 respectively, to the IEPF.

   Members who have not encashed their dividend warrants towards the Final Dividend for the year ended 31st December 2011 or thereafter are requested to write to the Company's Registrars and Transfer Agents. The total amount of unclaimed dividend has been disclosed in the financial statements. Members are requested to note that the unclaimed dividends will be transferred to the IEPF after the below mentioned due dates:

Dividend and Year	Dividend per Share (Rs.)	Date of Declaration	Last Date for Claim
Final Dividend 2011	29	03-05-2012	01-06-2019
Interim Dividend 2012	4	25-07-2012	23-08-2019
Final Dividend 2012	29	30-04-2013	29-05-2020
Interim Dividend 2013	10	30-07-2013	28-08-2020
Final Dividend 2013	35	29-04-2014	28-05-2021
Interim Dividend 2014	10	23-07-2014	21-08-2021
Final Dividend 2014	35	29-04-2015	28-05-2022
Interim Dividend 2015	18	21-07-2015	19-08-2022
Final Dividend 2015	47	29-04-2016	28-05-2023
Interim Dividend 2016	18	22-07-2016	20-08-2023
Final Dividend 2016	50	05-05-2017	03-06-2024
Interim Dividend 2017	18	19-07-2017	17-08-2024
Final Dividend 2017	53	08-05-2018	06-06-2025
Interim Dividend 2018	18	25-07-2018	23-08-2025

6. Pursuant to Regulation 39 and Schedule V and VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) the Company has transferred unclaimed shares in its Unclaimed Suspense Account details of which are given below:

Particulars	Number of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account	271	13,550
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	2	100
Number of shareholders whose shares were transferred from suspense account to the demat account of Investor Education and Protection Fund under the provisions of Section 124(6) of the Companies Act, 2013	3	150
Number of shareholders and aggregate number of shares transferred to the Unclaimed Suspense Account during the year	–	–
Aggregate number of shareholders and outstanding shares in the Unclaimed Suspense Account lying as on 31st December 2018	266	13,300

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

7. 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 the replies at the Meeting.

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

E-voting facility:

The instructions for members voting electronically are as under:

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

ii. Click on Shareholders / Members.

iii. Now Enter your User ID

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

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

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

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

For members holding shares in demat form and physical form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company / Depository Participant are requested to use the default PAN which is printed on the e-voting slip.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the Depository or Company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction iii.

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

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

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

x. Click on the EVSN of Sanofi India Limited.

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

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

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

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

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

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

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

xviii. Note for Non - Individual Members and Custodians:

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

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

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

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

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

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

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

9. Pursuant to Section 107 of the Act read with Rule 20 the Companies (Management and Administration) Rules, 2014, there will not be any voting by show of hands on any of the agenda items at the Meeting and the Company will conduct polling at the Meeting.

10. The Board of Directors has appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary (FCS 4206, CP 1774), or failing him, Ms. Malati Kumar, Practising Company Secretary (ACS 15508, CP 10980) as Scrutinizer for conducting the voting process in a fair and transparent manner.

11. The Scrutinizer shall submit his / her report, to the Chairman / Managing Director, on the voting in favour or against, if any, within a period of two working days from the date of conclusion of the Meeting.

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

13. Please refer attendance slip for route map giving directions to the venue of the Meeting.

14. Members / Proxies are requested to bring the attendance slip along with their copy of the Annual Report to the Meeting.

15. Members holding shares in physical form are requested to notify / send the following to the Company's Registrar and Transfer Agents to facilitate better service:

a. Any change in their address

b. Particulars of their bank accounts in case the same have not been sent earlier, for dividend payment through electronic mode and

c. Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of the names for consolidation of such holdings into one account.

16. Members holding shares in electronic form are advised that address / bank details as furnished to the Company by the respective Depositories, viz. NSDL and CDSL will be printed on the dividend payment instrument. Members are requested to inform the concerned Depository Participants of any change in address, dividend mandate, etc.

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

18. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the Company's Registrar and Transfer Agents for receiving communication from the Company in electronic form.

19. As required by Regulation 36(3) of the Listing Regulations, the particulars of Directors who are proposed to be appointed are given below:

Agenda Item No.	**3**
Name	Dr. Shailesh Ayyangar
Age	64
Qualifications	Doctor of Veterinary Medicine and MBA from the Indian Institute of Management, Ahmedabad
Brief profile including expertise	Dr. Shailesh Ayyangar is a non-executive Director of the Company from 1st January 2018. He was the Managing Director of the Company from 25th October 2005 till 31st December 2017. Prior to joining Sanofi, Dr. Shailesh Ayyangar held senior positions for 14 years in SmithKline Beecham Pharmaceuticals and GlaxoSmithKline (GSK), in India and in Great Britain. He began his career as a practicing veterinarian in the rural areas of Gujarat where he was employed by the National Dairy Development Board. With his wide-ranging experience of over three decades in the industry, Dr. Ayyangar led the Organization of Pharmaceutical Producers' of India - an industry body representing research based pharmaceutical companies of India for 4 years. In recognition for his 'distinguished merit' and outstanding achievements in the field of business and commitment to French-Indian relations, he was conferred the prestigious Officier de l'Ordre national du Merite (Officer in the National Order of Merit) in November 2016. He is currently member of Board of Governors of IIM Ranchi.
Directorships in other listed companies in India	None
Committee memberships	He is member of Audit Committee and CSR Committee of Sanofi India Limited.
Relationship with other Directors and KMP	None
Shareholding in Sanofi India Limited	Nil
Attendance in the meetings in the last financial year	Disclosed in the Corporate Governance section.

Agenda Item No.	4
Name	Mr. Cyril Grandchamp-Desraux
Age	42
Qualifications	Doctorate in Pharmacy with a major in Biotechnology Master's degree in Health Economics
Brief profile including expertise	Mr. Cyril Grandchamp-Desraux was appointed as Non-Executive Director of the Company with effect from 27th February 2017. Mr. Cyril Grandchamp-Desraux joined Sanofi in 2002, after starting his career as sell-side financial analyst in Natixis. He held successive positions at the Headquarter in Paris as Business Control & Support Manager for Global Commercial Operations, Strategic Planning for APAC Region, Attaché to the SVP of APAC Region and Chief of Staffs of the President Global Pharmaceutical Operations until he became General Manager Finland & Head of Diabetes Division for Nordic & Baltic countries in 2010. He was then appointed as a Head of Indochina and General Manager in Vietnam in 2012 in Asia. In April 2015 he was promoted to ASEAN Zone Head Rx and Singapore Country Chair. In January 2017, he was appointed as Head of Asia Business.
Directorships in other listed companies in India	None
Committee memberships	He is member of Nomination and Remuneration Committee of Sanofi India Limited.
Relationship with other Directors and KMP	None
Shareholding in Sanofi India Limited	Nil
Attendance in the meetings in the last financial year	Disclosed in the Corporate Governance section.

Agenda Item No.	5 and 6
Name	Mr. Charles Billard
Age	37
Qualifications	Master's degree from Ecole Centrale Paris Engineering School
Brief profile including expertise	Mr. Charles Billard was appointed as the Chief Financial Officer with effect from 1st July 2018 and Additional Director & Whole Time Director (subject to the approval of shareholders and the Central Government) of the Company with effect from 25th July 2018. Mr. Charles Billard joined Sanofi Group in 2014 as the Head of Strategy and Business Development for Global Consumer Healthcare Division. Since 2016, he has been heading Financial Planning & Performance department for the General & Emerging Markets Global Business Unit. Prior to Sanofi Group, he spent 9 years in Strategy Consulting with The Boston Consulting Group.
Directorships in other listed companies in India	None
Committee memberships	He is member of Stakeholder Relationship Committee of Sanofi India Limited
Relationship with other Directors and KMP	None
Shareholding in Sanofi India Limited	Nil
Attendance in the meetings in the last financial year	Disclosed in the Corporate Governance section.

EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (the Act) sets out all material facts relating to the business mentioned in item nos. 5 to 8 in the accompanying Notice of the Annual General Meeting.

Item No. 5 and 6

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Charles Billard as Additional Director of the Company with effect from 25th July 2018 in accordance with Section 161 of the Act. He holds office up to the date of the Annual General Meeting of the Company. The Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director.

The Board of Directors of the Company at its meeting held on 25th July 2018, subject to the approval of the members of the Company and the Central Government, approved the appointment of Mr. Charles Billard as Whole Time Director of the Company for a period of 5 years. The Company made an application to the Central Government for this appointment on 21st November 2018. The Central Government vide its letter dated 4th February 2019 informed the Company that the application has been taken on record and would be considered after receipt of the copy of the shareholders' approval.

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

The remuneration proposed to be paid to Mr. Charles Billard is set out below:

1. Salary - Rs.3,000,000/- per annum.
2. Special Allowance of Rs.3,000,000/- per annum and such higher amount as may be decided by the Board from time to time.
3. Provident Fund - Company's contribution not to exceed 12% of salary.
4. Increments - Such increments as may be fixed by the Board of Directors from time to time, not exceeding 25% per annum.
5. Performance Bonus with a target payout of Rs.1,590,000/- per annum for the financial year ending 31st December 2018 and a payout range of 0% to 200% of target amount to be paid at the end of the financial year, as may be determined by the Board of Directors.
6. Housing - The Company to provide rent free partially furnished, air conditioned, residential accommodation and partial reimbursement of salary of servant with telephone, gas and electricity, the monetary value of which may be evaluated as per the Income-tax Rules, 1962.
7. Medical Aid - Medical aid benefits for self and family as applicable to the Officers of the Company, subject to the condition that the cost of medical benefits to the Company shall not exceed Rs.35,000/- per annum.
8. Free use of the Company's car and fuel expenses for use on the Company's business as well as for own use. If car is leased from an external agency or from spouse, lease rental and fuel expenses will be paid as per rules of the Company.
9. Reimbursement of salary of personal driver as per rules of the Company.
10. The Company to pay the premium for the Personal Accident Insurance Policy taken for Mr. Charles Billard along with other Officers of the Company.
11. The Company to pay the premium for the Group Insurance Policy taken for Mr. Charles Billard as per rules of the Company.
12. The Company to pay fees for one Club (including admission or entrance fees and monthly or annual subscriptions).
13. Return passage money including all incidental charges to France on Home Leave once a year by Business Class for Mr. Charles Billard, his wife and dependent children.
14. Leave on full pay and allowances as per rules of the Company for such number of days of leave as may be granted to other employees of the Company in the Head Office.
15. The Company to pay or reimburse packing, forwarding, loading and unloading expenses as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of the personal effects of Mr. Charles Billard, his wife and family and also passage moneys at the time of repatriation.
16. Reimbursement of actual travelling and entertainment expenses incurred on behalf of the Company, subject to such ceiling on entertainment expenses as may be imposed by the Board of Directors from time to time.
17. Reimbursement of expenses on mobile phone and landline phone at residence as per rules of the Company.
18. Stock linked incentive plans whether existing or declared by the holding company, and the cost thereof will be borne by the Company.

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

Minimum Remuneration

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

The draft agreement between the Company and Mr. Charles Billard is open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and holidays, until the date of the Annual General Meeting or any adjournment thereof.

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

The Board of Directors is of the opinion that Mr. Charles Billard's knowledge and experience will be of immense value to the Company. The Board, therefore, recommends the approval of the resolutions set out at item no. 5 and 6 of the Notice convening the Meeting.

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

Item No. 7

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as Cost Auditors to conduct the audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations for the financial year ending 31st December 2019.

In accordance with the provisions of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st December 2019.

The Board recommends the approval of the remuneration payable to M/s. Kirit Mehta & Co., Cost Accountants for conducting the cost audit and passing of the resolution set out at item no. 7 of the Notice.

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

Item No. 8

The Non-Executive Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of business, technology, strategy, policy matters and corporate governance. The Board is of the view that it is necessary to pay commission to the Non-Executive Directors commensurate with their roles and responsibilities and the Board should have flexibility in determining the amount payable per Director within the overall limits approved by the members of the Company.

It is proposed that the Directors, other than the Managing Director or Whole Time Directors or Directors who are employees of Sanofi or companies of the Sanofi Group, in addition to sitting fees paid to them for attending the Meetings of the Board of Directors or its Committees, be paid every year for a period of five financial years commencing from 1st January 2019, such sum by way of commission as the Board may determine from time to time, but not exceeding 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified under the Act from time to time and computed in the manner provided under Section 198 of the Act.

The Board recommends the resolution at item no. 8 of the Notice for approval by the members.

The Directors, other than the Managing Director, Whole Time Directors and Directors who are employees of Sanofi or companies of the Sanofi group, are interested in matter to the extent of the remuneration proposed for them. None of the other Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

By Order of the Board

GIRISH TEKCHANDANI
COMPANY SECRETARY

26th February 2019

REPORT OF THE DIRECTORS TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting the Audited Accounts of your Company for the financial year ended 31st December 2018.

FINANCIAL RESULTS

	Rs. in million	
	2018	**2017**
Revenue from operations	27,708	24,914
Other income	897	807
Total income	28,605	25,721
Profit before tax	6,098	5,146
Tax expense	2,292	1,886
Profit for the year	3,806	3,260
Other comprehensive income (Net of tax)	13	(13)
Total comprehensive income for the year	3,819	3,247

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

DIVIDEND

An interim dividend of Rs.18 per equity share of Rs.10 was declared by the Board of Directors on 25th July 2018 and paid on 14th August 2018. Your Directors recommend payment of a final dividend of Rs. 66 per equity share of Rs.10. The total dividend for the financial year 2018 is Rs.84 per equity share of Rs.10.

The interim dividend and proposed final dividend, if approved by the members at the Annual General Meeting (AGM) scheduled on 7th May 2019, will result in cash outflow of Rs.1,935 million (excluding Dividend Distribution Tax) for the year 2018.

These dividends are in accordance with the Dividend Distribution Policy of the Company which is available on the Company's website www.sanofiindialtd.com.

As part of streamlining business processes for better efficiency, the Board intends to change the past practice of declaring small interim dividend at the half year and it would recommend final dividend only from the year 2019. This change is not intended at decreasing the payout ratio of dividend and the total dividend amount will continue to be decided by the Board as per the Dividend Distribution Policy.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Mr. A. K. R. Nedungadi vide his letter dated 15th January 2018 informed the Company that he would like to resign as Independent Director with effect from 15th January 2018, in view of his involvement in various other matters requiring his immediate attention. The Board noted this resignation on 15th January 2018.

Mr. Lionel Guerin resigned as the Whole Time Director and Chief Financial Officer of the Company with effect from end of the day on 30th June 2018 to take up a new role within Sanofi group. He continued to be on the Board of the Company as Non-Executive Director and thereafter resigned as Non-Executive Director with effect from the end of the day on 25th July 2018.

The Board of Directors at its meeting held on 8th May 2018, appointed Mr. Charles Billard as Chief Financial Officer of the Company with effect from 1st July 2018. The Board of Directors at its meeting held on 25th July 2018, subject to approval of members and Central Government approved appointment of Mr. Charles Billard as Additional Director and Whole Time Director of the Company. The appointment as Whole Time Director was as per the provisions of Section 196 of the Companies Act, 2013 (the Act) except for clause (e) of Part I of Schedule V as Mr. Charles Billard was not resident in India for a continuous period of twelve months immediately preceding the date of his appointment as Whole Time Director. In terms of the provisions of Section 196 of the Act, the Company made an application to the Central Government for this appointment on 21st November 2018. The Central Government vide its letter dated 4th February 2019 informed the Company that the application has been taken on record and would be considered after receipt of the copy of the shareholders' approval.

The necessary resolutions for appointment of Mr. Charles Billard as Director and Whole Time Director of the Company have been included in the Notice of the forthcoming AGM for the approval of the members.

As on 31st December 2018, Mr. Rajaram Narayanan, Managing Director; Mr. Charles Billard, Whole Time Director and Chief Financial Officer; Mr. Ashwani Sood, Whole Time Director and Mr. Girish Tekchandani, Company Secretary were designated as Key Managerial Personnel (KMP).

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

Dr. Shailesh Ayyangar and Mr. Cyril Grandchamp-Desraux retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

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

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

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for the year ended 31st December 2018, as stipulated under Regulation 34 of the Listing Regulations is given in **Annexure – B** to this Report.

MEETINGS OF THE BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The Directors are regularly informed during meetings of the Board and Committees on the activities of the Company, its operations and issues faced by the pharmaceutical industry. During the year, the Company organized a visit for the Directors to the manufacturing facility of the Company situated at Ankleshwar, Gujarat for familiarization with its operations.

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

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

RELATED PARTY TRANSACTIONS

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

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

The Board of Directors at its meeting held on 31st October 2018 approved extension of tenure of loan to Shantha Biotechnics Private Limited i.e. till 15th April 2020 with all other terms remaining same including the continuation of the corporate guarantee.

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

The Form AOC-2 envisages disclosure of material contracts or arrangements or transactions at arm's length basis. The details of the material Related Party Transactions in financial year ended 31st December 2018, as per the Policy on dealing with Related Parties adopted of the Company are disclosed in **Annexure – D** to this Report.

DEPOSITS FROM PUBLIC

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

LOANS, GUARANTEES OR INVESTMENTS

The particulars of the loan to Shantha Biotechnics Private Limited are disclosed in Form AOC-2 which forms part of this Report.

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

RISK MANAGEMENT

The Board of Directors at its meeting held on 31st October 2018 constituted a Risk Management Committee. Your Company has implemented a mechanism for risk management and formulated a Risk Management Policy. The policy provides for creation of a risk register, identification of risks and formulating mitigation plans. The Audit Committee and the Board of Directors review the risk assessment and minimization procedures on regular basis.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annexed accounts for the financial year ended 31st December 2018 all the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
3. your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the said accounts have been prepared on a going concern basis;
5. internal financial controls to be followed by the Company have been laid down and that internal controls are adequate and were operating effectively; and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

COST AUDIT

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the cost records maintained by the Company in respect of bulk drugs and formulations are required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. Kirit Mehta & Co., Cost Accountants to audit the cost accounts maintained by the Company for bulk drugs and formulations for the financial year ending 31st December 2019.

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

AUDITORS

M/s. Price Waterhouse & Co. Chartered Accountants LLP (PW) (Firm Registration Number 304026E / E300009) were appointed as Statutory Auditors of your Company to hold office from the conclusion of the Sixty-first AGM held in the year 2017, until the conclusion of the Sixty-sixth AGM to be held in the year 2022. However, this will be subject to PW remaining eligible to conduct statutory audits of the listed companies in India, in view of the ongoing litigation regarding the two year ban imposed on PW by the authorities.

The Statutory Auditors have issued an unqualified audit report on the annual accounts of the Company for the year ended 31st December 2018.

REPORTING OF FRAUD BY AUDITORS

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

PERSONNEL

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

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

PREVENTION OF SEXUAL HARASSMENT POLICY

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

During the year 2018, the Company received three complaints of alleged sexual harassment. These complaints were investigated by the Internal Committee and on its recommendations, appropriate disciplinary and corrective actions were taken by the Company.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Directors had appointed M/s. S. N. Ananthasubramanian & Co., a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of your Company.

The Secretarial Auditors have issued an unqualified audit report for the year ended 31st December 2018.

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

EXTRACT OF ANNUAL RETURN

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

MATERIAL CHANGES AND COMMITMENTS AFTER THE FINANCIAL YEAR

No material changes and commitments have occurred after the closure of the financial year ended 31st December 2018 till the date of this Report, which would affect the financial position of your Company.

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

ACKNOWLEDGEMENTS

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

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

26th February 2019

ANNEXURE – A TO THE REPORT OF THE DIRECTORS

Statement containing particulars pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors for the year ended 31st December 2018.

A. CONSERVATION OF ENERGY

Energy Conservation measures undertaken in 2018:

Ankleshwar factory

- Co-generation: Heat recovery boiler and vapor absorption machines were commissioned to generate additional steam and chilled water by using waste heat. During 2018, additional 4,229 tons steam and 520,277 m^3 chilled water was generated that led to reduction of 364,353 SCM of natural gas consumption and 492,240 kWh power consumption.
- Power consumption reduction initiatives of Rs. 2 million were undertaken to save approx. 138,629 kWh power consumption viz. automatic power factor correction panel installation, energy efficient cooling tower pumps, chiller auto brushing system, replacement of CFL lamps with LED lamps, etc.
- Sustained power factor > 0.95 of grid power led to rebate of Rs. 1.64 million from Dakshin Gujarat Vij Company Limited.

Goa factory

- Implemented initiatives for energy saving as per Energy Audit (60,000 KwH saved) (Cooling water efficiency improved, Air Handling Unit pressure optimization, Variable Frequency Drive for Administration block).
- Chilled water system monitoring for approach temperature at chillers (130,000 KwH saved).

Energy conservation measures proposed to be taken in 2019:

Ankleshwar factory

- Commission second co-generation to generate power, steam and hot water. Direct use of hot water will reduce steam consumption of process.
- Feasibility study for solar power usage to generate steam or electricity.

Goa factory

- Feasibility study for solar power usage for electricity generation.
- Heat and ventilation air conditioner optimization project in production-2 block for energy savings.
- Building management system for production-1 area for chilled water consumption optimization.
- Rainwater harvesting and percolating inside the ground for water table improvement.

Requisite data in respect of energy consumption

		Power & Fuel Consumption	Unit of Production	Year Ended 31.12.2018	Year Ended 31.12.2017	Reasons for Variation
1.		**ELECTRICITY**				
	(a)	Purchased				
		Units	million kWh	25.656	23.446	Change in product mix impacting consumption
		Total Amount	Rs. million	176.220	160.764	
		Rate/Unit	Rs.	6.869	6.857	
	(b)	Own Generation				
	(i)	Through Diesel Generator				
		Units	million kWh	1.386	0.704	
		Units per litre of				
		Diesel Oil	kWh	3.007	4.268	
		Cost/Unit	Rs.	23.261	12.597	
	(ii)	Through Steam Turbine / Generator		Nil	Nil	
2.		**COAL**		Nil	Nil	
3.		**FURNACE OIL / LSHS**		Nil	Nil	
4.		**NATURAL GAS**				
		Quantity	M3	3,443,440	3,138,929	
		Total Amount	Rs. million	129.19	102.01	
		Average Rate	Rs.	37.517	32.497	
5.		**BIOMASS**				
		Quantity	Tons	2,349	2,560	
		Total amount	Rs. million	14.506	16.264	
		Average Rate	Rs.	6.175	6.353	

Consumption per unit of production

	Product	Unit of Production	Standards (if any)	Year ended 31.12.2018	Year ended 31.12.2017	Reasons for Variation
1	**ELECTRICITY - kWh**					
	Bulk drugs	Tonnes	None	13,072	10,676	Consumption depends
	Bulk drugs	K.Litre	None	Nil	Nil	upon product mix
	Formulations	Million units	None	1,768	1,715	
2	**FURNACE OIL/LSHS (K.LIT)**					
	Bulk drugs	Tonnes	None	Nil	Nil	
	Bulk drugs	K.Litre	None	Nil	Nil	
	Formulations	Million units	None	Nil	Nil	
3	**NATURAL GAS IN THOUSAND M3**					
	Bulk drugs	Tonnes	None	0.674	0.580	Consumption depends
	Bulk drugs	K.Litre	None	Nil	Nil	upon product mix
	Formulations	Million units	None	0.015	0.009	

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

Specific areas in which R&D is carried out:

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

Expenditure on R&D

a) Capital Rs. 17 million

b) Revenue Rs. 100 million

c) Total Rs. 117 million

d) Total R&D expenditure as a percentage of total turnover: 0.043%

Technology absorption, adaptation and innovation:

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

   The Company interacted with its holding company who continued to provide the latest technology.

2. Benefits derived as a result of the above:

   It has helped the Company to retain its market position.

3. Imported Technology: Technology imported, year of import and whether technology has been fully absorbed.

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

C FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Total Foreign Exchange used Rs. 7,145 million

b) Total Foreign Exchange earned Rs. 7,587 million

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

26th February 2019

ANNEXURE – B TO THE REPORT OF THE DIRECTORS

BUSINESS RESPONSIBILITY REPORT

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

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

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

SECTION A – GENERAL INFORMATION

1	Corporate Identity Number (CIN) of the Company	L24239MH1956PLC009794
2	Name of the Company	Sanofi India Limited
3	Registered address	Sanofi House, CTS NO.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400072.
4	Website	www.sanofiindialtd.com
5	E-mail id	igrc.sil@sanofi.com
6	Financial Year reported	1st January 2018 to 31st December 2018
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	21002: Manufacture and sale of pharmaceutical products
8	List three key products / services that the Company manufactures / provides (as in balance sheet)	Drugs and Pharmaceuticals
9	Total number of locations where business activity is undertaken by the Company: a) Number of International Locations b) Number of National Locations	 None Head Office at Mumbai and two factories at Goa and Ankleshwar
10	Markets served by the Company	India and 59 countries for exports for the year ended 31st December 2018

SECTION B – FINANCIAL DETAILS

1	Paid up Capital (Rs.)	230.3 million
2	Total Turnover (Rs.) net of Excise	27,398 million
3	Total profit after taxes (Rs.)	3,806 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years (Rs.)	93.2 million
5	List of activities in which expenditure in 4 above has been incurred	Healthcare education and healthcare access (Refer CSR Report for details on CSR programs)

SECTION C – OTHER DETAILS

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

SECTION D – BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director / Directors responsible for Business Responsibility

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

DIN Number	02977405
Name	Mr. Rajaram Narayanan
Designation	Managing Director

b) Details of the Business Responsibility Head

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

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) As per the requirements of the Act.

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

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

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

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

3. Governance related to Business Responsibility

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

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

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

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

The Code of Ethics lays out the defining principles that guide each Sanofi employee on conducting business in line with the highest ethical standards. Sanofi employees are trained to use the Code of Ethics as a part of their day to day functional responsibilities.

Key principles –

1. Employees:

   Sanofi ensures diversity, equal opportunity, health and safety, and respect in the workplace for its employees.

2. Stakeholders:

   - Patients and consumers: Empowering life is the focal point for Sanofi and it is committed to product safety and quality and to ensure that it complies with all legal, regulatory and internal requirements, so that it can meet the obligation to act with integrity.
   - Healthcare professionals: Sanofi is committed to follow applicable legislations regarding the promotion of medicines, and adhere to all relevant rules in all countries. Sanofi's engagement with healthcare professionals is focused on science and the benefits that patients can derive using Sanofi's products.

- Suppliers and contractors: In its business dealings, Sanofi is governed by local legislations, internal charters, and its standards in terms of human rights, labour, environment, and ethical conduct. In particular, its employees must require suppliers to commit to resisting all forms of corruption. Sanofi respects free competition and adheres to all applicable anti-competitive laws.
- Government employees and representatives: Sanofi is committed to relationships founded on honesty and integrity, and pays particular attention to strict compliance with anti-corruption laws and regulations such as the OECD Convention, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the French Sapin II and The Prevention of Corruption Act, India.
- Shareholders and investors: Sanofi regularly provide shareholders and investors with transparent information about its activities, its strategy, performance, future prospects and its financial position, so that they can properly assess its situation.

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

If an employee of Sanofi believes that a law, regulation or one of the principles laid down in this Code of Ethics has been or is about to be violated, he or she may inform his or her superior or Ethics & Business Integrity Department of his or her concerns regarding possible illegal practices or ethical violations. To support this Sanofi also has established a 24x7 Compliance Helpline (Toll Free Number 0008004401286) where employees can report incidents with complete anonymity. Ethics & Business Integrity Department investigates the allegations reported, with support from other functions where necessary. Any report that reveals fraud, a significant compliance breach or a significant internal control weakness is addressed by corrective action and / or disciplinary action and / or legal proceedings.

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

The Company's strategy is to provide access to healthcare and high-quality medications for underserved populations in its fields of expertise.

Sanofi touches the lives of millions of patients every day through its products. The products manufactured at Sanofi's manufacturing site are approved by the stringent regulatory authorities like Regierungspräsidium Darmstadt (Germany) – for European Union, Therapeutic Goods Administration (TGA) – for Australia, Health Canada – for Canada, Ministry of Health of Russian Federation – for Russia, Taiwan Food & Drug Administration (TFDA) – for Taiwan, State Administration of Ukraine on Medicinal Products (SAUMP) – for Ukraine and Pharmaceuticals and Medical Devices Agency (PDMA) – for Japan followed by many regulatory approvals as per Indian Legislation; which endorse the quality and safety of the products manufactured.

Quality is 'must - have' and patient safety is Sanofi's primary focus. Sanofi constantly monitors and improves its quality management, globally and locally. Sanofi's quality management encompasses: quality systems, inspection readiness, quality risk management, quality performance and quality culture. Sanofi aims to guarantee quality at each phase of a product's life cycle.

Sanofi's manufacturing facilities are getting upgraded with newer technologies time to time and follows Good Manufacturing Practice (GMP) principles for product packaging and labelling. Products are appropriately labeled as per drug legislation and have suitable Barcodes / Pharmacodes to assure safe distribution so as to avoid pilferage. The authenticity and anti-counterfeit feature for the product is maintained by using suitable security seals in the packaging along with unique serialization and QR Code, as implemented for some products.

Sanofi continuously evaluates local and small vendors for different products and services some of whom have become suppliers within the framework of Sanofi compliance and are getting regularly inspected to ensure that they meet its quality standards.

As a commitment towards environmental protection, Sanofi discourages the use of Ozone depletion substances. Ankleshwar site supported government for 'Green Belt Project' of about 350 meters with trees and drip irrigation installed for survival of these trees.

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

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

The Company also works on recycling of products and waste. Sanofi's manufacturing sites are zero discharge waste water treatment facility. Goa Site has received permission from government for co-processing of hazardous waste via cement industry. Ankleshwar site has reduced incineration waste treatment cost by approximately 25%. This also helped in the reduction of CO_2 emission as a part of 'Planet Mobilization' project. The Ankleshwar site also has provision for solar panels and wind mill.

Sanofi endeavors to optimize energy consumption across all the Company's businesses by adopting a responsible approach to energy. Sanofi has identified the potential environment health and safety risks and implemented a long term HSE strategy which includes water conservation, waste reduction, use of solar energy and wind energy.

Sanofi is committed for reusing, reprocessing, and recycling of natural resources and waste.

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

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

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

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

The 'SAY' Forum (Sanofi & You) constituted with an objective of driving greater engagement with its field force. It has helped in driving greater engagement with the field. This forum was also launched in the Offices of the Company.

As on 31st December 2018, the Company had 3,301 employees. The Company also had 273 people on temporary / contractual / casual basis. The women employees constituted about 10% (8% in 2017) of the Company's total employees. In the year 2018, the Company focused on Gender Diversity in the sales employees in the field. In the year 2018, approximately 24% of new hires in the field were women employees.

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

There were no complaints relating to child labour, forced labour or involuntary labour in the financial year ended 31st December 2018.

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

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

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

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

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

Sanofi also engages with Government (for non-communicable diseases) and Not for Profit Organizations to implement programs around the manufacturing sites in Goa (for health check-ups of children). For further details on the projects, please refer the CSR Report for the year 2018 which is part of the Directors' Report.

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

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

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

Sanofi has a program in place on Clean Development Mechanism. All manufacturing sites of Sanofi in India have Zero Liquid Discharge facility and are reusing treated waste water. The Ankleshwar site also has provision for solar panels and wind mill, which is contributing in reduction of CO_2 emission. As per the directives of State Pollution Control Board (SPCB), manufacturing sites submit the report regularly. No show cause / legal notices received from Central Pollution Control Board / SPCB are pending (i.e. not resolved to satisfaction) as at the end of the financial year ended 31st December 2018.

During the year 2018, the Company launched comprehensive health and wellness program 'Take Care Bwel!' (TCBW) for its employees. This program has four pillars namely, 'Eat Well, Move Often, Feel Good and Stay Healthy'.

Considering road risk involved during transportation, Sanofi has taken various programs on road safety to avoid road accidents like defensive driving techniques program, practical training programs and awareness campaign. Under these programs, the Company trained 80 employees to rollout the programs across the organization and to general public, as and when required.

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

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

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

The Company is member of the following trade associations:

a) Organization of Pharmaceuticals Producers of India (OPPI)

b) Federation of Indian Chambers of Commerce and Industry (FICCI)
c) Confederation of Indian Industry (CII)
d) Indo French Chamber of Commerce and Industry (IFCCI)

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

a) Access to healthcare
b) Capacity building & awareness
c) Employee volunteering

The key initiatives under CSR program were:

1. Public Private Partnerships –
   a) KiDS (Kids with Diabetes in Schools) was launched in 2014, with International Diabetes Federation and Public Health Foundation of India. 65,000 children, their parents and 6,100 teachers have been trained through the kit.
   b) In October 2014, Sanofi initiated its 5-year partnership with the Government of Maharashtra to train medical officers, counselors and nurses across its entire Non-Communicable Disease cell, to help improve health outcomes for people with Diabetes, Hypertension and Cancer. Posters and hoardings on awareness about Diabetes and Hypertension in the local language help with the Do's and Dont's. Diabetes with dignity, a model for improved Diabetes care in rural communities near Baramati in Pune district in partnership with Chellaram Diabetes Institute and the Public Health Foundation of India.
2. Sustained programs at manufacturing sites to reduce health inequalities -

   Verna, Goa – Annual medical check-ups to monitor the health for children in 12 schools and maintain their medical records.
3. Fun Centers - in two Pediatric wards across India to help children cope with the rigors of treatment.
4. Awareness initiatives on Diabetes, Cardiovascular diseases and training on critical healthcare. The key program of the Company for creating awareness is 'Saath 7' which provides patients with educational material and other resources to teach them how to cope with Diabetes and adapt to the lifestyle that will help them better manage their condition and lead a good quality of life.
5. Employees of Sanofi show solidarity by contributing their time and effort for the development of the communities. Sanofi encourages employees by making 10 hours per year available for volunteering.

These programs are undertaken internally by an in-house team and also with the help of NGOs, Public Health Foundation of India and the Government.

The direct contribution of the Company to these projects was Rs.93.2 million in 2018.

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

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

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

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

Patient safety is the primary focus of Sanofi's pharmacovigilance, quality and anti-counterfeiting teams. The pharmacovigilance department monitors the safety of its products, and ultimately contributes to the continuous assessment of their benefit-risk profile.

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

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

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

26th February 2019

ANNEXURE – C TO THE REPORT OF THE DIRECTORS

REPORT ON CORPORATE SOCIAL REPONSIBILITY ACTIVITIES

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

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

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

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

The Company aims to partner projects in Diabetes, Hypertension, Cardiovascular Disease and Cancer by sharing its expertise and experience.

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

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

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

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

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

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

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

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

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

The Company has developed programs to address NCDs:

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

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

   The education is provided by Diabetes educators.

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

   Impact: Counseled approximately 91,000 patients in 2018 (Over 500,000 patients benefitted since 2007)

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

   a. **PPP Launch**: October 2014

b. **PPP Goal:** To upgrade the knowledge of healthcare personnel (medical officers, counselors and nurses) about the management of patients with Diabetes, Hypertension, CVD and Cancer.

c. **Commitment:** The Company supports the Maharashtra State Government's health department in training medical officers, counselors and nurses from NCD cells across all the 35 districts and impact the lives of 103 million people across Maharashtra (excluding Mumbai); install hoardings and posters on patient information in the area of Diabetes and Hypertension in government hospitals.

d. **PPP impact till December 2018:** Completed training of medical officers in 5 districts.

iii. **Diabetes with Dignity:** Program to pilot feasibility and effectiveness of a model for enhanced care of Diabetes Mellitus in adults in a rural community of district Pune, Maharashtra.

It entails empowering the ASHAs (Accredited Social Health Activists) in the villages by training them to identify and screen adults for Diabetes by house-to-house survey using a validated questionnaire and referring people with high risk to ANMs (Auxiliary Nurse Midwife) at public health centres for follow up.

It covers building capacity of ANMs and MPWs (Multipurpose Health Workers) at health centres to conduct Random Blood Glucose (RBG) testing by glucometer and refer high risk individuals to public health centres who will maintain records and do follow ups.

The program reorients medical officers on management of Diabetes patients and trains them in prevention of complications with the help of pharmacotherapy and diagnostic and prognostic workshops.

The program creates awareness in the community and educates people with Diabetes and their caregivers on management of Diabetes and its complications.

The pilot was conducted in two areas near Baramati. In one area, with the support of ASHAs and the second in an area where ASHA workers do not visit. A clinical assessment of the project at both locations was done at the end of six months.

Results: There was a significant increase in knowledge about diagnosis and management of Diabetes amongst patients in the intervention group compared to a decline in similar knowledge in the control group. Improvements in the intervention group were observed on knowledge about symptoms and complications of Diabetes. On quality of life, the percentage of patients having some problems in self-care showed a higher decline in the intervention group versus the control group. Reduction in anxiety / depression was also significant in the intervention group versus the control group.

Conclusion: Diabetes with Dignity was effective in improving quality of life and knowledge about Diabetes. Capacity-building of ASHAs for prevention and management of Diabetes in rural settings is recommended.

(https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6305676/ - OP-84)

iv. **KiDS:** (Kids with Diabetes in Schools) was initially piloted in 2014 in India.

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

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

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

The ultimate aim is to achieve sustainable change and Sanofi is working closely with our partners and policy-makers to introduce education around Diabetes and healthy living habits in the national teachers' curriculum.

Toolkit:

KiDS is an educational program primarily targeted at teachers, school children (6 - 14 years old) and their parents. A nutrition focused module is developed as a complementary resource to the existing toolkit to inform teachers, parents of children with Diabetes, as well as parents and children generally, of the important role of nutrition in the management and prevention of Diabetes.

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

Impact: Approximately 6,000 children and 1,100 teachers have been trained through the kit in 2018.

[1] https://accessaccelerated.org/

v. **Sanofi Knowledge Academy:** It is a digital initiative to provide doctors with the necessary knowledge, tools and confidence to treat patients with Diabetes and related complications.

Impact: Approx. 4,000 doctors enrolled.

vi. **Enhancing skills of students of Cardiology / Cardio-thoracic surgery:** In collaboration with GE Healthcare, trained students pursuing Cardiology and Cardio-Thoracic surgery in ECG, Trans Thoracic Echocardiography (TTE) & Trans Esophageal Echocardiography (TEE). The students are trained by specialists.

Impact: 85 students trained in 2018.

Another areas of focus:

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

Impact: 800 children benefitted in 2018.

Reducing health inequalities in Goa:

In association with Voluntary Health Association of Goa, the Company regularly conducts health camps in schools to check immunization status, nutritional deficiencies, personal hygiene & other chronic diseases.

Impact: 4,112 children benefitted in 2018.

The Company initiated discussion with the Department of Health, Goa, to bring its KiDS program to all schools in Goa.

Skill development of youth in Goa:

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

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

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

Impact: 64 youth enrolled for training in 2018.

Employee volunteering:

The employees of the Company have shown their solidarity towards the communities. Employees give the gift of time, efforts and skills for the development of the people through the 'Sanofi employee volunteering platform' given below:

Joy in Outreach: www.sanoficsr.in

The Company launched a portal to connect employees and 450 NGOs across India. The portal was launched in 2016 as a pilot in Maharashtra and was scaled to other States in 2017.

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

Composition of the CSR Committee:

Name of Director	Category
Mr. Rangaswamy R. Iyer	Chairman of the Committee, Independent Director
Ms. Usha Thorat	Member, Independent Director
Dr. Shailesh Ayyangar	Member, Non-Executive Director
Mr. Rajaram Narayanan [From 1st January 2018]	Member, Managing Director

Average net profit before tax of the Company for the last three financial years: Rs. 4,640 million.

Prescribed CSR expenditure (2% of the amount as above): Rs. 92.8 million.

CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs were undertaken	Amount Outlay (budget) project or programs wise (Rs. million)	Amount spent on the projects or programs Sub-heads : 1. Direct expenditure on projects / programs 2. Overheads (Rs. million)	Cumulative expenditure up to the reporting period (Rs. million)	Amount spent: Direct or through implementing agency
Public Private Partnership with the Government of Maharashtra	Health	17 districts of Maharashtra	0.5	0.4	13.9	Implementing agencies: Project HOPE
Diabetes with Dignity	Health	Pune - Baramati	2.0	1.9	13.3	PHFI (Public Health Foundation of India) and Chellaram Diabetes Institute
Saath 7	Health	Pan India	65.0	65.6	198.0	Implementing agencies - Alps
Action Against Diabetes	Health	Pan India	1.0	1.2	10.1	Direct
Sanofi Knowledge Academy	Health	Pan India	6.0	6.0	6.0	Clirnet Services Private Limited
Enhancing skills of students of Cardiology / Cardio-thoracic surgery	Health Education	Pan India	4.2	4.2	19.9	GE Healthcare
Training of HCPs in DVT management, nurses and pharmacists training	Health Education	Pan India	0.8	0.8	0.8	Direct
Reducing health inequalities around Goa and Ankleshwar	Health	Goa	1.0	1.1	4.3	Implementing agencies: Voluntary Health Association of Goa (NGO)
Skill development	Skill	Goa	6.5	6.5	6.5	Yashashwi Academy, Pune
Misc. - Fun Centers, meetings	Health	Chennai	0.5	0.03	4.0	Direct
Employee volunteering - Joy in Outreach	Multiple	Pan India	1.0	1.0	7.0	Project Heena, Concern India Foundation
Research Grants	Health Research	Pan India	4.5	4.5	22.0	Direct
Responding to Humanitarian Emergencies	Others	Supported Nepal and J&K floods in 2015	–	–	4.8	
Total			92.8	93.2	310.6	

Shortfall in CSR spend, if any:

There has been no shortfall in the CSR spend. For the financial year ended 31st December 2018, the prescribed CSR expenditure was Rs. 92.8 million and the actual CSR spend was Rs. 93.2 million.

Responsibility statement:

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

For and on behalf of the CSR Committee

RANGASWAMY R. IYER	**RAJARAM NARAYANAN**
CHAIRMAN, CSR COMMITTEE	MANAGING DIRECTOR
DIN: 00474407	DIN: 02977405

25th February 2019

ANNEXURE – D TO THE REPORT OF THE DIRECTORS

FORM NO. AOC-2: MATERIAL RELATED PARTY TRANSACTIONS

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

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

A. Details of contracts or arrangements or transactions not at arm's length basis during the year ended 31st December 2018:

None

B. Details of material contracts or arrangements or transactions at arm's length basis during the year ended 31st December 2018:

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

Sr. No.	Particulars	Details of Transaction - 1	Details of Transaction - 2
1	Name(s) of the related party & nature of relationship	sanofi-aventis Singapore Pte. Ltd.	Shantha Biotechnics Private Limited (SBPL)
2	Nature of contracts / arrangements / transaction	Purchase, sale, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services or other obligations, if any, for an amount not exceeding in aggregate Rs.20,000 million in each financial year.	Loan up to Rs.4,450 million
3	Duration of the contracts / arrangements / transaction	Ongoing	Up to 15th April 2020
4	Salient terms of the contracts or arrangements or transaction including the value, if any	On arm's length basis and in the ordinary course of business. The total value of the transactions in the financial year was Rs. 12,755 million	Loan given to SBPL is at interest rate of 9.5% per annum payable quarterly or at such rate of interest as may be mutually decided by the Board of Directors (on the approval of the Audit Committee) and SBPL but not lower than the prevailing yield of Government security closest to the tenure of the loan. The total amount outstanding as on 31st December 2018 was Rs. 4,450 million.
5	Date of approval by the Board	27th February 2017	5th May 2017 and 31st October 2018
6	Amount paid as advances, if any	None	None

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

26th February 2019

ANNEXURE – E TO THE REPORT OF THE DIRECTORS

DISCLOSURE ON REMUNERATION

Information pursuant to Section 134(3)(q) and Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st December 2018 and forming part of the Directors' Report for the said financial year.

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

Name of Director / KMP	Designation	Ratio of remuneration of each Director / CFO / Company Secretary to median of remuneration of Employees	Percentage increase in remuneration (%)
Mr. Rajaram Narayanan	Managing Director	64:1	18.5
Mr. Ashwani Sood	Whole Time Director	24:1	7.5
Mr. Charles Billard	Whole Time Director and Chief Financial Officer	16:1	Note 1
Mr. Girish Tekchandani	Company Secretary	20:1	5.5
Mr. Aditya Narayan	Chairman and Independent Director	3:1	-3.2 (Note 2)
Ms. Usha Thorat	Independent Director	3:1	9.8 (Note 2)
Mr. Rangaswamy R. Iyer	Independent Director	3:1	-3.9 (Note 2)
Mr. Cyril Grandchamp-Desraux	Non-Executive Director	Note 3	Note 3
Mr. Thomas Rouckout	Non-Executive Director	Note 3	Note 3
Dr. Shailesh Ayyangar	Non-Executive Director	Note 3	Note 3

Note 1: Mr. Charles Billard joined during the year and hence increase in remuneration is not applicable to him.

Note 2: The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. Sitting fees is paid based on the number of meetings attended by an Independent Director.

Note 3: Non-Executive Directors who are employees of Sanofi group do not receive any sitting fees or commission.

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

B. The percentage increase in the median remuneration of employees in the financial year: 7.9%

C. The number of permanent employees on the rolls of the Company as on 31st December 2018: 3,301

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

The average increase in managerial remuneration was 7% and for employees other than managerial personnel was 7.9%.

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

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

26th February 2019

ANNEXURE – F TO THE REPORT OF THE DIRECTORS

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

Our Secretarial Audit Report for the Financial Year ended 31st December 2018, of even date, is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the Management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, Standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

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

6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries

S.N.Ananthasubramanian
Partner
FCS No. 4206
COP No. 1774

February 8, 2019
Thane

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st December, 2018

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st December 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31st December, 2018** according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the rules made thereunder;

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

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

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not applicable to the extent of Overseas Direct Investment and External Commercial Borrowings as there was no reportable event during the financial year under review.**

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

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

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

   c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as effective till 09th November, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as effective from 10th November, 2018 - **Not Applicable as the Company has not issued any securities during the financial year under review;**

   d. The Securities And Exchange Board of India (Share Based Employee Benefits) Regulations,2014 - **Not Applicable as the Company has not issued any shares / options to directors / employees under the said Regulations during the financial year under review;**

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable as the Company has not issued any debt securities during the financial year under review;**

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client - **Not Applicable as the Company is not registered as a Registrar to an issue and Share Transfer Agent during the financial year under review;**

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted / proposed to delist its equity shares from any Stock Exchange during the financial year under review;**

h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as effective till 10th September, 2018 and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 as effective from 11th September, 2018 - **Not Applicable as the Company has not bought back / proposed to buy-back its equity shares during the year under review;**

vi. The management has identified and confirmed the following laws as specifically applicable to the Company:

1. Drugs and Cosmetics Act, 1940 & Rules thereto
2. Drugs and Magic Remedies Act, 1954
3. Drugs Price (Control) Order, 2013
4. Pharmacy Act, 1948
5. Narcotic Drugs and Psychotropic Substances Act, 1985
6. Food Safety And Standards Act, 2006

We have also examined compliance with the applicable Standards / Regulations of the following:

(i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors including atleast one Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent seven days in advance before the meeting. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions of the Board and Committee meeting were carried unanimously.

We further report that based on review of compliance mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the Company has adequate systems and processes in place in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines; and

➢ As informed, the Company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

➢ As informed, no significant legal / arbitral proceedings are pending against the Company.

We further report that during the financial year under review there were no specific events/ actions having a major bearing on Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc., referred to above.

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

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries

S. N. Ananthasubramanian
Partner
FCS No. 4206
COP No. 1774

February 8, 2019
Thane

FORM MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST DECEMBER 2018

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

I. REGISTRATION AND OTHER DETAILS

1	CIN	L24239MH1956PLC009794
2	Registration Date	02/05/1956
3	Name of the Company	Sanofi India Limited
4	Category/Sub-Category of the Company	Company limited by shares / Indian Non-Govt. Company
5	Address of the Registered office and contact details	Sanofi House, CTS NO.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400072 Tel no. (022) 28032000 Fax no. (022) 28030939 Email: igrc.sil@sanofi.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, C - 101, 247 Park, L.B. S. Marg, Vikhroli (West), Mumbai 400 083 Tel no.: (022) 49186270 Fax no.: (022) 49186060 E-mail : rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i) Category-wise Share Holding

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	**Indian**									
(a)	Individuals / Hindu Undivided Family	-	-	-	-	-	-	-	-	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (A)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	Bodies Corporate	13,909,587	-	13,909,587	60.40	13,909,587	-	13,909,587	60.40	-
	Sub Total (A)(2)	**13,909,587**	**-**	**13,909,587**	**60.40**	**13,909,587**	**-**	**13,909,587**	**60.40**	**-**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**13,909,587**	**-**	**13,909,587**	**60.40**	**13,909,587**	**-**	**13,909,587**	**60.40**	**-**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	2,873,237	50	2,873,287	12.47	3,402,787	50	3,402,837	14.78	2.30
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(e)	Foreign Portfolio Investors	3,091,482	500	3,091,982	13.43	2,716,195	-	2,716,195	11.79	-1.64
(f)	Financial Institutions / Banks	64,324	700	65,024	0.28	65,788	600	66,388	0.29	0.01
(g)	Insurance Companies	508,742	-	508,742	2.21	508,742	-	508,742	2.21	-
(h)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)	**6,537,785**	**1,250**	**6,539,035**	**28.39**	**6,693,512**	**650**	**6,694,162**	**29.06**	**0.67**
[2]	**Central Government / State Government(s) / President of India**									
	Central Government / State Government(s)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Sub Total (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
[3]	**Non-Institutions**									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	974,569	188,342	1,162,911	5.05	1,100,350	143,092	1,243,442	5.40	0.35
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	61,264	-	61,264	0.27	-	-	-	-	-0.27
(b)	NBFCs registered with RBI	-	-	-	-	1,162	-	1,162	0.01	0.01
(c)	Overseas Depositories (holding Drs) (balancing figure)	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)									
	IEPF	11,938	-	11,938	0.05	29,836	-	29,836	0.13	0.08
	Trusts	689	-	689	-	606	-	606	-	-
	Hindu Undivided Family	30,855	100	30,955	0.14	35,471	100	35,571	0.16	0.02
	Non Resident Indians (Non Repat)	203,523	230	203,753	0.88	208,172	230	208,402	0.90	0.02
	Non Resident Indians (Repat)	23,228	50	23,278	0.10	29,479	-	29,479	0.13	0.03
	Unclaimed Shares	-	-	-	-	13,300	-	13,300	0.06	0.06
	Overseas Bodies Corporates	500	-	500	-	500	-	500	-	-
	Clearing Member	4,550	-	4,550	0.02	5,189	-	5,189	0.02	-

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Bodies Corporate	1,081,010	1,152	1,082,162	4.70	858,884	502	859,386	3.73	-0.97
	Sub Total (B)(3)	**2,392,126**	**189,874**	**2,582,000**	**11.21**	**2,282,949**	**143,924**	**2,426,873**	**10.54**	**-0.67**
	Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3)	**8,929,911**	**191,124**	**9,121,035**	**39.60**	**8,976,461**	**144,574**	**9,121,035**	**39.60**	**-**
	Total (A)+(B)	**22,839,498**	**191,124**	**23,030,622**	**100.00**	**22,886,048**	**144,574**	**23,030,622**	**100.00**	**-**
(C)	**Non Promoter - Non Public**									
[1]	Custodian / DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**22,839,498**	**191,124**	**23,030,622**	**100.00**	**22,886,048**	**144,574**	**23,030,622**	**100.00**	**-**

ii) Shareholding of Promoters

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

iii) Change in Promoters' Shareholding

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

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

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	**BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE FRONTLINE EQUITY FUND**	**753,935**	**3.2736**			**753,935**	**3.2736**
	Purchase			05/01/2018	5,000	758,935	3.2953
	Purchase			02/03/2018	26,880	785,815	3.4120
	Purchase			23/03/2018	3,751	789,566	3.4283
	Purchase			11/05/2018	3,400	792,966	3.4431
	Transfer			08/06/2018	-181	792,785	3.4423
	Transfer			19/10/2018	-943	791,842	3.4382
	Purchase			02/11/2018	2700	794,542	3.4499
	Transfer			21/12/2018	-468	794,074	3.4479
	Transfer			31/12/2018	-305	793,769	3.4466
	AT THE END OF THE YEAR					**793,769**	**3.4466**
2	**FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA HIGH GROWTH COMPANIES FUND**	**585,000**	**2.5401**			**585,000**	**2.5401**
	Purchase			12/01/2018	45,666	630,666	2.7384
	Purchase			26/01/2018	354	631,020	2.7399
	Purchase			02/02/2018	719	631,739	2.7430
	Purchase			09/02/2018	3,927	635,666	2.7601
	Purchase			31/03/2018	640	636,306	2.7629
	Transfer			20/04/2018	-10,640	625,666	2.7167
	Transfer			13/07/2018	-29,935	595,731	2.5867
	Transfer			20/07/2018	-83,466	512,265	2.2243
	Transfer			27/07/2018	-1,599	510,666	2.2173
	Transfer			03/08/2018	-15,000	495,666	2.1522
	Transfer			31/08/2018	-498	495,168	2.1500
	Transfer			07/09/2018	-33,202	461,966	2.0059
	Transfer			14/09/2018	-33,789	428,177	1.8592
	Transfer			21/09/2018	-2,511	425,666	1.8483
	Transfer			19/10/2018	-3,077	422,589	1.8349
	Transfer			09/11/2018	-6,147	416,442	1.8082
	Transfer			16/11/2018	-776	415,666	1.8048
	Transfer			23/11/2018	-2,500	413,166	1.7940
	AT THE END OF THE YEAR					**413,166**	**1.7940**
3	**UTI-MASTERSHARE UNIT SCHEME**	**635,545**	**2.7596**			**635,545**	**2.7596**
	Purchase			12/01/2018	324	635,869	2.7610
	Purchase			19/01/2018	2,217	638,086	2.7706
	Purchase			26/01/2018	18	638,104	2.7707
	Transfer			02/02/2018	-2,700	635,404	2.7590

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			09/02/2018	-49	635,355	2.7587
	Purchase			16/02/2018	718	636,073	2.7619
	Transfer			23/02/2018	-578	635,495	2.7593
	Purchase			02/03/2018	13	635,508	2.7594
	Purchase			09/03/2018	415	635,923	2.7612
	Purchase			13/04/2018	562	636,485	2.7636
	Transfer			15/04/2018	-45,000	591,485	2.5683
	Purchase			30/06/2018	2,119	593,604	2.5775
	Purchase			17/08/2018	333	593,937	2.5789
	Transfer			21/12/2018	-4,301	589,636	2.5602
	AT THE END OF THE YEAR					**589,636**	**2.5602**
4	**ABERDEEN GLOBAL INDIAN EQUITY LIMITED**	**691,262**	**3.0015**			**691,262**	**3.0015**
	Transfer			05/01/2018	-2,760	688,502	2.9895
	Transfer			12/01/2018	-18,452	670,050	2.9094
	Transfer			16/02/2018	-10,990	659,060	2.8617
	Transfer			23/02/2018	-13,052	646,008	2.8050
	Transfer			02/03/2018	-958	645,050	2.8008
	Transfer			23/03/2018	-10,891	634,159	2.7535
	Transfer			31/03/2018	-13,801	620,358	2.6936
	Transfer			06/04/2018	-13,971	606,387	2.6330
	Transfer			13/04/2018	-4,103	602,284	2.6151
	Transfer			20/04/2018	-7,522	594,762	2.5825
	Transfer			27/04/2018	-3,113	591,649	2.5690
	Transfer			04/05/2018	-1,201	590,448	2.5638
	Transfer			11/05/2018	-6,842	583,606	2.5340
	Transfer			18/05/2018	-58,556	525,050	2.2798
	Transfer			24/08/2018	-3,450	521,600	2.2648
	Transfer			31/08/2018	-42,550	479,050	2.0801
	AT THE END OF THE YEAR					**479,050**	**2.0801**
5	**PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED**	**603,427**	**2.6201**			**603,427**	**2.6201**
	Transfer			02/02/2018	-8,394	595,033	2.5837
	Transfer			09/02/2018	-10,489	584,544	2.5381
	Transfer			30/11/2018	-2,800	581,744	2.5260
	AT THE END OF THE YEAR					**581,744**	**2.5260**
6	**RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCEPHARMA FUND**	**479,218**	**2.0808**			**479,218**	**2.0808**
	Purchase			19/01/2018	17,500	496,718	2.1568
	Purchase			26/01/2018	23,877	520,595	2.2604
	Purchase			23/02/2018	10,000	530,595	2.3039
	Purchase			02/03/2018	25,700	556,295	2.4155
	Purchase			09/03/2018	20,000	576,295	2.5023

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			01/06/2018	-28,000	548,295	2.3807
	Transfer			15/06/2018	-60,800	487,495	2.1167
	Purchase			02/11/2018	10,000	497,495	2.1601
	AT THE END OF THE YEAR					**497,495**	**2.1601**
7	**HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**	**484,595**	**2.1041**			**484,595**	**2.1041**
	Transfer			05/01/2018	-288	484,307	2.1029
	Transfer			12/01/2018	-840	483,467	2.0992
	Purchase			26/01/2018	241	483,708	2.1003
	Transfer			02/02/2018	-2,673	481,035	2.0887
	Transfer			09/02/2018	-382	480,653	2.0870
	Transfer			16/02/2018	-1,381	479,272	2.0810
	Transfer			23/02/2018	-870	478,402	2.0772
	Transfer			02/03/2018	-6,634	471,768	2.0484
	Transfer			09/03/2018	-7001	464,767	2.0180
	Purchase			16/03/2018	665	465,432	2.0209
	Purchase			23/03/2018	8,128	473,560	2.0562
	Purchase			31/03/2018	15,000	488,560	2.1213
	Purchase			06/04/2018	29,919	518,479	2.2513
	Transfer			13/04/2018	-5,536	512,943	2.2272
	Transfer			20/04/2018	-1,230	511,713	2.2219
	Transfer			27/04/2018	-114	511,599	2.2214
	Transfer			04/05/2018	-94	511,505	2.2210
	Purchase			11/05/2018	1,145	512,650	2.2259
	Transfer			18/05/2018	-783	511,867	2.2225
	Transfer			25/05/2018	-26,312	485,555	2.1083
	Transfer			01/06/2018	-1,196	484,359	2.1031
	Transfer			08/06/2018	-7,911	476,448	2.0688
	Transfer			15/06/2018	-17,658	458,790	1.9921
	Transfer			22/06/2018	-3,905	454,885	1.9751
	Transfer			30/06/2018	-6,450	448,435	1.9471
	Transfer			06/07/2018	-2,327	446,108	1.9370
	Transfer			13/07/2018	-26,653	419,455	1.8213
	Transfer			20/07/2018	-7,790	411,665	1.7875
	Transfer			27/07/2018	-7,997	403,668	1.7527
	Transfer			03/08/2018	-24,295	379,373	1.6473
	Transfer			10/08/2018	-11,203	368,170	1.5986
	Transfer			17/08/2018	-5,418	362,752	1.5751
	Transfer			24/08/2018	-5,343	357,409	1.5519
	Transfer			31/08/2018	-11,574	345,835	1.5016
	Transfer			07/09/2018	-20,962	324,873	1.4106
	Transfer			14/09/2018	-12,883	311,990	1.3547
	Transfer			21/09/2018	-1,280	310,710	1.3491

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			29/09/2018	-11,811	298,899	1.2978
	Transfer			12/10/2018	-597	298,302	1.2952
	Transfer			19/10/2018	-1,195	297,107	1.2901
	Transfer			26/10/2018	-17,760	279,347	1.2129
	Transfer			02/11/2018	-31,070	248,277	1.0780
	Transfer			09/11/2018	-6,173	242,104	1.0512
	Transfer			16/11/2018	-7,422	234,682	1.0190
	Transfer			23/11/2018	-3,411	231,271	1.0042
	Transfer			30/11/2018	-3,218	228,053	0.9902
	Transfer			07/12/2018	-1,018	227,035	0.9858
	Transfer			21/12/2018	-802	226,233	0.9823
	Transfer			31/12/2018	-493	225,740	0.9802
	AT THE END OF THE YEAR					**225,740**	**0.9802**
8	**LIFE INSURANCE CORPORATION OF INDIA**	**403,230**	**1.7508**			**403,230**	**1.7508**
	AT THE END OF THE YEAR					**403,230**	**1.7508**
9	**ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND**	**407,922**	**1.7712**			**407,922**	**1.7712**
	Transfer			05/01/2018	-261	407,661	1.7701
	Transfer			12/01/2018	-1,498	406,163	1.7636
	Transfer			23/02/2018	-5,854	400,309	1.7382
	Transfer			02/03/2018	-17,146	383,163	1.6637
	Transfer			16/03/2018	-16,237	366,926	1.5932
	Transfer			23/03/2018	-977	365,949	1.5890
	Transfer			31/03/2018	-1,239	364,710	1.5836
	Transfer			06/04/2018	-1,843	362,867	1.5756
	Transfer			13/04/2018	-1,093	361,774	1.5708
	Transfer			20/04/2018	-2,108	359,666	1.5617
	Transfer			27/04/2018	-947	358,719	1.5576
	Transfer			04/05/2018	-335	358,384	1.5561
	Transfer			11/05/2018	-1,905	356,479	1.5478
	Transfer			18/05/2018	-16,316	340,163	1.4770
	Transfer			01/06/2018	-65,779	274,384	1.1914
	Transfer			08/06/2018	-8,485	265,899	1.1545
	Transfer			15/06/2018	-5,136	260,763	1.1322
	Transfer			30/06/2018	-7,438	253,325	1.0999
	Transfer			06/07/2018	-17,562	235,763	1.0237
	Transfer			24/08/2018	-6,598	229,165	0.9950
	Transfer			31/08/2018	-6,402	222,763	0.9672
	Transfer			14/09/2018	-14,077	208,686	0.9061
	Transfer			21/09/2018	-5,923	202,763	0.8804
	Transfer			16/11/2018	-6,982	195,781	0.8501
	Transfer			23/11/2018	-3,018	192,763	0.8370
	AT THE END OF THE YEAR					**192,763**	**0.8370**

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
10	**SBI MAGNUM MIDCAP FUND**	**269,915**	**1.1720**			**269,915**	**1.1720**
	Transfer			02/03/2018	-15,000	254,915	1.1069
	Purchase			18/05/2018	50,000	304,915	1.3240
	Purchase			25/05/2018	47,971	352,886	1.5322
	Purchase			01/06/2018	61,240	414,126	1.7982
	Purchase			20/07/2018	55,000	469,126	2.0370
	Purchase			03/08/2018	45,000	514,126	2.2324
	Purchase			31/08/2018	58,347	572,473	2.4857
	Transfer			05/10/2018	-3,000	569,473	2.4727
	Transfer			16/11/2018	-208	569,265	2.4718
	Transfer			07/12/2018	-6,792	562,473	2.4423
	Transfer			28/12/2018	-25,000	537,473	2.3337
	AT THE END OF THE YEAR					**537,473**	**2.3337**
11	**BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.**	**159,339**	**0.6919**			**159,339**	**0.6919**
	Purchase			12/01/2018	5,000	164,339	0.7136
	Purchase			02/02/2018	13,000	177,339	0.7700
	Purchase			23/02/2018	3,000	180,339	0.7830
	Purchase			02/03/2018	5,000	185,339	0.8048
	Purchase			23/03/2018	3,000	188,339	0.8178
	Purchase			31/03/2018	2,000	190,339	0.8265
	Purchase			06/04/2018	3,000	193,339	0.8395
	Purchase			06/07/2018	2,500	195,839	0.8503
	Purchase			05/10/2018	2,500	198,339	0.8612
	Purchase			02/11/2018	2,000	200,339	0.8699
	Purchase			07/12/2018	2,000	202,339	0.8786
	Purchase			14/12/2018	1,141	203,480	0.8835
	Purchase			21/12/2018	1,600	205,080	0.8905
	Purchase			28/12/2018	3,100	208,180	0.9039
	Purchase			31/12/2018	1,000	209,180	0.9083
	AT THE END OF THE YEAR					**209,180**	**0.9083**

v) Shareholding of Directors and Key Managerial Personnel

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

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In Rs. million)

Particulars of Remuneration	Name of the Director				Total Amount
	Mr. Rajaram Narayanan Whole Time Director	Mr. Lionel Guerin Chief Financial Officer and Whole Time Director (1)	Mr. Charles Billard Chief Financial Officer and Whole Time Director (2)	Mr. Ashwani Sood Whole Time Director	
Gross salary Salary as per provisions contained in Section17(1) of the Income-tax Act, 1961	18.7	2.3	3.7	8.2	32.9
Value of perquisites under section 17(2) of the Income-tax Act, 1961	6.4	4.0	4.8	1.1	16.3
Profits in lieu of salary under section 17(3) of the Income-tax Act,1961	-	-	-	-	-
Stock Option (4)	-	-	-	-	-
Sweat Equity	-	-	-	-	-
Commission - as % of profit - others, specify	-	-	-	-	-
Others: Annual Performance Incentive (3)	9.8	0.6	0.8	2.6	13.8
Total (A)	**34.9**	**6.9**	**9.3**	**11.9**	**63.0**
Ceiling as per the Act	Rs. 610.50 million being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013				

(1) Mr. Lionel Guerin was Chief Financial Officer and Whole Time Director till 30th June 2018.

(2) Mr. Charles Billard was appointed Chief Financial Officer with effect from 1st July 2018. He was appointed as Whole Time Director with effect from 25th July 2018.

(3) Target incentive for 2018. The actual payment depends on Company / individual performance.

(4) The Company does not have a scheme for grant of stock options. However, the Managing Director and the Whole Time Directors and some Senior Executives of the Company are granted stock options / performance shares of the ultimate holding company, Sanofi SA. The amounts accrued in the financial statements for the year ended 31st December 2018 for stock options / performance shares granted to Mr. Rajaram Narayanan, Mr. Lionel Guerin and Mr. Charles Billard are Rs. 12.6 million, Rs. 3.0 million and Rs. 2.1 million respectively.

B. Remuneration to other directors

Independent Directors

(In Rs. million)

Particulars of Remuneration	**Name of the Director**				**Total Amount**
	Mr. Aditya Narayan	**Mr. Rangaswamy R. Iyer**	**Ms. Usha Thorat**	**Mr. A.K.R. Nedungadi**	
Fee for attending Board / Committee meetings	0.27	0.68	0.65	-	1.60
Commission	1.56	0.80	0.80	0.07	3.23
Others, please specify	-	-	-	-	-
Total B(1)	**1.83**	**1.48**	**1.45**	**0.07**	**4.83**

Other Non-Executive Directors

(In Rs. million)

Particulars of Remuneration	**Name of the Director**			**Total Amount**
	Mr. Cyril Grandchamp-Desraux	**Dr. Shailesh Ayyangar**	**Mr. Thomas Rouckout**	
Fee for attending Board / Committee meetings	-	-	-	-
Commission	-	-	-	-
Others, please specify	-	-	-	-
Total B(2)	-	-	-	-
Total(B)=(B1+B2)				**4.83**
Total Managerial Remuneration				**67.83**
Overall Ceiling as per the Act	Rs. 671.55 million (being 11% of the Net Profit of the Company as calculated as per Section 198 of the Companies Act, 2013)			

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

(In Rs. million)

Particulars of Remuneration	Key Managerial Personnel
	Mr. Girish Tekchandani Company Secretary
Gross salary Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961 Value of perquisites under section 17(2) of the Income-tax Act,1961 Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	 8.2 0.6 -
Stock Option	-
Sweat Equity	-
Commission - as % of profit - others, specify	 -
Others: Annual Performance Incentive (1)	1.8
Total	**10.6**

(1) Target incentive for 2018. The actual payment depends on Company / individual performance.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

26th February 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The Indian Pharmaceutical Market has witnessed a healthy double digit growth over the last decade. However, the growth slowed down last year due to various factors like price cuts, temporary impacts of demonetization and Goods and Services Tax (GST). For the year ended 31st December 2018, IQVIA estimates that the Indian Pharmaceutical Market size is approximately Rs.1,325 billion growing at 11.5% over the previous year, reflecting a revival after the disruptions seen last year.

The IQVIA Prognosis Report September 2018 projects the market growth at ~9.7% (+/-3%) per annum over the next four years (2017-2022). This growth will be driven by factors such as improving healthcare access, increasing awareness and diagnosis around non-communicable diseases, newer products being launched with greater speed, expanding hospital infrastructure, e-pharmacies and expansion of insurance coverage especially under government schemes. Branded generics which constitute over 80% of the market in value terms will continue to play a significant role.

In March 2017, the Government of India approved the National Health Policy 2017. It aims at achieving universal health coverage and delivering affordable and quality healthcare services to all. The policy advocates a positive and proactive engagement with the private sector to fill critical gaps in achieving national goals. It envisages private sector collaboration for strategic purchasing, capacity building, skill development programs, awareness generation, developing sustainable networks for the community to strengthen mental health services and disaster management. The policy proposes to raise public health expenditure to 2.5% of the GDP by 2025.

The goals of the National Health Policy are complemented and expanded by the Ayushman Bharat National Health Protection Scheme (AB-NHPS), which was unveiled in February 2018 in the Central Government's budget for 2018-19. According to the government, AB-NHPS will be the largest health insurance initiative in the world. AB-NHPS has two components: The first is a National Health Protection Scheme that promises insurance for around 500 million people for secondary and tertiary care, including pre-hospitalization and post-hospitalization expenses. The second component is about 150,000 sub-centers and primary health centers that will be transformed into Health and Wellness Centers providing comprehensive primary care services close to communities including free essential drugs and diagnostic services.

The industry continues to face challenges on account of price controls, which were expanded significantly with the implementation of the Drug Price Control Order 2013 (DPCO), and the scope was increased further after the updates of the National List of Essential Medicines (NLEM). The government intends to set up a Standing National Committee on Medicines (SNCM), which will meet every six months to consider changes to the list. The key reasons for this change include the need to keep the NLEM up to date and to broaden its coverage.

Financial Performance

During the year ended 31st December 2018, your Company registered Revenue from Operations of Rs. 27,708 million as against Rs. 24,914 million in the previous year, representing a growth of 11%.

Net revenue from India, which constituted 70% of Net Revenue from Operations, increased from Rs. 18,345 million in 2017 to Rs.19,515 million in 2018, reflecting a growth of 6%.

Exports revenue, which contributed 30% of Net Revenue from Operations, increased from Rs. 6,569 million in 2017 to Rs. 8,193 million in 2018, representing a growth of 25%.

Profit before Tax increased from Rs. 5,146 million to Rs. 6,098 million, a growth of 18% for the year ended 31st December 2018.

The Profit after Tax increased from Rs. 3,806 million to Rs. 3,260 million, a growth of 17% for the year ended 31st December 2018.

Operating Performance

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

Performance in Indian Market

Over the last 63 years, your Company has been at the forefront in providing innovative and affordable medicines for patients in India. It offers a wide array of medicines for therapy areas such as Diabetes (both Insulins and Orals), Cardiology, Thrombosis, Anti-infectives, Central Nervous System, Allergy and Vitamins, Minerals & Supplements.

In the Indian market, your Company ranks at number 20 as per IQVIA TSA MAT December 2018 and enjoys a market share of 1.6%. Four of the brands of your Company viz. Lantus®, Combiflam®, Amaryl® M and Allegra® feature in the top 100 pharmaceutical brands in India.

Given below are the key highlights and developments on key priority areas for the Company during the year 2018. The value and volume growth of various products mentioned in this section are as per IQVIA TSA MAT December 2018.

Diabetes Care:

As per the latest International Diabetes Federation estimation, India ranks second in terms of patient load with 74 million adults with Diabetes. Your Company strives to improve lives of patients with Diabetes, by offering a range of quality medicines and patient support programs. Your Company is among the leading companies in Diabetes care with a significant presence in Insulins.

The Insulin portfolio continued to grow double digits through its brands Lantus®, Insuman® and Apidra® in 2018. Our leading brand Lantus® touches the lives of nearly 2.5 million people in India. In 2018, Lantus® grew by 16% in value terms and continues to be the number 1 brand in the Basal analog Insulins market. Allstar™ pens, indigenously manufactured by your Company, help reduce the overall cost of treatment.

In 2018, our Insulin portfolio was further strengthened with the launch of, Toujeo™ (Glargine U300) in India. The launch of Toujeo™ has enabled your Company to offer an advanced standard of care and reach even more patients suffering from Diabetes.

The oral Anti-diabetic drug portfolio continued to grow in volumes led by Amaryl®. In 2018, Amaryl® group grew 7% in value despite significant price cuts on line extensions.

Your Company is playing stellar role in reshaping Sulfonylurea market in Asia with its signature initiative 'Safe & Smart'. In 2018, the Indian oral Anti-diabetic team led this initiative with 27 countries from Asia, Africa & Middle East to consolidate data on modern Sulfonylureas. Your Company was conferred with prestigious 'Oral Anti-Diabetes Company of the year 2018' by Frost & Sullivan for its work in the oral Anti-diabetic market.

Established Products:

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

Our flagship brand in Cardiology, Cardace® group, grew by 8% in value and continues to be the number 1 ACE Inhibitor prescribed by Cardiologists, Diabetologists and Consulting Physicians.

In Thrombosis segment, Clexane® continues to be the leading Anticoagulant brand. In India, there is a pressing need for awareness of VTE (Venous Thromboembolism) prophylaxis. It is estimated that every day, more than 1,600 people die due to VTE with up to 60% of all cases being hospital associated. Your Company is actively engaged in building awareness and treatment protocols in hospitals towards achieving the vision of a 'VTE FREE INDIA'.

In the Anti-epilepsy market, your Company has a leading position with brands like Valparin® and Frisium® which continue to grow in volumes.

Consumer Healthcare:

Your Company has structured its Consumer Healthcare business in three verticals i.e. Allergy, Pain relief and Vitamins, Minerals & Supplements (VMS).

Allergy: The strong growth in the Allergy vertical was led by Allegra™ which continues to be the number 1 Anti-histamine brand in India registering a growth of 13% in 2018.

Pain-relief: Year 2018 was a challenging year for Combiflam® but a number of new activities were carried out to stabilize the brand's growth. Combiflam® continues to be amongst the top 5 brands in the Nonsteroidal Anti-inflammatory Drugs (NSAID) market.

New communication was developed for Combiflam Icy Hot™, which is the first OTC extension of Combiflam®.

Vitamins & Mineral Supplements: DePura by Sanofi™ registered a value growth of 41% and climbed to the 4th position in the highly competitive Vitamin D market. New evidence and awareness programs for the scientific community helped growth of E-Cod Plus®, Primosa® (for pre-menstrual syndrome) and CoQ® (for PCOS induced sub-fertility).

Building capabilities:

The healthcare ecosystem is transforming rapidly driven by the widespread access to internet, emergence of new technologies, and entry of many new startups in the area of digital health. Your Company is focused on building necessary capabilities in the organization to leverage these emerging opportunities. Some of these initiatives are:

1. Partnerships with startups which provide digital engagement platforms for Healthcare Professionals (HCP). Our teams in Cardiology, Diabetes and Consumer Healthcare have engaged over 25,000 HCPs through such channels.
2. Integrated Digital campaigns for Diabetes care have been introduced, including the launch of a new website (www.intolife.in) for building awareness and clearing misconceptions around usage of Insulin.
3. New software tools for DMS (Distributor Management Service), Sales Force Automation (SFA), Customer engagement, and Business Intelligence for real time data and actionability.
4. Large scale upskilling of teams in the area of digital health, delivered through in house training and exposure to external partners.

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

Your Company has a detailed ethics and compliance program which defines the Company's expectations when conducting the business. It is provided as a resource to guide employees in dealing with issues, both inside and outside the Company. Employees are trained to use the Code of Ethics as a part of their day-to-day functional responsibilities and raise concerns, if any.

Your Company also has a detailed Health, Safety and Environment policy and Management Program that covers the Company's employees and external partners. These policies and programs focus on human health, environmental protection by taking measures on energy conservation i.e. Water & Waste Management philosophy of 3R's (Recycling, Reprocessing and Reduction), indoor air quality, noise protection, energy efficient installations and has ongoing programs on these topics.

Your Company is committed to working in collaboration with relevant stakeholders to increase access to healthcare and quality medicines designed to improve people's health within an economically sustainable framework that supports innovation. Sanofi's aim is to meet the needs of the greatest number of patients. The details of the Company's Corporate Social Responsibility programs have been discussed in detail in the Corporate Social Responsibility Report annexed to the Directors' Report.

Performance in Export Market

During the year ended 31st December 2018, the Company exported its products to 59 countries, with Germany, Australia, United Kingdom and Russia ranking as the main markets. Volumes continued to be the main growth driver for exports. The other key products were Paracetamol & Codeine tablets, Metformin tablets, Festal dragees and the Allstar™ pen (reusable Insulin device).

The Company also was conferred with the coveted Authorized Economic Operator (AEO) Tier 2 certificate by the Central Board of Indirect Taxes and Customs, Ministry of Finance, Government of India.

During the year ended 31st December 2018, exports revenue contributed 30% of Net Revenue from Operations.

A significant part of export business caters to the European Generics business of the Sanofi group. In June 2018, Sanofi group and Advent International, Global private equity (Advent), announced that they have finished negotiations for Advent to acquire Sanofi group's European generics business in a share purchase agreement worth Euro 1.9 billion. On 1st October 2018, Sanofi group and Advent announced closure of this transaction. As part of this transaction, Sanofi group signed 5 years supply agreement with Advent.

Sanofi group intends to continue sourcing its requirements of products from your Company for the duration of this supply agreement. Meanwhile, your Company will diligently initiate review of its longer term manufacturing strategy.

Manufacturing Operations

Manufacturing operations strengthened its commitment to Quality, Safety and Customer Service in 2018 through a number of initiatives.

In continuation of the dual sourcing plan to support global generics volumes (Ramipril, Metformin, Ibuflam), the required capacity additions were delivered in 2018 in the areas of granulation, compression and packing lines, serialization and aggregation implementation at Ankleshwar and Goa sites. Upgradation of the sites was done by replacement of existing machinery with state-of-the-art high-speed lines. Investments in core production processes were also complemented with capex for warehousing improvement, site infrastructure development and quality infrastructure improvements. After the success of the first cogeneration investment in Ankleshwar API facility, your Company went ahead with the second cogeneration investment in 2018 to increase the reliability, efficiency and competitiveness of the energy costs. Ankleshwar site participated in global industrial pharma sites benchmarking and was able to improve its global ranking in terms of product quality, cost and productivity.

Sanofi sites manufacture products with the stringent global quality guidelines. The sites hold various GMP accreditations viz. for Ankleshwar Chemistry site: US-FDA, Russian MOH, ANSM, EDQM and PDMA – Japan whereas for Pharma site: Germany - Regierungspräsidium Darmstadt, Australia - TGA, Taiwan - TFDA, India - state FDA, Russian MOH, SAUMP and NAFDAC. Your Company has also taken up some projects to enhance the data automation and integrity in production process documentation.

The Company has dedicated significant resources towards ensuring a safe working place at the manufacturing sites. These include CAPEX as well as initiatives like 'Managerial Safety Visit' and 'ONE hour Safety Stop' of operations.

For environmental sustainability, there is a constant emphasis on conservation of resources across manufacturing sites and reducing waste. All plants strictly adhere to global safety and environmental norms and hold ISO 14001 and BS OHSAS 18001 certifications.

Medical Affairs

In 2018, your Company continued to focus on physician education to support patient needs and generation of Real World Evidence. The medical affairs team received the OPPI Medical excellence award for Real World Evidence generation in October 2018.

Some of the focus areas in 2018 were:

1. Consensus meetings to deliberate on holistic patient management in Diabetes treatment viz. 'BE-SMART' and 'Safe and Smart 360 degrees'. The 'Safe and Smart' guidance also found its place in the privileged 'API text book of medicine' and the 'Goodman Gillman textbook of Pharmacology'.

2. Continuation of LANDMARC study to generate evidence on the prevalence, progression of Diabetes, occurrence of complications and analysis of baseline data.

3. Poster presentations at International Diabetes Federation Congress at Malaysia on innovative Diabetes Integrated Care Projects like MyDoseCoach App and Diabetes with Dignity. SEAD program for Thrombosis - Vascular surgeons, Hematologists, Intensivists came together and created a guidance document to improve VTE prophylaxis.

4. Evidence in a set of Indian population on VTE and Carotid Aortic Pressure (CAP) in Hypertension management were presented in international forums.

Human Resources

Your Company had 3,301 employees as on 31st December 2018.

The overall industrial relations atmosphere continued to be cordial.

A wage settlement has been signed with the Medical Representatives union which will be in force till 31st March 2019.

For Goa factory, the wage settlement for the period April 2014 to June 2017 was signed. A fresh charter of demands and negotiations are continuing for a new wage settlement.

The Charter of Demands has been signed with the Union representing the workmen in the Ankleshwar factory in 2017. The wage settlement will be in force till 30th June 2019.

Top Employer Institute, a global certification company has recognized your Company as 'Top Employer 2019' for excellence in creating an environment wherein employees thrive and develop professionally. Your Company was selected from a group of over 1,200 participating organizations which underwent a robust validation process. This seal is an acknowledgement that your Company is committed to adopting progressive practices in the areas of employee welfare, talent development and building a future-fit organization.

Internal Audit and Control

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

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

Opportunities and Risks

The key growth opportunities in Indian Pharmaceuticals Market, especially in the areas of your Company's interest, are likely to be in the following areas:

1. Increasing affordability among the fast growing middle class coupled with improving medical infrastructure and rising insurance penetration.

2. Better diagnosis of chronic, non-communicable diseases (like cardiovascular diseases, respiratory diseases and type-2 Diabetes).

3. Expansion of insurance coverage through public and private initiatives.

Additionally, new opportunities may arise in areas like distribution, e-commerce, public-private-partnerships and digital health.

The business of your Company is also exposed to a few risks:

1. Expansion of NLEM to include more products from our portfolio.

2. Proposal to mandate prescriptions only by generic name. In case of implementation of this proposal, the Company will have to rework its promotional strategies.

3. A part of export business caters to the European Generics business of the Sanofi group. In a global transaction, Sanofi group sold its European generics business to Advent. As part of this transaction, Sanofi group signed 5 year supply agreement with Advent. Sanofi group intends to continue sourcing its requirements of products from your Company for the duration of this supply agreement. Any unforeseen change in the demand scenario from Advent may pose risk on this business in next 5 years. After completion of 5 years, this business may face competition from other suppliers.

Outlook

Due to the price cuts on various products, and temporary impact of demonetization & GST, the growth of Indian Pharmaceutical Market was muted since the year 2017. The IQVIA Prognosis Report September 2018 projects the market growth at ~9.7% (+/-3%) per annum over the next four years (2017-2022).

The growth of domestic business of your Company is likely to be in line with the market growth in the therapy areas it participates. The export business volumes are likely to be maintained.

Your Company will continue to work on productivity enhancement and efficiencies in all areas of operations.

Cautionary Note

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

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Code of Governance

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

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

Board of Directors

The Company is in compliance with the Corporate Governance norms in terms of constitution of the Board of Directors (the Board). The Board of the Company is composed of eminent individuals from diverse fields.

As on the date of this report, the Board comprises nine Directors, including three Independent Directors. The Chairman of the Company is a Non-executive Independent Director.

The details of the Directors during the financial year ended 31st December 2018 are given below:

Name	Category	No. of Directorships / Committee Memberships / Chairmanships (Including Sanofi India Limited) as on 31st December 2018				
		Directorships[1] under Section 165			Committee Memberships[2]	Committee Chairmanships[2]
		Public Companies		Private and Section 8 Companies		
		Listed	Unlisted			
Mr. Aditya Narayan	Non-Executive Independent Director and Chairman	2	-	-	1	1
Mr. Rajaram Narayanan	Managing Director	1	-	4	1	-
Mr. Rangaswamy R. Iyer	Non-Executive Independent Director	1	1	2	3	1
Ms. Usha Thorat	Non-Executive Independent Director	1	-	1	1	1
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	Non-Executive Independent Director	Note 3	Note 3	Note 3	Note 3	Note 3
Mr. Cyril Grandchamp-Desraux	Non-Executive Director	1	-	-	-	-
Dr. Shailesh Ayyangar	Non-Executive Director	1	1	-	2	1
Mr. Thomas Rouckout	Non-Executive Director	1	-	-	-	-
Mr. Ashwani Sood	Whole Time Director	1	-	-	-	-
Mr. Charles Billard	Additional Director and Whole Time Director from 25th July 2018	1	-	3	1	-
Mr. Lionel Guerin	Whole Time Director up to 30th June 2018 and Non-Executive Director up to 25th July 2018	Note 3	Note 3	Note 3	Note 3	Note 3

Notes:

1. Excluding directorships outside of India.
2. Membership or Chairmanship in Audit Committee and Stakeholder Relationship Committee of all public limited companies as on 31st December 2018, whether listed or not, including Sanofi India Limited.
3. Ceased to be Directors during the year. Year-end disclosure was not required.
4. No Director, other than Mr. Aditya Narayan, holds position of an Independent Director in any other listed company. Mr. Aditya Narayan is an Independent Director of Hindustan Unilever Limited.

As of 31st December 2018, none of the Directors of the Company hold shares in the Company.

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

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

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

Board Meetings

During the year ended 31st December 2018, four Board Meetings were held on 22nd February 2018, 8th May 2018, 25th July 2018 and 31st October 2018.

Attendance details of each Director at the Board Meetings during the financial year ended 31st December 2018 and the last Annual General Meeting are given below:

Name of Director	No. of Board Meetings held during the tenure of the Director	No. of Board Meetings attended	Attendance at last AGM held on 8th May 2018
Mr. Aditya Narayan	4	4	Yes
Mr. Rajaram Narayanan	4	4	Yes
Mr. Rangaswamy R. Iyer	4	4	Yes
Ms. Usha Thorat	4	4	Yes
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	-	-	Not Applicable
Mr. Cyril Grandchamp-Desraux	4	4	Yes
Dr. Shailesh Ayyangar	4	4	Yes
Mr. Thomas Rouckout	4	3	Yes
Mr. Ashwani Sood	4	4	Yes
Mr. Charles Billard [From 25th July 2018]	2	2	Not Applicable
Mr. Lionel Guerin	3	3	Yes

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

Audit Committee

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

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

During the year ended 31st December 2018, four Audit Committee Meetings were held on 21st February 2018, 7th May 2018, 25th July 2018 and 30th October 2018.

The constitution of the Audit Committee and attendance details during the financial year ended 31st December 2018, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Ms. Usha Thorat	Chairperson of the Committee; Independent Director	4	4
Mr. Rangaswamy R. Iyer	Member, Independent Director	4	4
Dr. Shailesh Ayyangar	Member, Non-Executive Director	4	4
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	Member, Independent Director	-	-

The Company Secretary acts as Secretary to the Committee.

Nomination & Remuneration Committee

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

The terms of reference of the Committee include:

1. Formulation of the remuneration policy, for the Directors, Key Managerial Personnel and other employees
2. Formulation of criteria for evaluation of Independent Directors and the Board
3. Devising a policy on Board diversity
4. Identifying persons for Board and senior management positions.

During the year ended 31st December 2018, four Nomination and Remuneration Committee Meetings were held on 21st February 2018, 22nd March 2018, 8th May 2018 and 31st October 2018.

The constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended 31st December 2018, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Ms. Usha Thorat	Chairperson of the Committee; Independent Director	4	4
Mr. Rangaswamy R. Iyer	Member, Independent Director	4	4
Mr. Cyril Grandchamp-Desraux	Member, Non-Executive Director	4	3
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	Member, Independent Director	-	-

The Company Secretary acts as Secretary to the Committee.

Stakeholders' Relationship Committee

The role of the Stakeholders Relationship Committee includes resolving the grievances of security holders of the Company.

During the year ended 31st December 2018, one Stakeholders' Relationship Committee Meeting was held on 30th October 2018.

Constitution of the Stakeholders' Relationship Committee and attendance details during the financial year ended 31st December 2018, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Rangaswamy R. Iyer	Chairman of the Committee; Independent Director	1	1
Mr. Rajaram Narayanan	Member, Managing Director	1	1
Mr. Charles Billard [from 25th July 2018]	Member, Whole time Director and Chief Financial Officer	1	1
Mr. Lionel Guerin [up to 25th July 2018]	Member, Whole Time Director and Chief Financial Officer up to 30th June 2018 and Non-Executive Director up to 25th July 2018	-	-
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	Member, Independent Director	-	-

The Company Secretary acts as Secretary to the Committee.

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

During the financial year, 12 complaints were received from shareholders. All these were attended / resolved. There were no complaints from shareholders pending as on 31st December 2018.

Corporate Social Responsibility (CSR) Committee

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

The terms of reference for the CSR Committee include:

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

During the year ended 31st December 2018, two CSR Committee Meetings were held on 21st February 2018 and 30th October 2018.

The constitution of the CSR Committee and attendance details during the financial year ended 31st December 2018 are given below:

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

The Company Secretary acts as Secretary to the Committee.

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

Risk Management Committee

The Board, at its meeting held on 31st October 2018 constituted a Risk Management Committee comprising of three Directors; Mr. Rajaram Narayanan - Managing Director, Mr. Charles Billard - Whole Time Director & Chief Financial Officer and Mr. Ashwani Sood - Whole Time Director.

The Risk Management Committee has been directed by the Board to conduct a detailed review of the Risk Management Policy and various processes during the year 2019. The Risk Management Committee will report to the Board.

Nomination and Remuneration Policy

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

The Policy provides guidance on:

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

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

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

There was no change in the Nomination & Remuneration Policy during the year 2018. The Policy is made available on Company's website www.sanofiindialtd.com.

Remuneration to Directors

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

Annual increments are decided by the Board within the salary range approved by the members. The Executive Directors are entitled to PLI with target payouts fixed and payout ranges of 0% to 200% of the target amounts to be paid at the end of the financial year as may be determined by the Board and are based on certain pre-agreed performance parameters. PLI is computed on the basis of specific targets for the Managing Director and each of the Whole Time Directors.

The details of remuneration paid to the Managing Director and the Whole Time Directors during the financial year ended 31st December 2018 are given below:

Names of Director	Salary and Allowances (Rs. Million)	Perquisites and Retirement Benefits as per Income Tax Rules (Rs. Million)	Performance Linked Incentive (Rs. Million)	Total (Rs. Million)
Mr. Rajaram Narayanan	18.7	6.4	9.8	34.9
Mr. Ashwani Sood	8.2	1.1	2.6	11.9
Mr. Charles Billard (from 25th July 2018)	3.7	4.8	0.8	9.3
Mr. Lionel Guerin (Up to 30th June 2018)	2.3	4.0	0.6	6.9

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

The agreement with the Managing Director and the Whole Time Directors is for a specified period. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' notice in writing to the other party. No severance pay is payable on termination of contract.

The Company does not have a scheme for grant of stock options. However, the Managing Director and the Whole Time Directors and some Senior Executives of the Company are granted stock options / performance shares of the ultimate holding company, Sanofi SA. The amounts accrued in the financial statements for the year ended 31st December 2018 for stock options / performance shares granted to Mr. Rajaram Narayanan, Mr. Lionel Guerin and Mr. Charles Billard are Rs. 12.6 million, Rs. 3.0 million and Rs. 2.1 million respectively.

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

Non-Executive Directors who are not employees of Sanofi group are paid sitting fees for attending Board and Committee Meetings. Pursuant to the approval of the shareholders at the Annual General Meeting of the Company held on 29th April 2014, the Independent Directors also receive commission on the net profits of the Company, as may be determined by the Board from time to time, subject to a ceiling of one per cent of the net profits of the Company.

The sitting fees paid and commission payable to such Directors for the financial year ended 31st December 2018 is given below:

Names of Director	Sitting Fees paid (Rs. Million)	Commission Payable (Rs. Million)	Total (Rs. Million)
Mr. Aditya Narayan	0.27	1.56	1.83
Mr. Rangaswamy R. Iyer	0.68	0.80	1.48
Ms. Usha Thorat	0.65	0.80	1.45
Mr. A. K. R. Nedungadi (Independent Director up to 15th Jan 2018)	-	0.07	0.07

The Board had approved commission payable to Independent Directors for the financial year ended 31st December 2017 on 22nd March 2018 i.e. after publication of the previous annual report. Hence the disclosures relating to commission paid last year was not made in the previous annual report. The commission paid to Independent Directors for the financial year ended 31st December 2017 is given below:

Names of Director	Commission paid (Rs. Million)
Mr. Aditya Narayan	1.56
Mr. Subhash R. Gupte	0.80
Mr. A. K. R. Nedungadi	0.80
Mr. Rangaswamy R. Iyer	0.80
Ms. Usha Thorat	0.80

Performance Evaluation

The Board evaluation approved by the Nomination and Remuneration Committee requires the Chairman to initiate the annual performance evaluation process. The performance evaluation is conducted based on approved criteria in the evaluation forms. Each Director completes the evaluation form and shares feedback with the Chairman. The Chairman discusses the feedback at the Board meeting. The feedback on Committee evaluation is shared by the Committee Chairperson at the Committee Meetings.

The Board evaluation for the year 2018 was completed by the Board in February 2019.

Separate meetings of Independent Directors

As required under Listing Regulations, the Independent Directors held one separate meeting on 22nd February 2018. All Independent Directors attended this meeting. Mr. Aditya Narayan, Chairman of the Company, chaired the meeting. The Independent Directors discussed / reviewed the matters specified in Regulation 25(4) of the Listing Regulations.

Code of Conduct and Business Ethics

The Company has adopted a Code of Conduct and Business Ethics for Directors and Senior Management of the Company, as required under Regulation 17(5)(a) of the Listing Regulations. The Company has received confirmations from the Directors and Senior Management regarding compliance with the Code for the year ended 31st December 2018. 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.

Whistleblower Policy

As required under Listing Regulations, 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.

Code of Conduct for Prevention of Insider Trading

As required by the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company Secretary acts as the Compliance Officer. The Code of Conduct is applicable to all Directors and identified employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company.

General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
January – December 2015	29.04.2016	2.45 p.m.	Y. B. Chavan Centre – Auditorium, Mumbai
January – December 2016	05.05.2017	3.00 p.m.	Y. B. Chavan Centre – Auditorium, Mumbai
January – December 2017	08.05.2018	3.00 p.m.	Hall of Culture, Nehru Centre, Mumbai

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

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

AGM Date	Special Resolutions
29th April 2016	1. Appointment of Dr. Shailesh Ayyangar as Managing Director 2. Appointment of Mr. Rajaram Narayanan as Whole Time Director 3. Appointment of Mr. Lionel Guerin as Whole Time Director 4. Appointment of Mr. Ashwani Sood as Whole Time Director 5. Adoption of new Articles of Association
5th May 2017	None
8th May 2018	Change of address for keeping the register of members of the Company

No special resolutions were passed through postal ballot during the financial year ended 31st December 2018.

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

Disclosures

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

   The Audit Committee has granted omnibus approval for related party transactions in the ordinary course of business. The same are reviewed on a quarterly basis by the Audit Committee. Transactions with related parties have also been disclosed in the Annual Accounts.

   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) In line with the requirements of the Regulation 17(9) of the Listing Regulations, the Board reviewed the Management's perception of the risks facing the Company and measures taken to minimise the same.

d) As required by Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer have submitted a Certificate to the Board in the prescribed format for the financial year ended 31st December 2018. The Certificate has been reviewed by the Audit Committee and taken on record by the Board.

e) The Company is in full compliance with the mandatory requirements as contained in the Listing Regulations. The Company has also adopted certain discretionary requirements of the Listing Regulations i.e. providing the Chairman of the Company with the resources required by him to discharge his responsibilities as Chairman of the Company and appointment of separate persons to the post of Chairman and Managing Director. The Financial Statements of the Company are unqualified.

Means of Communication

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

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

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

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

General Shareholder Information

AGM Date, Time and Venue:	Tuesday, 7th May 2019 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
Financial Year	January to December
First Quarter Results	1st Fortnight of May 2019
Half Yearly Results	2nd Fortnight of July 2019
Third Quarter Results	2nd Fortnight of October 2019
Fourth Quarter and Annual Results	2nd Fortnight of February 2020
Dates of Book Closure:	30th April 2019 to 7th May 2019 (both days inclusive)
Dividend payment date:	On or after 14th May 2019, if declared at Annual General Meeting on 7th May 2019
Listing on Stock Exchanges:	The Company's Shares are listed on the Stock Exchanges mentioned below and the Company has paid the Listing Fees to them for 2018-19. BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The National Stock Exchange of India (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
Stock Code:	500674 on BSE and SANOFI on NSE
ISIN Number for NSDL & CDSL:	INE058A01010

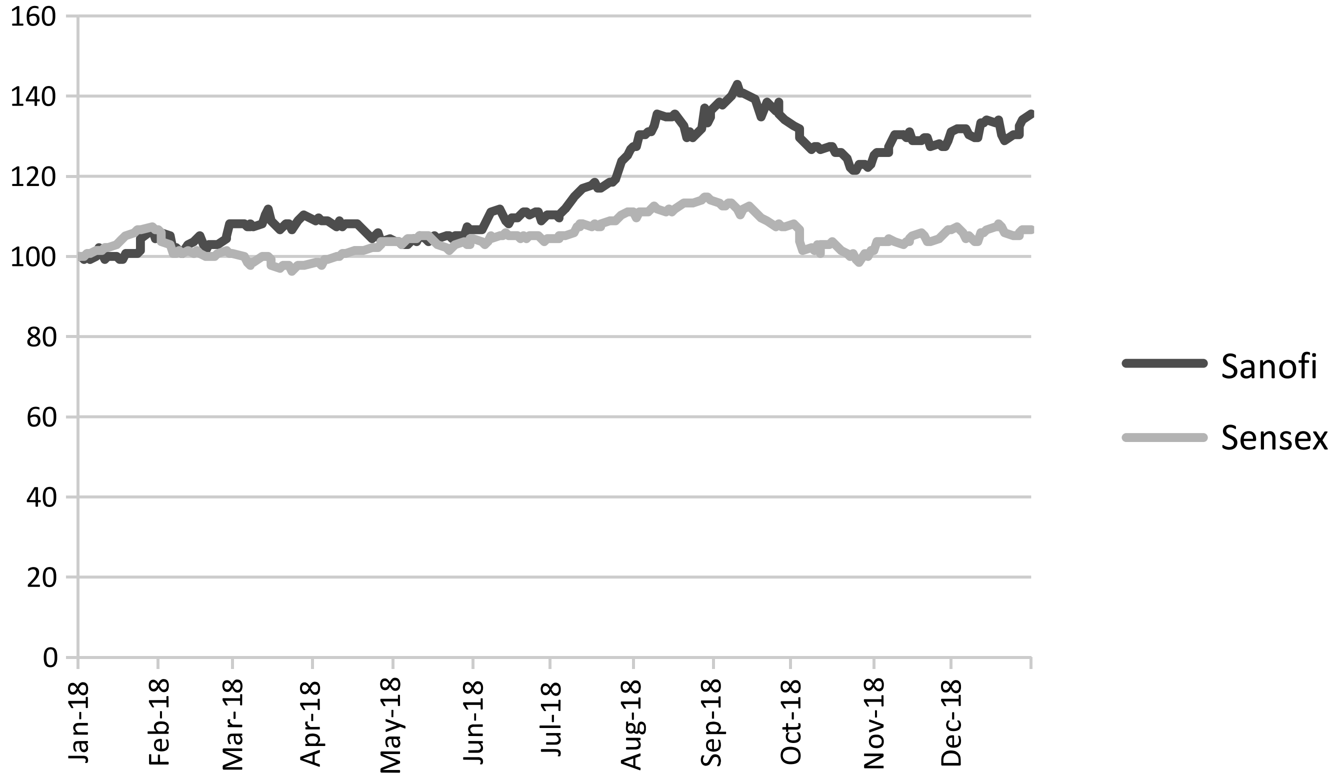
Market Price Data

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

Months	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Jan-18	5,129.95	4,630.00	5,151.00	4,620.05
Feb-18	5,125.00	4,700.00	5,145.00	4,932.05
Mar-18	5,995.00	4,920.00	5,348.95	4,921.00
Apr-18	5,308.00	4,817.00	5,199.90	4,796.90
May-18	5,094.45	4,705.60	5,124.85	4,720.25
Jun-18	5,352.00	4,865.00	5,329.00	4,952.90
Jul-18	6,047.10	5,052.05	6,030.00	5,056.55
Aug-18	6,598.75	5,950.00	6,590.00	5,929.90
Sep-18	6,840.05	6,000.00	6,774.95	6,060.00
Oct-18	6,420.00	5,593.00	6,427.00	5,600.00
Nov-18	6,259.45	5,780.00	6,253.10	5,800.00
Dec-18	6,451.10	5,979.35	6,479.95	6,000.00

(Source: Websites of BSE and NSE)

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



Note: The monthly closing prices of the Sensex and Sanofi equity shares have been indexed to 100 as on 1st January 2018.

Registrars & Transfer Agents

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

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

Share Transfer System

All share transfer, transmission, issue of duplicate shares, name deletion and such other related matters are approved by any two members of the Committee. There is no set frequency of the Share Transfer Committee meetings and transfers are approved as and when received.

Distribution of Shareholding as on 31st December 2018

Range of the number of shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
1 to 100	20,694	91.83	733,688	3.26
101 to 200	894	3.97	147,869	0.60
201 to 300	272	1.21	70,339	0.30
301 to 400	131	0.58	47,271	0.19
401 to 500	113	0.50	53,484	0.17
501 to 1000	156	0.69	114,792	0.44
1001 to 2000	80	0.36	116,457	0.41
2001 to 3000	41	0.18	102,778	0.27
3001 to 4000	13	0.06	44,574	0.15
4001 to 5000	16	0.07	73,116	0.27
5001 to 6000	8	0.04	44,617	0.10
6001 to 7000	10	0.05	64,965	0.17
7001 to 8000	12	0.05	89,684	0.13
8001 to 9000	3	0.01	25,193	0.15
9001 to 10000	3	0.01	29,716	0.17
10001 & Above	89	0.39	21,272,079	93.22
Total	**22,535**	**100.00**	**2,303,0622**	**100.00**

Shareholding Pattern as on 31st December 2018

Category	No. of shares held	% of shares held
Promoters	13,909,587	60.40
Mutual Funds	3,402,837	14.78
Financial Institutions / Banks	66,388	0.29
Insurance Companies	508,742	2.21
Foreign Institutional Investors	2,716,195	11.79
Bodies Corporate	859,386	3.73
Overseas Corporate Bodies	500	0.00
Trusts	606	0.00
Clearing Members	5,189	0.02
NBFCs registered with RBI	1,162	0.01
Hindu Undivided Family	35,571	0.15
Resident Individuals	1,243,442	5.40
Non-Resident Indians	237,881	1.03
Unclaimed or Suspense or Escrow Account	13,300	0.06
IEPF	29,836	0.13
Total	**23,030,622**	**100**

Dematerialization of shares and liquidity

As on 31st December 2018, 99.37% of the paid-up share capital had been dematerialized.

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

Not applicable.

Commodity price risk or foreign exchange risk and hedging activities

The Company classifies this risk as market risk. This risk comprises three types of risks namely interest rate risk, currency risk and other price risk, such as commodity risk. The Company is not exposed to interest rate risk and commodity price risk. The exposure to currency risk is explained in detail in the notes to the financial statements.

Plant locations

3501 - 15, 6310, B - 14, GIDC Estate, Ankleshwar, Gujarat.

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

Address for correspondence

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

Investors may also write to or contact the Company Secretary and Compliance Officer, Mr. Girish Tekchandani at the Registered Office for any assistance that they may need. Telephone No.: (022) 28032000 ; Fax No.: (022) 28032831 ; Email: igrc.sil@sanofi.com.

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

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Regulation 17(5)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st December 2018.

For Sanofi India Limited

RAJARAM NARAYANAN
MANAGING DIRECTOR

4th February 2019

AUDITORS' CERTIFICATE
regarding compliance of conditions of Corporate Governance

To the Members of Sanofi India Limited

We have examined the compliance of conditions of Corporate Governance by Sanofi India Limited, for the year ended December 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

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

Himanshu Goradia
Partner
Membership Number: 45668

Mumbai, February 26, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SANOFI INDIA LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying Ind AS financial statements of Sanofi India Limited (the "company"), which comprise the Balance Sheet as at December 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, of the state of affairs of the company as at December 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred as the "Order") and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on December 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

(i) The company has disclosed the impact, if any, of pending litigations as at December 31, 2018 on its financial position in its Ind AS financial statements – Refer Notes 22, 38, 44 and 46;

(ii) The company has long-term contracts as at December 31, 2018 for which there were no material foreseeable losses. The company did not have any long-term derivative contracts as at December 31, 2018; and

(iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the company during the year ended December 31, 2018.

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

Himanshu Goradia
Partner
Membership Number: 45668

Mumbai, February 26, 2019

Annexure A to Independent Auditors' Report

[Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Sanofi India Limited on the Ind AS financial statements for the year ended December 31, 2018]

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

1. We have audited the internal financial controls with reference to Ind AS financial statements of Sanofi India Limited (the "company") as of December 31, 2018 in conjunction with our audit of the Ind AS financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Ind AS financial statements

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

Inherent Limitations of Internal Financial Controls with reference to Ind AS financial statements

7. Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at December 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Himanshu Goradia
Partner
Membership Number: 45668

Mumbai, February 26, 2019

Annexure B to Independent Auditors' Report

[Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Sanofi India Limited on the Ind AS financial statements as of and for the year ended December 31, 2018]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

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

   (c) The title deeds of immovable properties, other than for self-constructed buildings, as disclosed in Note 5 on fixed assets to the Ind AS financial statements, are held in the name of the company.

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

3. The company has granted unsecured loans to two companies covered in the register maintained under Section 189 of the Act. There are no firms or Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

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

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

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

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

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

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

7. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, duty of customs, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of duty of customs, value added tax and goods and services tax which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales tax, service tax and duty of excise as at December 31, 2018, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹ in million*	Period to which the amount relates	Forum where the dispute is pending
The Income-tax Act, 1961	Income-tax including tax deducted at source and interest as applicable	145.76	Assessment Years 2008-2009, 2010-2011 and 2011-2012	Income Tax Appellate Tribunal
		1,035.67	Assessment Years 2011-2012 to 2015-2016	Appellate Authority - up to Commissioner's level
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales tax	1.70	1999-2000	Sales Tax Appellate Tribunal
		14.51	1998-1999, 2006-2007, 2008-2009 and 2012-2013 to 2014-2015	Appellate Authority - up to Commissioner's level
The Finance Act, 1994	Service tax	0.10	2011-2012	Commissioner of Customs, Central Excise and Service Tax
The Central Excise Act, 1944	Export Obligation	4.10	2012-2014	Additional Director General of Foreign Trade
	Excise Duty on Samples	0.50	1994-1999	Customs, Excise and Service Tax Appellate Tribunal
	Disallowance of MODVAT	38.72	2007-2008 to 2011-2012	Appellate Tribunal
	Disallowance of MODVAT	3.09	1993, 1994-1995 and 2005-2007	Appellate Authority - up to Commissioner's level
	Excise Duty including interest and penalty, as applicable	1.30	2005-2007	Assistant Commissioner Central Excise, Service Tax and Customs, Division-II, Ankleshwar
		23.20	January 1990 to August 1997	Central Board of Excise and Customs
Medicinal and Toilet Preparation (Levy of Excise Duty) Act,1955	Dispute whether Central or State Excise Duty	13.20	1996-1997 to 1998-1999	Commissioner of State Excise duty, Maharashtra

*Net of amounts paid including under protest.

8. As the company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the Balance Sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the company.

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

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

11. The company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

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

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

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

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

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

Himanshu Goradia
Partner
Membership Number: 45668

Mumbai, February 26, 2019

Balance sheet
as at December 31, 2018

(₹ in Million)

Particulars	Notes	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5 (a)	5,479	5,461
Capital work-in-progress	5 (b)	164	244
Goodwill	6 (a)	731	731
Other intangible assets	6 (a)	1,118	1,498
Intangible assets under development	6 (b)	47	57
Financial assets			
i. Investments	7	2	2
ii. Loans	8	5,129	4,181
iii. Other financial assets	9	53	23
Income tax assets (net)	10 (a)	1,135	1,086
Other non-current assets	11	59	56
Total non-current assets		**13,917**	**13,339**
Current assets			
Inventories	12	4,831	4,156
Financial assets			
i. Trade receivables	13	1,584	1,951
ii. Cash and cash equivalents	14	8,251	7,215
iii. Bank balances other than (ii) above	15	68	84
iv. Loans	16	43	35
Other current assets	17	1,106	997
Assets classified as held for sale	5 (c)	39	-
Total current assets		**15,922**	**14,438**
Total assets		**29,839**	**27,777**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18 (a)	230	230
Other equity			
Reserves and surplus	18 (b)	21,962	20,034
Total equity		**22,192**	**20,264**
LIABILITIES			
Non-current liabilities			
Employee benefit obligations	19	491	465
Deferred tax liabilities (net)	34 (d)	921	1,031
Total non-current liabilities		**1,412**	**1,496**

Balance sheet
as at December 31, 2018

(₹ in Million)

Particulars	Notes	As at December 31, 2018	As at December 31, 2017
Current liabilities			
Financial liabilities			
i. Trade payables			
(a) Outstand dues of micro enterprises and small enterprises	20	192	236
(b) Outstanding dues of creditors other than micro enterprises and small enterprises	20	3,246	3,033
ii. Other financial liabilities	21	259	137
Provisions	22	1,284	1,249
Employee benefit obligations	23	716	848
Current tax liabilities (net)	10 (b)	410	393
Other current liabilities	24	119	121
Liabilities directly associated with assets classified as held for sale	25	9	-
Total current liabilities		**6,235**	**6,017**
Total liabilities		**7,647**	**7,513**
Total equity and liabilities		**29,839**	**27,777**

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

As per our report of even date

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 26, 2019

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 26, 2019

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 26, 2019

Charles Billard
Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 26, 2019

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 26, 2019

Statement of Profit and Loss
for the year ended December 31, 2018

(₹ in Million)

Particulars	Notes	Year ended December 31, 2018	Year ended December 31, 2017
Income			
Revenue from operations	26	27,708	24,914
Other income	27	897	807
Total income		**28,605**	**25,721**
Expenses			
Cost of materials consumed	28	8,010	6,152
Purchases of stock-in-trade		4,054	2,912
Changes in Inventories of finished goods, work in progress and stock-in-trade	29	(605)	977
Employee benefits expense	30	4,068	3,685
Finance costs	31	7	11
Depreciation and amortisation expense	32	1,027	1,022
Other expenses	33 (a)	5,946	5,816
Total expenses		**22,507**	**20,575**
Profit before tax		**6,098**	**5,146**
Tax expense			
- Current tax	34 (a)	2,409	1,861
- Deferred tax	34 (a)	(117)	25
Total tax expense		**2,292**	**1,886**
Profit after tax		**3,806**	**3,260**
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of post-employment benefit obligations		20	(20)
Tax impact relating to above		(7)	7
Other comprehensive income, net of tax		**13**	**(13)**
Total comprehensive income		**3,819**	**3,247**
Earnings per Share – Basic and Diluted (Refer Note 37) [per Equity Share of ₹ 10 each]		165.48	141.74

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

As per our report of even date

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 26, 2019

For and on behalf of the Board of Directors

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Managing Director
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DIN:08173583
Place: Mumbai
Date: February 26, 2019

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 26, 2019

Statement of Cash Flows
for the year ended December 31, 2018

(₹ in Million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Cash flow From operating activities		
Profit before tax	**6,098**	**5,146**
Adjustment for :		
Depreciation and amortization	1,027	1,022
Unrealised exchange Loss (net)	2	1
Loss on sale / Write-off of property, plant and equipment / Intangible Asset (net)	18	13
Finance costs	7	11
Interest income	(789)	(721)
Share based payment	81	71
Provision for bad and doubtful debts (net)	18	-
Provision for doubtful advances and deposits	(6)	-
Provision no longer required written back	-	(11)
Operating profit before working capital changes	**6,456**	**5,532**
Adjustments for (increase) / decrease in operating assets		
Trade receivables	407	(504)
Current financial assets	8	37
Other current assets	(109)	(414)
Non-current financial assets	(22)	2
Other non-current assets	1	1
Inventories	(675)	775
Adjustments for increase / (decrease) in operating liabilities		
Employee benefit payables	(86)	20
Trade payables	125	961
Current financial liabilities	42	42
Other current liabilities	33	(117)
Cash generated from operations	**6,180**	**6,335**
Taxes paid (net of refunds)	(2,441)	(1,984)
Net Cash flow from operating activities (A)	**3,739**	**4,351**
Cash flow from Investing activities		
Sale proceeds of property, plant and equipment	22	5
Interest received	789	678
Loans given	(1,050)	(1,250)
Loans repaid	100	350
Purchase of property, plant and equipment and Intangibles	(592)	(570)
Net cash used in investing activities (B)	**(731)**	**(787)**

Statement of Cash Flows
for the year ended December 31, 2018

(₹ in Million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Cash flow from financing activities		
Interim and final dividend paid	(1,636)	(1,567)
Dividend Distribution tax paid thereon	(336)	(317)
Net cash used in financing activities (C)	**(1,972)**	**(1,884)**
Net increase in cash and cash equivalents (A+B+C)	**1,036**	**1,680**
Effect of Exchange differences on cash and cash equivalents held in foreign currency	*	*
Cash and Cash Equivalents at the beginning of the year	7,215	5,535
Cash and Cash Equivalents at the end of the year	**8,251**	**7,215**
Components of Cash and Cash Equivalents		
Cash and Cash Equivalents (as per Note 14)	**8,251**	**7,215**

* denotes figure less than a million

Notes:

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

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

As per our report of even date

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 26, 2019

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 26, 2019

Usha Thorat
Director
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Place: Mumbai
Date : February 26, 2019

Charles Billard
Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 26, 2019

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 26, 2019

Statement of changes in equity
for the year ended December 31, 2018

A. Equity share capital

(₹ in Million)

Particulars	Amount
As at December 31, 2017	**230**
Changes in equity share capital	-
As at December 31, 2018	**230**

B. Other equity

(₹ in Million)

Particulars	Attributable to owners of the Company				
	Share options outstanding account	Reserves and surplus			Total
		Securities premium	Retained earnings	General reserve	
As at January 01, 2017	**185**	**20**	**14,941**	**3,454**	**18,600**
Profit for the year	-	-	3,260	-	3,260
Other comprehensive income	-	-	(13)	-	(13)
Total comprehensive income for the year	**-**	**-**	**3,247**	**-**	**3,247**
Transactions with owners in their capacity as owners:					
Interim dividend paid	-	-	(415)	-	(415)
Final dividend paid	-	-	(1,152)	-	(1,152)
Dividend distribution tax paid	-	-	(317)	-	(317)
Employee stock options expense [Refer Note 40]	71	-	-	-	71
As at December 31, 2017	**256**	**20**	**16,304**	**3,454**	**20,034**
Profit for the year	-	-	3,806	-	3,806
Other comprehensive income	-	-	13	-	13
Total comprehensive income for the year	**-**	**-**	**3,819**	**-**	**3,819**
Transactions with owners in their capacity as owners:					
Interim dividend paid	-	-	(415)	-	(415)
Final dividend paid	-	-	(1,221)	-	(1,221)
Dividend distribution tax paid	-	-	(336)	-	(336)
Employee stock options expense [Refer Note 40]	81	-	-	-	81
As at December 31, 2018	**337**	**20**	**18,151**	**3,454**	**21,962**

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

As per our report of even date

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 26, 2019

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
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Director
DIN:00542778
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Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 26, 2019

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 26, 2019

1. Corporate Information

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

These financial statements were authorised for issue by the Board of Directors on February 26, 2019.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared on the accrual basis of accounting and in accordance with the Indian Accounting Standards (hereinafter referred to as the Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the Act) (as amended) and other relevant provisions of the Act.

2.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- share based payments; and
- defined benefit plans - plan assets measured at fair value.

2.3 Summary of significant accounting policies

i. Current and non-current classification

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis".

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

ii. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Where required/appropriate, external valuers are involved.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) prices in active market for identical assets or liabilities.
- Level 2 (if level 1 feed is not available / appropriate) - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 (if level 1 and 2 feed is not available / appropriate) - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amount approximates fair value due to the short maturity of these instruments.

The Company recognizes transfers between levels of fair value hierarchy at the end of reporting period during which the change has occurred.

iii. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions. Refer Note 35 for segment information presented.

iv. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian ₹ (INR), which is Sanofi India Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated.

All non-monetary items denominated in foreign currency are carried at historical cost or other similar valuation and are reported using the exchange rate that existed when the values were determined.

v. **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of discounts, allowances, returns, value added taxes/sales tax, goods and services tax (GST) and amounts collected on behalf of third parties. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, the significant risk and reward of ownership has passed onto the customer, the recovery of the cost can be estimated reliably and there is no continuing managerial involvement with the product.

The Company has assumed that recovery of excise duty flows to the Company on its own account and thus, revenue includes excise duty.

However, GST and sales tax/value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership is passed on to customer, Revenue from sale of goods is stated exclusive of Sales tax / VAT / GST and are net of sales returns, discounts, provision for anticipated returns on expiry, made on the basis of management expectation taking into account past experience.

Sale of services

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

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument. Interest income is included in 'Other Income' in the Statement of Profit and Loss.

vi. **Government grants**

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.
- In case of grants that compensate the Company for expenses incurred are recognised in the Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

vii. **Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The provision for current tax is made at the rate of tax as applicable for the income of the previous year as defined under the Income tax Act, 1961.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and current tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purpose at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

viii. Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease except where payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases or another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The respective leased assets are included in the Balance Sheet based on their nature. Costs, including depreciation, on such leased assets are recognised as an expense in the Statement of Profit and Loss.

ix. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets except inventories to ascertain whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets excluding goodwill with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

x. Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes balance with banks and demand deposits with banks with original maturities of three months or less and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

xi. Inventories

Inventories consist of raw materials, packing materials, work-in-progress, stock-in-trade and finished goods. Inventories are valued at lower of cost and net realizable value (NRV). Cost is determined on weighted average basis.

Cost of raw materials and packing materials includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

Cost of work-in-progress and finished goods includes direct materials, labour and proportion of manufacturing overheads based on the normal operating capacity, wherever applicable. Cost of finished goods includes excise duty and other costs incurred in bringing the inventories to their present location and condition.

Cost of stock-in-trade includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

xii. Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets:

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and Loss.

Subsequent measurement

After initial recognition, financial assets are measured at:

- fair value (either through other comprehensive income or through Profit and Loss), or
- amortized cost.

Debt instruments

Debt instruments are subsequently measured at amortized cost, fair value through other comprehensive income ('FVTOCI') or fair value through Profit and Loss ('FVTPL') till de-recognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

There are three measurement categories into which the Company classifies its debt instruments.

(a) Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

(b) Fair value through other comprehensive income (FVTOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(c) Fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognised in the Statement of Profit and Loss.

Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Impairment of financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance.
- trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Derecognition of financial assets

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Income recognition

Interest income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividend income

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue/origination of the financial liability.

Subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company enters into derivative contracts to hedge risks which are not designated in any hedging relationship i.e. hedge accounting is not followed. Such contracts are accounted for at FVTPL.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

xiii. Property, Plant and Equipment (PPE)

Freehold land is carried at historical cost. All other items of Property, plant and equipment acquired or constructed are initially recognized at historical cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The historical cost of Property, plant and equipment comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use.

Capital Work-in-Progress represents Property, plant and equipment that are not ready for their intended use as at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The Company identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful lives that is materially different from that of the remaining plant and equipment.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred.

Gains and losses arising from derecognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

Depreciation methods, estimated useful lives and residual values

Depreciation is provided, pro-rata for the period in use, on the straight-line method based on the respective estimate of useful lives given below. Estimated useful lives of assets are determined based on technical parameters/assessments.

The management believes that useful lives currently used, which is prescribed under Part C of Schedule II to the Companies Act, 2013, fairly reflects its estimate of the useful lives and residual values of PPE, though these lives in certain cases are different from lives prescribed under Schedule II.

Asset Category	Useful Lives (in Years)
Buildings	30
Plant and Machinery*	10
Furniture and Fixtures	10
Office equipment	10/5
Computers*	3
Laptops	3
Motor vehicles	8
Leasehold improvements	Amortised over the lease period

*In respect of these assets, management estimates different useful life than prescribed under part C of Schedule II based on internal assessment and independent technical evaluation.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Advances paid towards the acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under 'Other non-current assets' and cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

xiv. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization / impairment losses.

Goodwill

For measurement of goodwill arising on a business combination, subsequent measurement is at costs less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment annually.

Acquired intangible assets

Separately acquired intangible assets are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

The Company amortizes intangible assets with a finite useful life using the straight-line method over the estimated useful lives. The estimated useful lives of assets are as follows:

Asset Category	Useful Lives (Months)
Brand	120
Software	36
Technical know-how	60

In respect of the above assets, management's estimate are based on internal assessment and independent technical evaluations.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting period. The amortisation expense on intangible assets is recognised in the Statement of Profit and Loss.

Losses arising from retirement and gains or losses arising from disposal of Intangible assets are determined by comparing sale proceeds with carrying amount and are disclosed in the Statement of Profit and Loss.

Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised.

Development expenditure on an individual project are recognised as an intangible asset when the Company can demonstrate:

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

The amount capitalised comprise of expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortization is recognized in the Statement of Profit and Loss. During the period of development, the asset is tested for impairment annually.

xv. Provisions and contingent liabilities

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are disclosed in the Notes to the financial statements. Contingent liabilities are disclosed for

- when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or
- a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

xvi. Employee benefits

I. Short term benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus, short term compensated absences and the expected cost of ex-gratia is recognized in the period in which the employee renders the related service.

II. Other long term employee benefits

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

III. Post-employment benefit obligations

The company operates the following post-employment schemes:

a) defined contribution plans such as superannuation fund and provident fund (Ankleshwar and Nepal), and

b) defined benefit plans such as gratuity, pension plan and provident fund (other than Ankleshwar and Nepal)

Defined contribution plans

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

All the above mentioned schemes are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss, when an employee renders the related service.

Defined benefit plans

The company has defined benefit plans for post-employment benefits in the form of Provident Fund (treated as a defined benefit plan on account of guaranteed interest benefit), Gratuity and Pension Plan (treated as a defined benefit plan on account of guaranteed pension).

The Company has for all employees other than Ankleshwar and Nepal, defined benefit plans for post-employment benefits in the form of Provident Fund which is administered through trustees (treated as a defined benefit plan on account of guaranteed interest benefit). Further, the Company has defined benefit plan for post-retirement benefit in the form of Gratuity which is administered through trustees and LIC for all its employees and pension plan for certain employees.

Provident Fund and Gratuity fund are recognised by the Income-tax authorities and administered through trustees and/or LIC. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bond that have terms to maturity approximating to the terms of the related gratuity, pension plan and provident fund liabilities.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet.

xvii. Share based payments

Sanofi S.A. France, ultimate holding company being the Ultimate Holding Company has given restricted stock option plan to certain employees of the Company.

Pursuant to Ind AS 102 'Share-based Payment', the Company recognizes an expense based on the fair value of the stock options as at grant date. The expenses are amortised over the vesting period which is conditional on the provision of services by the plan participant during the vesting period. The corresponding credit is given to equity because the award represents in substance equity contribution by the Parent Company. The cumulative expense recognised for stock options at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

xviii. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xix. Dividends distribution to equity holders

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

xx. Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

xxi. Cash flow statement

Cash flows are reported using the Indirect Method, as set out in Ind AS 7 'Statement of Cash Flow', whereby profit for the year is adjusted for the effects of transaction of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 01, 2018:

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115, is effective for periods beginning on or after April 01, 2018. Ind AS 115 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). Ind AS 115 replaces the previous revenue Standards: Ind AS 18 Revenue and Ind AS 11 Construction Contracts, and the related appendices.

The standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The core principle in that framework is that a Company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the fair value of consideration to which the Company expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company is in the process of evaluating the impact of adoption of Ind AS 115 on its financial statements.

4. Significant Judgements and Estimates

The preparation of the Company's financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses, and the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when financial statements were prepared. These estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates and judgements are:

- Useful lives of Property, plant and equipment and intangibles [Refer Note 2.3 (xiii) and (xiv)]
- Measurement of defined benefit obligations (Refer Note 41)
- Provision for inventories (Refer Note 12)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer Notes 22, 38 and 46)
- Impairment of Goodwill [Refer Note 6(a)]
- Impairment of trade receivables (Refer Note 13)

5 (a) - Property, plant and equipment

(₹ in Million)

Particulars	Freehold Land	Leasehold Land	Buildings	Leasehold Impro-vement	Plant and Equipment	Furniture and Fixtures	Office Equipment	Computers	Motor Vehicles	Total
Year ended December 31, 2017										
Gross Carrying Amount										
As at January 1, 2017	36	382	2,633	7	2,469	302	70	226	12	**6,137**
Additions	-	-	55	17	399	16	3	53	-	**543**
Disposals	-	-	-	-	(18)	(3)	(9)	(4)	-	**(34)**
Closing Gross Carrying Amount	**36**	**382**	**2,688**	**24**	**2,850**	**315**	**64**	**275**	**12**	**6,646**
Accumulated Depreciation										
As at January 1, 2017	**-**	**1**	**115**	**3**	**312**	**37**	**11**	**99**	**2**	**580**
Depreciation charge during the year	-	1	118	3	356	37	9	88	2	**614**
Disposals	-	-	-	-	(4)	(1)	(1)	(3)	-	**(9)**
Closing Accumulated Depreciation	**-**	**2**	**233**	**6**	**664**	**73**	**19**	**184**	**4**	**1,185**
Net Carrying Amount as on December 31, 2017	**36**	**380**	**2,455**	**18**	**2,186**	**242**	**45**	**91**	**8**	**5,461**
Year ended December 31, 2018										
Gross Carrying Amount										
As at January 1, 2018	36	382	2,688	24	2,850	315	64	275	12	**6,646**
Additions	-	-	62	4	472	14	13	119	13	**697**
Disposals	-	-	*	(1)	(18)	(4)	*	(11)	(6)	**(40)**
Assets classified as held for sale [Refer Note 5 (c)]	(36)	-	(3)	-	(*)	-	-	-	-	**(39)**
Closing Gross Carrying Amount	**-**	**382**	**2,747**	**27**	**3,304**	**325**	**77**	**383**	**19**	**7,264**
Accumulated Depreciation										
As at January 1, 2018	-	2	233	6	664	73	19	184	4	**1,185**
Depreciation charge during the year	-	*	119	4	370	38	14	76	2	**623**
Disposals	-	-	*	(1)	(7)	(3)	*	(10)	(2)	**(23)**
Assets classified as held for sale [Refer Note 5 (c)]	-	-	(*)	-	(*)	-	-	-	-	**(*)**
Closing Accumulated Depreciation	**-**	**2**	**352**	**9**	**1,027**	**108**	**33**	**250**	**4**	**1,785**
Net Carrying Amount as on December 31, 2018	**-**	**380**	**2,395**	**18**	**2,277**	**217**	**44**	**133**	**15**	**5,479**

Notes to the Financial Statements
Notes forming part of financial statements as at and for the year ended December 31, 2018

5 (b) - Capital work-in-progress

Capital work-in-progress of ₹ 164 million (December 31,2017 ₹ 244 million) mainly comprises of plant and equipment and building being constructed in India.

5 (c) - Assets classified as held for sale #

(₹ in Million)

	December 31, 2018	December 31, 2017
Building	3	-
Freehold land	36	-
Plant and equipment	*	-
Net carrying value	**39**	**-**

* denotes figure less than a million

In November 2018, the Company has entered into Memorandum of Understanding (MOU) with a party for sale of aforesaid assets located at Mulund location subject to the terms and conditions specified in the MOU.

6 (a) - Intangible assets

(₹ in Million)

Particulars	Brand	Software	Technical know-how	Total	Goodwill
Year ended December 31, 2017					
Gross Carrying Amount					
Gross Carrying Amount as at January 1, 2017	2,375	35	79	**2,489**	731
Additions	-	25	-	25	-
Disposals	-	-	-	-	-
Closing Gross Carrying Amount	**2,375**	**60**	**79**	**2,514**	**731**
Accumulated amortisation					
Opening Accumulated Depreciation	523	14	71	**608**	**-**
Amortisation charge during the year	382	18	8	408	-
Closing Accumulated amortisation	**905**	**32**	**79**	**1,016**	**-**
Net Carrying Amount as on December 31, 2017	**1,470**	**28**	*	**1,498**	**731**
Year ended December 31, 2018					
Gross Carrying Amount					
Opening Gross Carrying Amount	2,375	60	79	**2,514**	731
Additions	-	18	6	24	-
Disposals	-	-	-	-	-
Closing Gross Carrying Amount	**2,375**	**78**	**85**	**2,538**	**731**
Accumulated amortisation					
Opening Accumulated amortisation	905	32	79	**1,016**	-
Amortisation charge during the year	383	19	2	404	-
Closing Accumulated Depreciation	**1,288**	**51**	**81**	**1,420**	**-**
Net Carrying Amount as on December 31, 2018	**1,087**	**27**	**4**	**1,118**	**731**

* denotes figure less than a million

6 (b) - Intangible assets under development

Intangible assets under development of ₹ 47 million (December 31, 2017 ₹ 57 million) mainly comprises of software and product development.

Note:

Impairment testing for goodwill:

The shareholders of the Company had approved the Scheme of Amalgamation ('Scheme') between the Company and erstwhile Universal Medicare Private Limited ("UMPL") with an appointed date of November 2011 whereby all the assets and liabilities of "UMPL" which were transferred to and vested in the Company were recorded at their fair values from the appointed date. The goodwill pertains to the excess of purchase consideration over the fair values of the net assets taken over from "UMPL".

For the purposes of impairment testing, carrying amount of goodwill has been allocated to the Cash Generating Unit (CGU) as follows:

Particulars	December 31, 2018	December 31, 2017
Business acquired pursuant to amalgamation of erstwhile "Universal Medicare Private Limited"	731	731

The Company tests goodwill for impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The cash flow projections are based on five years financial budgets approved by management.

Following key assumptions were considered while performing Impairment testing

Particulars	
Long term sustainable growth rates	**1.5%-10%**
Weighted Average Cost of Capital % (WACC) before tax (Discount rate)	**13.75%**

The projection covers a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash- generating unit.

(₹ in Million)

7 - Non-current financial assets - Investments

Particulars	December 31, 2018	December 31, 2017
Unquoted		
Equity instrument in Others (at fair through other comprehensive income)		
Bharuch Enviro Infrastructure Limited Number of shares as on December 31, 2018 : 2,188, (December 31, 2017 : 2,188) of ₹ 10 /- each fully paid up	*	*
Narmada Clean Tech Limited (Formerly known as Bharuch Eco-Acqua Infrastructure Limited) Number of shares as on December 31, 2018 : 236,000, (December 31, 2017 : 236,000) of ₹ 10 /- each fully paid up	2	2
Total	**2**	**2**

* denotes figure less than a million

8 - Non current financial assets - Loans

Particulars	December 31, 2018	December 31, 2017
Unsecured, considered good		
Loans to Fellow Subsidiaries [Given against corporate guarantee by Sanofi S.A France (ultimate holding company)] (Refer Note 39)	4,950	4,000
Loans to employees	47	53
[Includes loan to a director ₹ 5 million (December 31, 2017; ₹ 5 million)] (Refer Note 39)		
Security deposits	132	128
Unsecured, considered doubtful		
Security deposits	12	18
Loans to employees	2	2
Less : Allowance for doubtful security deposits and loans to employees	(14)	(20)
Total	**5,129**	**4,181**

9 - Non current financial assets - Other financial assets

Particulars	December 31, 2018	December 31, 2017
Unsecured, considered good		
Margin money deposits (Refer Note 15)	28	4
Other receivables	16	14
Other deposits	9	5
Total	**53**	**23**

(₹ in Million)

10 (a) - Income tax assets (net)

Particulars	December 31, 2018	December 31, 2017
Advance income tax (net of provision of ₹ 12,159 million; December 31, 2017 : ₹ 11,855 million)	1,135	1,086
Total	**1,135**	**1,086**

10 (b) -Current tax liabilities (net)

Particulars	December 31, 2018	December 31, 2017
Income tax provision (net of advance tax ₹ 5,695 million; December 31, 2017 : ₹ 3,607 million)	410	393
Total	**410**	**393**

11 - Other non-current assets

Particulars	December 31, 2018	December 31, 2017
Capital advances	6	2
Prepaid rentals	53	54
Total	**59**	**56**

12 - Inventories

Particulars	December 31, 2018	December 31, 2017
Finished goods	1,001	532
Traded goods (Including in transit ₹ 189 million; December 31, 2017 : ₹ 244 million)	943	1,014
Raw materials and Packing materials (Including in transit ₹ 64 million; December 31, 2017 : ₹ 138 million)	1,984	1,914
Work in progress	903	696
Total	**4,831**	**4,156**

(₹ in Million)

13 - Trade receivables

Particulars	December 31, 2018	December 31, 2017
Trade receivables	356	367
Receivables from related parties (Refer Note 39)	1,261	1,599
Less: Allowances for doubtful debts	(33)	(15)
Total	**1,584**	**1,951**

Breakup up of security details

Particulars	December 31, 2018	December 31, 2017
Unsecured, considered good	1,584	1,951
Doubtful	33	15
Total	**1,617**	**1,966**
Less: Allowances for doubtful debts	(33)	(15)
Total	**1,584**	**1,951**

Trade receivables are due neither from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, a director or a member.

14 - Cash and cash equivalents

Particulars	December 31, 2018	December 31, 2017
Balances with banks		
- in current accounts	921	597
- in EEFC accounts	64	52
Cash on hand	*	*
Deposits with banks with original maturity of less than 3 months	7,266	6,566
Total	**8,251**	**7,215**

* denotes figure less than a million

15 - Other bank balances

Particulars	December 31, 2018	December 31, 2017
Margin money deposits (Refer Note below)	40	58
Unpaid dividend accounts	28	26
Total	**68**	**84**

Margin money deposit given as security

Margin money deposits with carrying amount of ₹ 68 mio. (December 31, 2017 : ₹ 62 mio.) are subject to first charge to secure bank gurantees issued by banks on behalf of the Company.

(₹ in Million)

16 - Current Loans

Particulars	December 31, 2018	December 31, 2017
Unsecured, considered good		
Loans to employees [Includes loan to a director ₹ * million (December 31, 2017; ₹ * million)] (Refer Note 39)	40	35
Security deposits	3	-
Total	**43**	**35**

* denotes figure less than a million

17 - Other current assets

Particulars	December 31, 2018	December 31, 2017
Advance payments to suppliers	6	96
Export benefits receivable	274	200
Balance with government authorities	693	541
Prepaid expenses	48	44
Finished goods samples and others	85	116
Total	**1,106**	**997**

18 - Share capital and other equity

18(a) - Equity share capital

(i) Authorised share capital

Particulars	Number of shares	Amount
As at December 31, 2017	235,000,000	235
Increase during the year	-	-
As at December 31, 2018	**235,000,000**	**235**

Issued, Subscribed and Paid up :

(ii) Movements in equity share capital

Particulars	Number of shares	Amount
As at December 31, 2017	23,030,622	230
Issued during the year	-	-
As at December 31, 2018	**23,030,622**	**230**

(iii) Terms and rights attached to equity shares

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

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

(₹ in Million)

(iv) Shares held by holding and ultimate holding Company

13,904,722 (December 31, 2017 : 13,904,722;) equity shares of ₹ 10 each fully paid are held by Hoechst GmbH, Germany, holding Company and 4,865 (December 31, 2017 : 4,865;) equity shares of ₹ 10 each fully paid are held by Sanofi S.A., France ultimate holding Company.

(v) Details of shareholders holding more than 5% shares in the Company

Particulars	December 31, 2018	December 31, 2017
Equity Shares of ₹ 10 each fully paid		
Hoechst GmbH, Germany		
- No of shares	13,904,722	13,904,722
- % of holding	60.37%	60.37%

18(b) - Reserves and surplus

Particulars	December 31, 2018	December 31, 2017
Securities premium	20	20
Retained earnings	18,151	16,304
General reserve	3,454	3,454
Share options outstanding account	337	256
Total	**21,962**	**20,034**

(i) Securities premium

Particulars	December 31, 2018	December 31, 2017
Opening balance	**20**	**20**
Movement during the year	-	-
Closing balance	**20**	**20**

(ii) Retained earnings

Particulars	December 31, 2018	December 31, 2017
Opening balance	**16,304**	**14,941**
Profit for the year	3,806	3,260
Other comprehensive income of the year	13	(13)
Interim dividend [Refer Note 51 (b)]	(415)	(415)
Final dividend [Refer Note 51 (b)]	(1,221)	(1,152)
Dividend distribution tax	(336)	(317)
Closing balance	**18,151**	**16,304**

(iii) General reserve

Particulars	December 31, 2018	December 31, 2017
Opening balance	**3,454**	**3,454**
Movement during the year	-	-
Closing balance	**3,454**	**3,454**

(₹ in Million)

(iv) Share options outstanding account

Particulars	December 31, 2018	December 31, 2017
Opening balance	**256**	**185**
Employee stock option expense (Refer Note 40)	81	71
Closing balance	**337**	**256**

Nature and purpose of reserves:

1) Securities premium

Securities premium is created when shares are issued at premium. This is utilised in accordance with the provisions of the Companies Act, 2013.

2) General reserve

General reserve is created out of profits of the Company. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

3) Share options outstanding account

The share options outstanding account is used to recognise the fair value of restricted stock units as at grant date issued by the Ultimate holding Company, Sanofi S.A to the Company's eligible employees.

19 - Non-current employee benefit obligations

Particulars	December 31, 2018	December 31, 2017
Pension (Refer Note 41)	1	1
Compensated absences	283	265
Long service awards	23	22
Gratuity (Refer Note 41)	184	177
Total	**491**	**465**

20 - Trade payables

Particulars	December 31, 2018	December 31, 2017
Outstanding dues of micro enterprises and small enterprises (Refer Note 47)	192	236
Outstanding dues of creditors other than micro enterprises and small enterprises:		
(I) Trade payables to related parties (Refer Note 39)	1,334	945
(ii) Trade payables-others	1,912	2,088
Total	**3,438**	**3,269**

21 - Other current financial liabilities

Particulars	December 31, 2018	December 31, 2017
Other payables	*	11
Other payables to related parties (Refer Note 39)	77	35
Unclaimed dividend #	28	26
Liability for capital goods	154	65
Total	**259**	**137**

* denotes figure less than a million

There are no amounts due for payment to the Investor Education and Protection Fund (IEPF) under Section 125 of the Companies Act, 2013 as at the year end.

(₹ in Million)

22 - Current provisions

Particulars	December 31, 2018	December 31, 2017
Provision for sales return (Refer Note 44)	597	609
Provision for indirect tax (Refer Note 44)	271	223
Others (Refer Note 44)	416	417
Total	**1,284**	**1,249**

23 - Current employee benefit obligations

Particulars	December 31, 2018	December 31, 2017
Employee related liabilities	573	709
Pension (Refer Note 41)	*	1
Compensated absences	42	39
Long service awards	2	3
Gratuity (Refer Note 41)	99	96
Total	**716**	**848**

* denotes figure less than a million

24 - Other current liabilities

Particulars	December 31, 2018	December 31, 2017
Advances from customers	41	52
Statutory liabilities	78	69
Total	**119**	**121**

25 - Liabilities directly associated with assets classified as held for sale

Particulars	December 31, 2018	December 31, 2017
Other payables	9	-
Total	**9**	**-**

26 - Revenue from operations

Particulars	December 31, 2018	December 31, 2017
Sale of products	25,940	23,268
Sale of services	1,457	1,395
Other operating income		
Scrap sale	14	10
Indirect taxes set off / refunds	25	37
Export incentives	266	198
Others	6	6
Total	**27,708**	**24,914**

(₹ in Million)

27 - Other income

Particulars	December 31, 2018	December 31, 2017
Interest	789	721
Rent (Refer Note 43)	1	1
Exchange differences (net)	76	66
Miscellaneous Income	31	19
Total	**897**	**807**

28 - Cost of materials consumed

Particulars	December 31, 2018	December 31, 2017
Inventory at the beginning of the year	1,914	1,712
Add: Purchases	8,080	6,354
Less: Inventory at the end of the year	1,984	1,914
Total	**8,010**	**6,152**

29 - Changes in Inventories of Finished goods, Work in progress and Traded Goods

Particulars	December 31, 2018	December 31, 2017
Inventory at the end of the year		
Finished goods	1,001	532
Traded Goods	943	1,014
Work in progress	903	696
	2,847	2,242
Inventory at the beginning of the year		
Finished goods	532	505
Traded Goods	1,014	2,160
Work in progress	696	554
	2,242	3,219
Total	**(605)**	**977**

30 - Employee benefit expense

Particulars	December 31, 2018	December 31, 2017
Salaries, wages and bonus	3,589	3,255
Contribution to provident fund and other funds	175	164
Gratuity (Refer Note 41)	68	65
Staff welfare expenses	155	130
Employee share based payment expense (Refer Note 40)	81	71
Total	**4,068**	**3,685**

(₹ in Million)

31 - Finance costs

Particulars	December 31, 2018	December 31, 2017
Interest on employee benefit related liabilities	-	11
Other Interest (Refer Note 47)	7	-
Total	**7**	**11**

32 - Depreciation and amortisation expense

Particulars	December 31, 2018	December 31, 2017
Depreciation on property, plant and equipment [Refer Note 5(a)]	623	614
Amortisation of intangible assets [Refer Note 6(a)]	404	408
Total	**1,027**	**1,022**

33(a) - Other expenses

Particulars	December 31, 2018	December 31, 2017
Advertisement and sales promotion	709	705
Auxiliary and other materials	171	171
Expenditure towards Corporate Social Responsibility (CSR) Activities (Refer Note 48)	93	83
Excise duty	-	278
Insurance	85	88
Legal and professional fees	692	646
Auditors' remuneration [(Refer Note 33(b)]	7	7
Power and fuel	400	334
Rates and taxes	177	58
Rent (Refer Notes 42 and 43)	151	174
Repairs - buildings	24	38
Repairs - others	138	150
Repairs - plant and machinery	101	78
Selling and distribution expenses	1,251	1,120
Stores and spares	47	38
Toll manufacturing charges	510	390
Trainings and meetings	180	201
Travelling and conveyance	951	942
Provision for bad and doubtful debts (net)	18	-
Provision for doubtful advances and deposits	(6)	-
Provision for contingencies (Refer Note 46)	-	162
Loss on sale / Write-off of property, plant and equipment / Intangible Asset (net)	18	13
Miscellaneous expenses	229	320
Reimbursement of expenses #	-	(180)
Total	**5,946**	**5,816**

Includes reimbursement of marketing support from group companies.

(₹ in Million)

33(b) - Auditors' Remuneration

Particulars	December 31, 2018	December 31, 2017
Payment to Auditors:		
As auditor:		
Audit fees	4	4
In other capacities:		
Other Services	3	3
Reimbursement of Expenses	*	*
Total Payments to Auditors	**7**	**7**

* denotes figure less than a million

34 - Income Tax

34(a) - Income tax expense

Particulars	December 31, 2018	December 31, 2017
Current tax		
Current tax on profits for the year	2,409	1,861
Adjustments for current tax of prior periods	-	-
Total current tax expense	**2,409**	**1,861**
Deferred tax		
Decrease (increase) in deferred tax assets	(23)	75
(Decrease) increase in deferred tax liabilities	(94)	(50)
Total deferred tax expense / (credit)	**(117)**	**25**
Income tax expense	**2,292**	**1,886**

34(b) - Deferred tax liabilities for the year ended December 31, 2018 of ₹ 7 million [for the year ended December 31, 2017: ₹ 7 million (Deferred tax asset)] has been recognised in other comprehensive income on account of actuarial remeasurements of defined benefit plan.

No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in net profit or loss or other comprehensive income but directly debited / (credited) to equity.

34(c) - Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	December 31, 2018	December 31, 2017
Profit before income tax	**6,098**	**5,146**
At statutory income tax rate of 34.94% (December 31, 2017: 34.61%)	2,131	1,781
Expenses not deductible for tax purposes	161	105
Effective income tax	**2,292**	**1,886**

34(d) - Deferred tax liabilities (net)

(₹ in Million)

Particulars	December 31, 2018	December 31, 2017
The balance comprises temporary differences attributable to:		
Provision for doubtful debts and advances	16	12
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	140	131
Employee retirement and other long term benefits	213	210
Total deferred tax assets	**369**	**353**
Depreciation	1,247	1,341
Reversal of goodwill amortisation	43	43
Total deferred tax liabilities	**1,290**	**1,384**
Deferred tax liability (net)	**(921)**	**(1,031)**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

34(e) - Movement in deferred tax assets / liabilities

(₹ in Million)

Particulars	Deferred Tax Assets				Deferred Tax Liabilities				Total
	Provision for doubtful debts and advances	Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	Employee retirement and other long term benefits	Total	Depreciation	Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	Reversal of goodwill amortisation	Total	
At at January 1, 2017	**12**	**232**	**177**	**421**	**(1,387)**	**(4)**	**(43)**	**(1,434)**	**(1,013)**
(debited) / credited:									
- to profit or loss	*	(101)	26	(75)	46	4	-	50	(25)
- to other comprehensive income	-	-	7	7	-	-	-	-	7
At at December 31, 2017	**12**	**131**	**210**	**353**	**(1,341)**	**-**	**(43)**	**(1,384)**	**(1,031)**
(debited) / credited:									
- to profit or loss	4	9	10	23	94	-	-	94	117
- to other comprehensive income	-	-	(7)	(7)	-	-	-	-	(7)
At at December 31, 2018	**16**	**140**	**213**	**369**	**(1,247)**	**-**	**(43)**	**(1,290)**	**(921)**

* denotes figure less than a million

35 Operating Segment

The operations of the Company are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

Operating segments are defined as components of an company for which discrete financial information is available that is evaluated regularly by Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assessing performance.

Geographical revenues are allocated based on the location of the customers. Information regarding geographical revenue is as follows:

Revenue from external customers (₹ in Million)

Particulars	December 31, 2018	December 31, 2017
India	19,515	18,345
Singapore	7,173	5,803
Others	1,020	766
Total	**27,708**	**24,914**

Information about major customers

One single external customer (from entities under common control) represented 10% or more of the Company's total revenue during the year ended December 31, 2018 amounting to ₹ 9,185 million (December 31,2017: ₹ 7,655 million).

36 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 223 Million (December 31, 2017: ₹ 226 Million).

37 Earnings per share

Particulars	December 31, 2018	December 31, 2017
Profit for the year (₹ in Million)	3,806	3,260
Weighted average number of shares	23,030,622	23,030,622
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	165.48	141.74

38 Contingent Liabilities (₹ in Million)

Particulars	December 31, 2018	December 31, 2017
Income Tax demands in respect of which*		
Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	484	484
Company's appeals are pending before appropriate authorities / the Company is in process of filing an appeal with appropriate authorities	1,651	1,323

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

39 Related Party Disclosures

i. Parties where control exists:

   a) Sanofi S.A. France, ultimate holding Company

   b) Hoechst GmbH, Germany, holding Company

ii. Other related parties in Sanofi Group where comon control exists and with whom transactions have taken place during the year.

Sanofi-Aventis Singapore Pte. Limited

Francopia S.A.R.L.

Sanofi-Aventis Deutschland GmbH

Sanofi-Aventis Groupe S.A.

Sanofi Lanka Limited

Sanofi Chimie S.A

Sanofi Pasteur India Private Limited

Sanofi-Synthelabo (India) Private Limited

Sanofi Winthrop Industrie S.A.

Sanofi-Aventis Pakistan Limited

Sanofi-Aventis Recherche et Développement S.A.*

Sanofi-Aventis Spa

Shantha Biotechnics Private Limited

Zentiva S.A. (till the closure of business hours of September 30, 2018)

Sanofi-Aventis Farmaseutical Limited*

Sanofi India Limited Provident Fund

* No transaction during the year

iii. Key management personnel of the Company for the year

Mr. Rajaram Narayanan	- Managing Director	(w.e.f. January 01, 2018) and (Whole Time Director till the closure of business hours of December 31, 2017)
Dr. Shailesh Ayyangar	- Managing Director	(till the closure of business hours of December 31, 2017) and (Non Executive Director w.e.f. January 01, 2018)
Mr. Ashwani Sood	- Whole Time Director	
Mr. Lionel Guerin	- Whole Time Director and CFO	(till the closure of business hours of June 30, 2018)
Mr. Charles Billard*	- Whole Time Director and CFO	(CFO w.e.f. July 1, 2018) and (Whole Time Director w.e.f. July 25, 2018)
Mr. Girish Tekchandani	- Company Secretary	

*The Board of Directors at its meeting held on May 8, 2018, appointed Mr. Charles Billard as Chief Financial Officer of the Company with effect from July 1, 2018. The Board of Directors at its meeting held on July 25, 2018, subject to approval of members and Central Government also approved appointment of Mr. Charles Billard as Additional Director and Whole Time Director of the Company. The appointment as Whole Time Director was as per the provisions of Section 196 of the Companies Act, 2013 except for clause (e) of Part I of Schedule V as Mr. Charles Billard was not resident in India for a continuous period of twelve months immediately preceding the date of his appointment as Whole Time Director. In terms of the provisions of Section 196 of the Companies Act, 2013, the Company made an application to the Central Government for this appointment on November 21, 2018. The Central Government vide its letter dated February 4, 2019 informed the Company that the application has been taken on record and would be considered after receipt of the copy of the shareholders' approval.

iv. Non-Executive Directors

Mr. Thomas Rouckout	
Mr. Cyril Grandchamp-Desraux	
Dr. Shailesh Ayyangar	(w.e.f. January 01, 2018)
Mr. Lionel Guerin	(From July 01, 2018 to July 25, 2018)

v. Independent Directors

Mr. Aditya Narayan
Mr. A. K. R. Nedungadi (Resigned w.e.f. January 15, 2018)
Mr. S. R. Gupte (Resigned w.e.f. January 01, 2018)
Mr. Rangaswamy Iyer
Mrs. Usha Thorat

vi. Transaction during the year (₹ in Million)

Particulars	December 31, 2018	December 31, 2017
Ultimate Holding Company		
Dividend paid	*	*
Holding Company		
Dividend paid	987	946
Other related Parties		
Sale of Products		
Sanofi-Aventis Singapore Pte. Limited	7,147	5,772
Others	581	496
Total	**7,728**	**6,268**
Purchase of Raw Material and Traded Goods		
Sanofi-Aventis Singapore Pte. Limited	5,583	4,075
Francopia S.A.R.L.	734	523
Others	9	18
Total	**6,326**	**4,616**
Expenses recharged to other companies		
Sanofi-Aventis Singapore Pte. Limited	-	178
Sanofi-Aventis Groupe S.A.	12	1
Sanofi Winthrop Industrie S.A.	4	-
Sanofi Pasteur India Private Limited	4	3
Others	3	1
Total	**23**	**183**
Sale of Services		
Sanofi-Synthelabo (India) Private Limited	1,092	1,156
Sanofi Pasteur India Private Limited	175	158
Sanofi Winthrop Industrie S.A.	159	38
Others	31	35
Total	**1,457**	**1,387**
Sale of property, plant and equipment		
Sanofi-Synthelabo (India) Private Limited	5	-
Sanofi-Aventis Groupe S.A.	1	-
Total	**6**	**-**
Rent Income		
Sanofi-Synthelabo (India) Private Limited	1	1
Loans repaid		
Sanofi Pasteur India Private Limited	100	350
Mr. Ashwani Sood	*	*
Total	**100**	**350**

* denotes figure less than a million

(₹ in Million)

Particulars	December 31, 2018	December 31, 2017
Loans given		
Shantha Biotechnics Private Limited	450	900
Sanofi Pasteur India Private Limited	600	350
Total	**1,050**	**1,250**
Interest income on loans		
Shantha Biotechnics Private Limited	410	313
Sanofi Pasteur India Private Limited	6	5
Total	**416**	**318**
Expenses recharged by other companies		
Zentiva S.A.	48	26
Sanofi-Synthelabo (India) Private Limited	11	32
Sanofi Winthrop Industrie S.A.	-	14
Sanofi Lanka Limited	29	33
Sanofi-Aventis Singapore Pte. Limited	-	12
Others	10	5
Total	**98**	**122**
Contribution to In-house Trust for Post Employment Benefits - Provident Fund		
Sanofi India Limited Provident Fund #	265	249
Payment towards Intangibles under development		
Sanofi-Synthelabo (India) Private Limited	17	11
Key Management Personnel Remuneration		
Remuneration		
Mr. Rajaram Narayanan	35	35
Dr. Shailesh Ayyangar	-	18
Mr. Ashwani Sood	12	14
Mr. Lionel Guerin	7	14
Mr. Charles Billard	9	-
Mr. Girish Tekchandani	11	12
Total	**74**	**93**
Share based payment		
Mr. Rajaram Narayanan	13	9
Dr. Shailesh Ayyangar	-	9
Mr. Ashwani Sood	-	3
Mr. Lionel Guerin	3	3
Mr. Charles Billard	2	-
Total	**18**	**24**
Sitting Fees to Independent Directors		
Mr. Aditya Narayan	*	*
Mr. Rangaswamy R. Iyer	*	*
Ms. Usha Thorat	*	*
Mr. S. R. Gupte (upto December 31, 2017)	-	*
Mr. A. K. R. Nedungadi (upto January 15, 2018)	-	*
Total	**2**	**3**

* denotes figure less than a million

including contribution by employees.

(₹ in Million)

Commission to Independent Directors	December 31, 2018	December 31, 2017
Mr. Aditya Narayan	2	2
Mr. Rangaswamy R. Iyer	*	*
Ms. Usha Thorat	*	*
Mr. Subhash R. Gupte (upto December 31, 2017)	-	*
Mr. A. K. R. Nedungadi (upto January 15, 2018)	*	*
Total	**3**	**5**

* denotes figure less than a million

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the year ended 31 December 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2017: NiL). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

vii. Outstanding as at December 31, 2018 (₹ in Million)

Particulars	December 31, 2018	December 31, 2017
Other related Parties		
Trade Receivables		
Sanofi-Aventis Singapore Pte. Limited	864	1,248
Sanofi-Synthelabo (India) Private Limited	183	114
Others	214	237
Total	**1,261**	**1,599**
Trade Payables		
Sanofi-Aventis Singapore Pte. Limited	898	824
Francopia S.A.R.L.	344	31
Others	92	90
Total	**1,334**	**945**
Others Payables		
Sanofi-Synthelabo (India) Private Limited	42	-
Sanofi-Aventis Singapore Pte. Limited	35	35
Total	**77**	**35**
Loans receivable		
Shantha Biotechnics Private Limited#	4,450	4,000
Sanofi Pasteur India Private Limited *	500	-
Mr. Ashwani Sood**	5	5
Total	**4,955**	**4,005**

#Loans given to Shantha Biotechnics Private Limited at the rate of interest of 9.5% p.a.
Maximum balance outstanding during the year ₹ 4,450 Million (December 31, 2017 : ₹ 4,000 Million).
The said loans have been proposed to be utilized by Shantha Biotechnics Private Limited for business purpose.
The loans have been given against corporate guarantee by Sanofi S.A. (Ultimate Holding Company. The Maturity Date of same is 15th April 2020).

*Loans given to Sanofi Pasteur India Private Limited at the rate of interest of 9.5% p.a.

Maximum balance outstading during the year ₹ 600 Million (December 31, 2017 : NiL)

The said loans have been proposed to be utilized by Sanofi Pasteur India Private Limited for business purpose.

The loans have been given against corporate guarantee by Sanofi S.A. (Ultimate Holding Company. The Maturity Date of same is 15th April 2020).

**Given as per the Company's policies for employees.

40 Share Based Payments

Restricted Stock Units (RSU's)

The Company does not provide any equity based compensation to its employees. However, the ultimate holding company, Sanofi SA, France ("the grantor") maintains equity incentive plans that provide for award of restricted share plans to certain employees of the Company. The terms of those plans make the award contingent on the attainment of certain performance criteria which are defined grants. The vesting period of such plans is either three or four years.

The fair value of an equity instrument granted under a plan is the market price of the share at the grant date, adjusted for expected dividends during the vesting period.

Particulars	December 31, 2018		December 31, 2017	
	Weighted Average grant date fair value (in euro)	Number of of Units	Weighted Average grant date fair value (in euro)	Number of Units
Units outstanding at the beginning of the period	70	60,062	65	57,650
Units granted during the period	66	12,983	82	13,962
Exercised during the period	60	(16,800)	58	(11,550)
Forfeited / expired / lapsed during the period	-	-	-	-
Units outstanding at the end of the period	**72**	**56,245**	**70**	**60,062**

Weighted average remaining contractual life of RSUs outstanding at the end of the year

	Life in (years)
As at December 31, 2018	2
As at December 31, 2017	2

Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense are as follows:

(₹ in Million)

Particulars	December 31, 2018	December 31, 2017
Employee share based payment expense	81	71

41 Employee Benefits

Defined Contribution Plans

The Company makes contributions towards provident fund (Ankleshwar and Nepal), superannuation fund and pension scheme to a defined contribution retirement benefit plan for qualifying employees. The superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Company has recognised the following amounts in the statement of Profit and Loss for the year:

(₹ in Million)

Particulars	December 31, 2018	December 31, 2017
i) Contribution to Employees' Provident Fund (Ankleshwar and Nepal)	4	3
ii) Contribution to Employees' Superannuation Fund	32	26
iii) Contribution to Employee's Pension Scheme, 1995	46	45

Defined Benefit Plans

I) Other long term employee benefits

Compensated absences (included as a part of salaries and wages in Note 30 - Employee benefits)

All eligible employees can carry forward and avail / encash leave as per Company's rules.

Long Service Award (included as a part of salaries and wages in Note 30 - Employee benefits)

Under this scheme, long service benefits accrues to the employees, while in service and is payable upon completion of stipulated services with the Company.

II) Post employment employee benefits plans

A. Gratuity

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

B. Pension plan

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity and pension plan. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity and Pension plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date:

Actuarial Assumptions

Particulars	Gratuity		Pension Plan	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Discount Rate (per annum)	7.76%	7.90%	7.76%	7.90%
Expected Rate of Return on Plan Assets	7.76%	7.90%	-	-
Salary Escalation rate	9% for the next 1 year, 7% for the next 2 years, and 6% thereafter	8% for 3 years and 6% thereafter	9% for the next 1 year, 7% for the next 2 years, and 6% thereafter	8% for 3 years and 6% thereafter
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employees attrition rate	1%	1%	1%	1%

Notes:

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

2) The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance sheet date for the estimated term of the obligation.

i) **Reconciliation of present value of obligations ('PVO') – defined benefit obligation:** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Liability at the beginning of the period	702	642	2	3
Interest Cost	55	45	*	*
Current Service Cost	47	48	-	*
Employees Contribution	-	-	-	-
Interest Guarantee	-	-	-	-
Benefits Paid	(90)	(58)	(*)	(1)
Transfer from previous employer's	-	-	-	-
Liability Transfer In	-	-	-	-
Liability Transfer Out	-	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-
Actuarial (gain) / loss on Financial Assumption	4	(61)	*	(*)
Actuarial (gain) / loss on Demographic Assumption	(4)	-	-	-
Actuarial (gain) / loss on Experience	(21)	86	(*)	(*)
Liability at the end of the year	**693**	**702**	**1**	**2**

*denotes figure less than a million

ii) **Fair value of Plan Assets** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Fair Value of Plan Assets at the beginning of the year	429	406	-	-
Expected Return on Plan Assets	34	28	-	-
Interest Shortfall paid by the Company	-	-	-	-
Employer's Contributions	*	12	-	-
Employees Contribution	-	-	-	-
Benefits Paid	(52)	(22)	-	-
Transfer from Other Approved Funds	-	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-
Return on plan Asset, Excluding Interest	(1)	5	-	-
Fair Value of Plan Assets at the end of the year	**410**	**429**	**-**	**-**

*denotes figure less than a million

iii) **Amount Recognised in the Balance Sheet** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31 2017
Liability at the end of the year	693	702	1	2
Fair Value of Plan Assets at the end of the year	410	429	-	-
Amount Recognised in the Balance Sheet	**283**	**273**	**1**	**2**

iv) **Expenses Recognised in the Income Statement** (₹ in Million)

Particulars	**Gratuity**		**Pension Plan**	
	December 31, 2018	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Current Service Cost	47	48	-	*
Interest Cost on benefit obligation (net)	21	17	*	*
Past Service Cost	-	-	-	-
Expected Contribution	-	-	-	-
(Gain / Losses on Curtailment and Settlement	-	-	-	-
Net Effect of Change in Foreign Exchange Rates	-	-	-	-
Expenses Recognised	**68**	**65**	*****	*****

*denotes figure less than a million

v) **Expenses Recognised in Other Comprehensive Income (OCI) for current Period** (₹ in Million)

Particulars	**Gratuity**		**Pension Plan**	
	December 31, 2018	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Actuarial changes arising from changes in financial assumptions	4	(61)	*	(*)
Actuarial changes arising from changes in demographic adjustments	(4)	-	-	-
Actuarial changes arising from changes in experience adjustments	(21)	86	(*)	(*)
Return on Plan Asset, Excluding Interest Income	1	(5)	-	-
Change in Asset Ceiling	-	-	-	-
Net (Income) / Expense for period	**(20)**	**20**	**(*)**	**(*)**

*denotes figure less than a million

vi) **Maturity profile of defined benefit obligations** (₹ in Million)

Projected Benefits Payable in Future Years From the Date of Reporting	**Gratuity**	**Pension Plan**
1 year (within next 12 months)	78	*
2 to 5 years	185	*
6 to 10 years	386	1

*denotes figure less than a million

vii) **Sensitivity Analysis Gratuity Pension Plan** (₹ in Million)

Particulars	**Gratuity**		**Pension Plan**	
	December 31, 2018	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
Benefit Obligation on Current Assumptions	693	702	1	2
Effect of +0.5% Change in Rate of Discounting	(31)	(30)	(*)	(*)
Effect of -0.5% Change in Rate of Discounting	34	33	*	*
Effect of +0.5% Change in Rate of Salary Increase	34	32	-	-
Effect of -0.5% Change in Rate of Salary Increase	(32)	(31)	-	-
Effect of +0.5% Change in Rate of Employee Turnover	5	5	-	-
Effect of -0.5% Change in Rate of Employee Turnover	(5)	(5)	-	-

viii) Risk exposure :

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below :

Investment risk: If future investment returns on assets are lower than assumed in valuation, the scheme's assets will be lower and the funding level higher than expected.

Changes in bond yields: A decrease in yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Longevity risk: If improvements in life expectancy are greater than assumed, the cost of benefits will increase because pensions are paid for longer period than expected. This will mean the funding level will be higher than expected.

Inflation risk: If inflation is greater than assumed, the cost of benefits will increase as pension increases and deferred revaluations are linked to inflation.

ix) Broad category of Plan assets relating to Gratuity

Particulars	Gratuity	
	December 31, 2018	December 31, 2017
*Fund managed by Life Insurance Corporation of India (unquoted)	100%	100%

*Fund is Managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.

C. Provident Fund (other than Ankleshwar and Nepal)

The Company manages the provident fund through a Provident Fund Trust for its employees (except Staff and Workmen at Ankleshwar and Nepal unit) which are permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Trust equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government of India. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Board of Trustees administers the contributions made by the Company to the schemes and also defines the investment strategy.

The Company has an obligation to service the shortfall on account of interest generated by the fund and on maturity of fund investments and hence the same has been classified as Defined Benefit Plan in accordance with Ind AS 19 "Employee Benefits". As per the Guidance Note from the Actuarial Society of India, the Company has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund as at December 31, 2018 and based on the same, there is no shortfall towards interest rate obligation.

42 Operating lease

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

Where Company is the lessee: (₹ in Million)

Particulars	December 31, 2018	December 31, 2017
Charged to Statement of profit and loss#	1	1
Not later than one year	1	2
Later than one year but not later than five years	-	2
Later than five years	-	-

#Cars are obtained on operating lease for a period of five years. There are no restrictions imposed by lease arrangements. There are no subleases.

43 In respect of cancellable operating leases, lease charges charged to Statement of Profit and Loss

(₹ in Million)

Particulars	December 31, 2018	December 31, 2017
Car Lease Charges**	45	45
Other Lease Charges**	105	128
Total	**150**	**173**

** Office, Residential Premises and Cars are obtained on operating lease. There is no provision for renewal. There are no restrictions imposed by leased arrangements. There are no subleases.

Where Company is the lessor:

In respect of non-cancellable operating leases (₹ in Million)

Particulars	December 31, 2018	December 31, 2017
Credited to Statement of profit and loss	1	1
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-

44 Other provisions:

Movements in provisions:

(₹ in Million)

Particulars	Class of provisions			
	Indirect tax	Provision for Sales Returns	Others	Total
Balance as at January 1, 2018	223 (250)	609 (615)	417 (282)	1,249 (1,147)
Amount provided during the year	113 (76)	845 (431)	- (166)	958 (673)
Amount written back / paid during the year	65 (103)	857 (437)	1 (31)	923 (571)
Balance as at December 31, 2018	271 (223)	597 (609)	416 (417)	1,284 (1,249)

Note: Figures in brackets are for the previous year.

1. Provision for indirect taxes represents differential excise duty, sales tax, customs 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.
2. Provision for sales returns are on account of expected date expiry and breakages returns based on historical trends.
3. 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.

45 Derivative Instruments and Un-hedged Foreign Currency Exposure:

Particulars of Derivatives Instruments as at Balance sheet date

Particulars of Derivatives	Foreign Currency	December 31, 2018		December 31, 2017	
		Foreign Currency Value	₹ in Million	Foreign Currency Value	₹ in Million
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export of goods and services.	EUR	2,500,000	199	-	-

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

Particulars of Derivatives	Foreign Currency	December 31, 2018		December 31, 2017	
		Foreign Currency Value	₹ in Million	Foreign Currency Value	₹ in Million
Trade Payables	EUR	12,354,331	986	9,117,132	697
	USD	885,887	62	915,146	58
	GBP	85,000	8	19,356	2
Trade Receivables	EUR	11,761,602	938	16,647,063	1,272
	USD	879,156	61	1,172,647	75
Cash and Bank Balances	EUR	611,956	49	538,342	41
	USD	225,080	16	167,386	11

* denotes figure less than a million

46 (a) Consequent upon the decision of the Supreme Court in the matter of prices of certain bulk drugs fixed by the Government of India under the Drug (Prices Control) Order, 1979, the Company paid an amount of ₹ 31 Million in 1988 being the liability determined by the Special Team appointed by the Government. However, during 1990, fresh demands aggregating to ₹ 781 Million alleged to be payable into the Drug Prices Equalisation Account (DPEA) were made by the Government on account of alleged unintended benefit enjoyed by the Company. The Government has also made certain claims for applicable interest. On a Writ Petition filed by the Company in 1991, the Bombay High Court passed an order whereby the demands were to be treated as show cause notices. The High Court directed the Company and the Government to furnish relevant data to each other based on which the Government was to rework the figures. The Government did not furnish the requisite data to the Company. In 1995, a further demand of ₹ 80 Million was made by the Government.

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

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

(b) National Pharmaceutical Pricing Authority (NPPA) has raised demands on the Company for alleged overcharging on some of its products. The Company has contested the demands by filing writ petitions in the Delhi High Court. The Hon'ble High Court has issued notice in those matters and restrained NPPA from taking any coercive action in respect of the demands. However, as a matter of abundant precaution, an amount of ₹ 162 million has been provided in the books of account during the year ended December 2017.

47 Micro and Small Enterprises

The Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in Million)

Particulars	December 31, 2018	December 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
(i) Principal Amount	178	229
(ii) Interest thereon remaining unpaid	14	7
Total	**192**	**236**
Amount of interest paid in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	7	4
Amount of interest accrued and remaining unpaid at the end of each accounting year; and	7	4
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	14	7

* denotes figure less than a million

48 Disclosure on Corporate Social Responsibility as per the provisions of Section 135 of the Companies Act, 2013

a. Gross amount required to be spent by the Company during the year was ₹ 93 Million (December 31, 2017 ₹ 78 Million)

b. Details of amount spent during the year

(₹ in Million)

Particulars	Paid	Yet to be Paid	Total
I) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (I) above			
a) Towards Public Private Partnership with the Government of Maharashtra to impact outcomes of patients having non-communicable diseases.	*	*	*
b) Towards Diabetes with Dignity	2	-	2
c) Towards Counselling patients to manage their diabetes and create awareness on early detection	68	5	73
d) Towards enhancing skills of students of Cardiology / Cardio-thoracic surgery	5	-	5
e) Towards Employee volunteering - Joy in Outreach	1	-	1
f) Towards Grants / Donation	5	-	5
g) Towards skill development of youth skilled Labour	6	1	7
Total	**87**	**6**	**93**

* denotes figure less than a million

c. Details of amount spent during the year ending on December 31, 2017

(₹ in Million)

Particulars	Paid	Yet to be Paid	Total
i) Construction / acquisition of any asset	-	-	-
ii) On purpose other than (I) above			
a) Towards Public Private Partnership with the Government of Maharashtra to impact outcomes of patients having non-communicable diseases.	3	-	3
b) Towards Diabetes with Dignity	8	-	8
c) Towards Counselling patients to manage their diabetes and create awareness on early detection	44	5	49
d) Towards enhancing skills of students of Cardiology / Cardio-thoracic surgery	11	-	11
e) Towards Employee volunteering - Joy in Outreach	2	-	2
f) Towards Grants / Donation	9	1	10
Total	**77**	**6**	**83**

49 Fair value measurements

Financial instruments by category (₹ in Million)

	December 31, 2018			December 31, 2017		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments	-	2	-	-	2	-
Loans	-	-	5,172	-	-	4,216
Trade receivables	-	-	1,584	-	-	1,951
Cash and cash equivalents	-	-	8,251	-	-	7,215
Bank balances other than cash and cash equivalents	-	-	68	-	-	84
Other financial assets	-	-	53	-	-	23
Total financial assets	**-**	**2**	**15,128**	**-**	**2**	**13,489**
Financial liabilities						
Trade payables	-	-	3,438	-	-	3,269
Other financial liabilities	-	-	259	-	-	137
Total financial liabilities	**-**	**-**	**3,697**	**-**	**-**	**3,406**

Set out below, is a comparison by class of the carrying value and the fair value of the Company's financial assets/liabilities, other than those with the carrying amounts that are reasonable approximation of fair values mentioned in Note below.

The fair values mentioned below have been calculated based on discounted cash flows method. These are classified as Level 3 in the hierarchy due to the inclusion of unobservable inputs.

(₹ in Million)

Fair value of financial assets and liabilities measured at amortised cost	December 31, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortised cost				
Loans	5,129	5,129	4,181	4,181
Other receivables	16	16	14	14
Other deposits	9	9	5	5
Margin money deposits	28	28	4	4
	5,182	**5,182**	**4,204**	**4,204**
Financial assets at fair value through other comprehensive income (FVTOCI)				
Investment in equity instruments (Unquoted)*	2	2	2	2
	2	**2**	**2**	**2**

*For investment in equity instrument made in Narmada Clean Tech Limited (formerly known as Bharuch Eco-Acqua Infrastructure Limited), the cost (i.e. carrying value) represents the best estimate of fair value considering the nature of the investment.

There have been no transfers of amount between Level 1, Level 2 and Level 3 during the year.

Fair value of financial assets / liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, current loans, other financial assets, trade payables, other financial iabilities are considered to be the same as their fair values, as they are current in nature.

The categories used are as follows :

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

50 Financial risk management

The Company's activities expose it to variety of financial risks namely market risk, credit risk and liquidity risk. The Company has various financial assets such as deposits, trade and other receivables and cash and bank balances directly related to their business operations. The Company's principal financial liabilities comprise of trade and other payables. The Company's senior management's focus is to foresee the unpredictability and minimize potential adverse effects on the Company's financial performance. The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows :

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management is carried out by the management in consultation with the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific risk areas.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and from its financing activities including deposits with banks and other financial instruments. The Company establishes an impairment allowance based on expected credit loss model that represents its estimate of incurred losses in respect of trade and other receivables.

(i) Trade and other receivables

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 1,584 million as at December 31, 2018 (December 31, 2017 - ₹ 1,951 million). Trade receivables are typically unsecured and are derived from revenue earned from customers located in India as well as outside India.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry, the country and the state in which the customer operates, also has an influence on credit risk assessment. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Further, significant sales of the Company are against advance payment/collection on delivery terms.

The management continuously monitors the credit exposure towards the customers outstanding at the end of each reporting period to determine incurred and expected credit losses.

The movement in the allowance for credit loss in respect of trade receivables was as follows: (₹ in Million)

	December 31, 2018	December 31, 2017
Opening balance	15	15
Changes in loss allowance	18	*
Closing balance	**33**	**15**

* denotes figure less than a million

The management believes that no further provision is necessary in respect of trade receivables based on historical trends of these customers.

The aging of trade receivables at the reporting date was as follows :

(₹ in Million)

	December 31, 2018	December 31, 2017
Not yet due	1,063	1,394
Past due 1-90 days	356	502
Past due 90-180 days	82	12
Past due 180-270 days	18	15
Past due above 270 days	98	43
Gross trade receivables	**1,617**	**1,966**
Less: Allowance for doubtful debts	(33)	(15)
Net trade receivables	**1,584**	**1,951**

Concentration of credit risk arises when counter parties are engaged in similar business activities or have similar economic features that would cause the ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's exposure to customers is diversified and no single customer has significant contribution to trade receivable balances.

(ii) Cash and cash equivalents and bank balances

The Company held cash and cash equivalents of ₹ 8,251 million as at December 31, 2018 (December 31, 2017 : ₹ 7,215 million) and other bank balances of ₹ 68 million (December 31, 2017 : ₹ 84 mllion). Credit risk on cash and cash equivalents is limited as these are generally held or invested in deposits with banks and financial institutions with good credit ratings.

(iii) Loans

The Company has given loans to its fellow subsidiaries amounting to ₹ 4,950 million (December 31, 2017: ₹ 4,000 million). These loans are guaranteed by group Company i.e. Sanofi S.A.

The Company's maximum exposure to credit risk as at December 31, 2018 and December 31, 2017 is the carrying value of each class of Financial Assets.

(B) Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended December 31, 2018 and December 31, 2017. Cash Flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The following table shows the maturity analysis of the Company's all non- derivative, contractual financial liabilities based on agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

(₹ in Million)

	Carrying amount	Undiscounted Amount		
		Payable within one year	Payable more than one year	Total
As at December 31, 2018				
Trade Payables	3,438	3,438	-	3,438
Unclaimed dividend	28	28	-	28
Liability of Capital Goods	154	154	-	154
Other Payables	77	77	-	77

(₹ in Million)

	Carrying amount	Undiscounted Amount		
		Payable within one year	Payable more than one year	Total
As at December 31, 2017				
Trade Payables	3,269	3,269	-	3,269
Unclaimed dividend	26	26	-	26
Liability of Capital Goods	65	65	-	65
Other Payables	46	46	-	46

(C) Management of Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks namely interest rate risk, currency risk and other price risk, such as commodity risk. The Company is not exposed to interest rate risk and other price risk whereas the exposure to currency risk is given below :

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates and arises where transactions are done in foreign currencies. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies including use of derivatives like foreign exchange forward contracts to hedge foreign currency risk (Refer Note 45). The Company does not enter into financial instrument transactions for trading or speculative purposes. The Company's exposure to foreign currency risk at the end of reporting periods in ₹ as follows :

(₹ in Million)

Particulars	**December 31, 2018**		
	EUR	**USD**	**GBP**
Trade receivables	938	61	-
Cash and cash equivalents	49	16	-
Trade payables	(986)	(62)	(8)
Forward Exchange contracts	(199)	-	-
Net exposure	**(198)**	**15**	**(8)**

(₹ in Million)

Particulars	**December 31, 2017**		
	EUR	**USD**	**GBP**
Trade receivables	1,272	75	-
Cash and cash equivalents	41	11	-
Trade payables	(697)	(58)	(2)
Net exposure	**616**	**28**	**(2)**

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:

(₹ in Million)

	Impact on profit after tax	
	December 31, 2018	**December 31, 2017**
USD Sensitivity		
INR / USD increase by 1% (December 31, 2017 - 1%)#	*	*
INR / USD decrease by 1% (December 31, 2017 - 1%)#	(*)	(*)
EUR Sensitivity		
INR / EUR increase by 1% (December 31, 2017 - 1%)#	(1)	3
INR / EUR decrease by 1% (December 31, 2017 - 1%)#	1	(3)
GBP Sensitivity		
INR / GBP increase by 1% (December 31, 2017 - 1%)#	(*)	(*)
INR / GBP decrease by 1% (December 31, 2017 - 1%)#	*	*

Holding all other variables constant

* denotes figure less than a million

51 Capital management

(a) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The current capital structure of the Company is equity based with no financing through borrowings. The Company is not subject to any externally imposed capital requirement. No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2018 and December 31, 2017.

(b) Dividend

(₹ in Million)

	December 31, 2018	**December 31, 2017**
(i) Equity shares		
Final dividend for the year ended December 31, 2017 : ₹ 53 (December 31, 2016 : ₹ 50) per fully paid up share	1,221	1,152
Dividend distribution Tax on final dividend.	251	233
Interim dividend for the year ended December 31, 2018 : ₹ 18 (December 31, 2017 : ₹ 18) per fully paid up share	415	415
Dividend distribution Tax on final dividend.	85	84
(ii) Dividends not recognised at the end of the reporting period		
In addiion to the above dividends, subsequent to the year end the Board of Directors have recommended the payment of a final dividend of ₹ 66 per fully paid equity shares (December 31, 2017 : ₹ 53). This proposed dividend is subject to approval of shareholders in the ensuing annual general meeting.	1,520	1,221
Dividend distribution Tax on proposed dividend.	313	251

52 Previous year comparative figures have been regrouped wherever necessary.

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

As per our report of even date

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 26, 2019

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 26, 2019

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 26, 2019

Charles Billard
Whole Time Director & CFO
DIN:08173583
Place: Mumbai
Date: February 26, 2019

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 26, 2019

NOTES

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SANOFI INDIA LIMITED

Registered Office : Sanofi House, CTS No. 117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai - 400 072
Tel. : +91 (22) 2803 2000 Fax : +91 (22) 2803 2831
Corporate Identity Number : L24239MH1956PLC009794
Website: www.sanofiindialtd.com Email: igrc.sil@sanofi.com

ATTENDANCE SLIP

63RD ANNUAL GENERAL MEETING ON TUESDAY, 7TH MAY 2019 AT 3.00 P.M.

Folio No. / Client ID
Member's / Joint Holder's Name
No of Equity Shares held

I/ We hereby record my / our presence at the 63rd Annual General Meeting of the Company at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

Name of Proxy Holder

Member's / Proxy's Signature

Notes:

1. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
2. Shareholder / Proxy holder desiring to attend the meeting should bring his / her copy of the Annual Report for reference at the meeting.

SANOFI INDIA LIMITED

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PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered address:	
E-mail Id:	
Folio No. / DP ID & Client Id :	

I / We being the member of Sanofi India Limited holding ……………shares, hereby appoint:

1. Name:………………………………………………… Address……………………………………………………………………………………

   Email Id:……………………………………………………………………………………Signature………………………………failing him / her

2. Name:………………………………………………… Address……………………………………………………………………………………

   Email Id:……………………………………………………………………………………Signature………………………………failing him / her

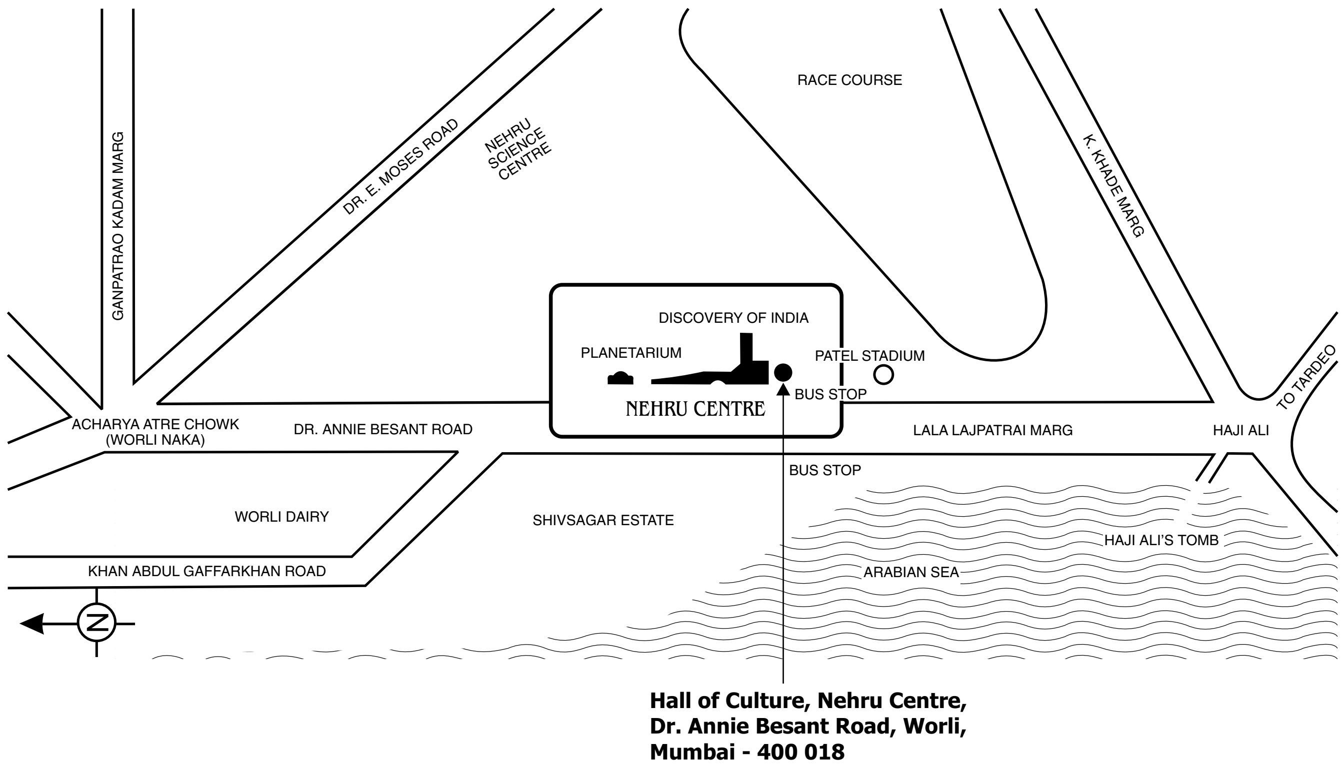
3. Name:………………………………………………… Address……………………………………………………………………………………

   Email Id:……………………………………………………………………………………Signature………………………………………………

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 63rd Annual General Meeting of members of the Company, to be held on Tuesday, 7th May 2019 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

P.T.O.

Location Map of Hall of Culture, Nehru Centre



Hall of Culture, Nehru Centre,
Dr. Annie Besant Road, Worli,
Mumbai - 400 018

Resolution No.	Resolution
Ordinary Business	
1.	Adoption of financial statements for the year ended 31st December 2018
2.	Confirmation of interim dividend and declaration of final dividend for the year ended 31st December 2018
3.	Re-appointment of Dr. Shailesh Ayyangar, who retires by rotation
4.	Re-appointment of Mr. Cyril Grandchamp-Desraux, who retires by rotation
Special Business	
5.	Appointment of Mr. Charles Billard as Director of the Company
6.	Appointment of Mr. Charles Billard as Whole Time Director of the Company for period of five years with effect from 25th July 2018
7.	Approval of remuneration payable to M/s. Kirit Mehta & Co., Cost Accountants., Cost Auditors of the Company
8.	Approval of commission payable to Independent Directors

Signature of Shareholder: ………………………………………………………… Signed this ……………day of ……………………2019

Signature of Proxy holder(s):………………………………………

Note: this form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company in not less than FORTY EIGHT HOURS before commencement of the Meeting.

Affix
Revenue
Stamp of
Re. 1/-

Sanofi India Limited: Sanofi House, CTS No. 117-B, L&T Business Park
Saki Vihar Road, Powai, Mumbai – 400 072
Tel: +91 (22) 2803 2000 | www.sanofiindialtd.com