

### **Ladies and Gentlemen,**

On behalf of the Board of Directors, I have pleasure in welcoming you to the Fifty-seventh Annual General Meeting of your Company. We appreciate your interest and are pleased to have you with us today.

As is customary, before I turn to the normal business of the Meeting, I would like to highlight some important developments that have taken place since we last met.

It is now well known from various data points available to us that the Indian economy has considerably slowed down in the fiscal year 2012 - 2013 and growth is likely to be around 5%. This decline was attributed to the overall weakening of industrial growth and tight monetary situation, compounded by the continued uncertainty in the world economy. However, our inability to push through some of the critical reforms has further enhanced our problems. For most part of the year, inflation remained at a high level resulting in high credit rates.

### **Healthcare Industry**

During the year gone by, the Government

made a welcome announcement to increase the outlay for healthcare in the 12th Five Year Plan. The schemes to make quality and affordable medicines and healthcare infrastructure available to people below the poverty line are laudable. However, implementation of these schemes with a sense of urgency and involvement of multiple stakeholders is the next challenge that the Government must face up to.

The National List of Essential Medicines has been formulated and the new Drugs (Prices Control) Order [DPCO] is expected sometime in the fiscal year 2013 - 2014. It is hoped that Government will continue to pursue the path of making essential medicines affordable and at the same time ensuring that the industry is encouraged to produce high quality medicines in facilities which meet international manufacturing standards.

As a founding member of the WTO and signatory to the TRIPS agreement, India would do well to respect the Intellectual Property of new innovations in pharmaceuticals. The Indian Industry will get the much needed boost to invest in research to develop newer and safer

solutions to many disease problems affecting our population. We must continue to attract foreign direct investment in research and development which can help enhance the scientific collaboration and capacity building for research in the country.

### **Company Performance**

The Annual Report for 2012 was sent to you in March 2013. In a difficult year, I am pleased to state that your Company's domestic sales grew by about 24% over 2011. Export turnover in 2012 was the highest ever achieved with a growth of 11% over 2011.

The Profit before Tax and Net Profit declined mainly due to:

- a) Amortisation of brands, acquired in 2011 from Universal Medicare Private Limited and lower interest income arising as a result of this investment.
- b) Change in accounting policy - Goodwill amortised over a period of 10 years from date of acquisition.

Without these two known factors, you will be pleased that your Company's performance in 2012 was very encouraging.

Despite the drop in profits, your Company's Board of Directors has decided to maintain the dividend at Rs.33 per equity share of Rs.10 (Interim dividend of Rs.4 paid in August 2012 and recommended Final dividend of Rs.29 per share) to be in line with its policy to distribute around 40% of the Net Profit.

Your Company's management successfully integrated the business acquired in Q4 2011 from Universal Medicare Private Limited. Sales of the nutraceutical products grew significantly in 2012.

Your Company has a successful track record in building brands. Six brands of your Company continue to feature in the top 100 brands in the Indian Pharmaceutical market.

Your Company is poised to continue its growth strategy in 2013. In Q1 2013 your Company has already launched two new products - Combiflam® Plus and Allegra™ M.

I take this opportunity to convey my gratitude to my colleagues on the Board for their co-operation and help during the year. I also acknowledge and appreciate the support received by your Company from its collaborators. I would also like to thank shareholders, bankers, the medical profession, our distributors and the consumer public for their support and continued patronage. The support received from Government departments, both at the Central and State levels, is gratefully acknowledged.

Before I close, I place on record my deep appreciation for the dedication and hard work put in by all employees of your Company.

**DR. VIJAY MALLYA**

Mumbai  
30th April 2013

Note: This does not purport to be a record of proceedings of the Annual General Meeting.

**SANOFI INDIA LIMITED**

Speech of the Chairman  
**Dr. Vijay Mallya**  
delivered at the Fifty-seventh  
Annual General Meeting  
of the Company  
held on 30<sup>th</sup> April 2013

**SANOFI** 