



6<sup>th</sup> May 2016

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400001

National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1, G Block,  
Bandra Kurla Complex  
Bandra (East), Mumbai 400051

Scrip Code: 500674

Scrip Code: SANOFI

Dear Sirs,

Re: Annual Report for financial year ended 31<sup>st</sup> December 2015

As required by Regulation 34 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report for the financial year ended 31<sup>st</sup> December 2015.

The audited financial statements for the said financial year were approved and adopted at the Annual General Meeting held on 29<sup>th</sup> April 2016.

Thanking you,

Yours faithfully,

SANOFI INDIA LIMITED

A handwritten signature in blue ink, appearing to read "K. Subramani".

K.SUBRAMANI  
COMPANY SECRETARY

Encl: a/a



**60**

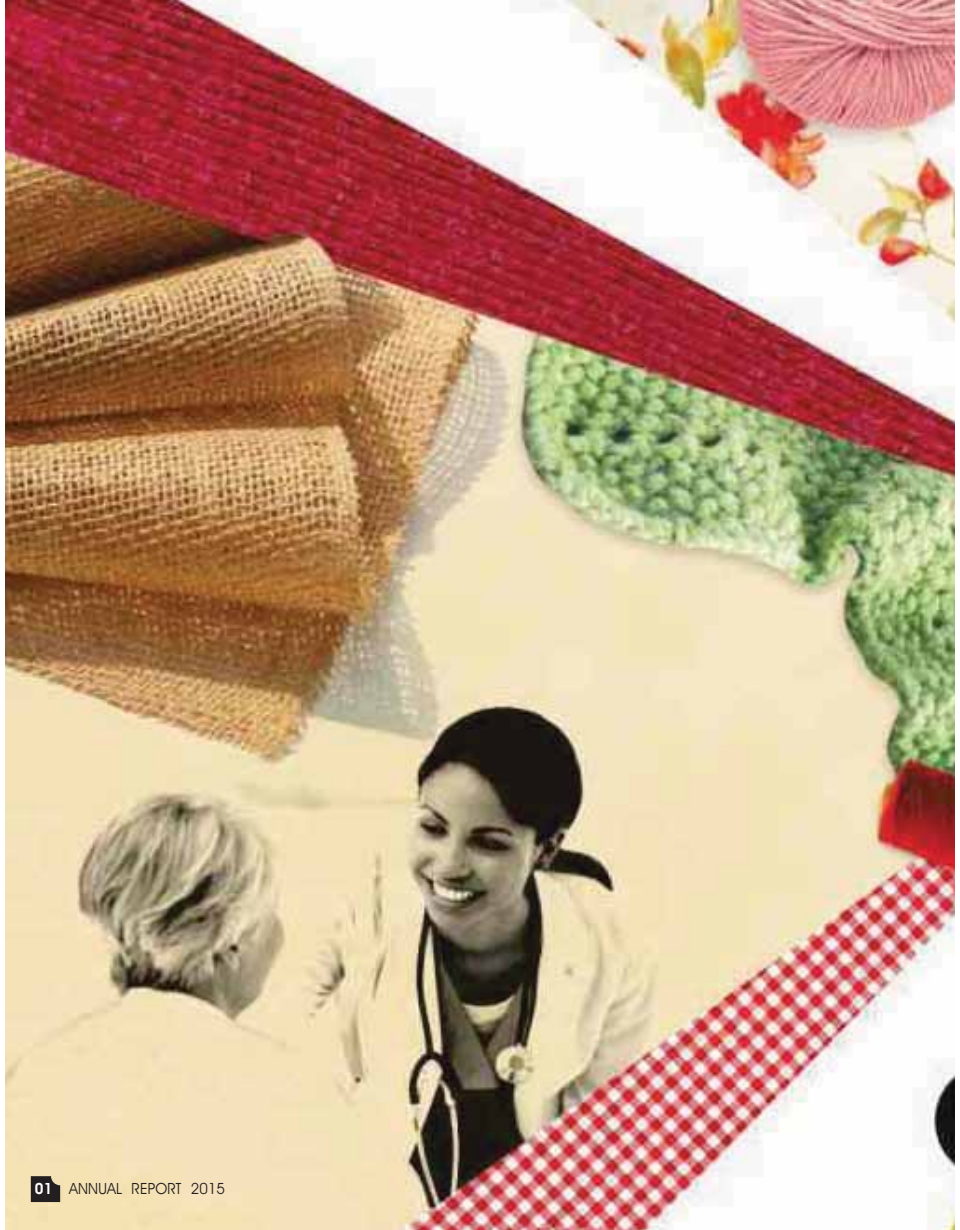
**YEARS**

**OF WEAVING  
HOPE**

...INTO THE **FABRIC OF INDIA**

60TH ANNUAL REPORT 2015  
**SANOFI INDIA LIMITED**

**SANOFI** 





# FOREWORD

## 60 YEARS OF SERVICE TO INDIA

Healthy people are the 'building blocks' of a nation.

This is especially true of India, which is home to 1/7<sup>th</sup> of the world's population. Indeed, for our nation to prosper, healthcare must be viewed as an aid to economic growth.

Healthcare is the amalgamation of stakeholders that include hospitals, doctors and medicines, further impacted by factors beyond the sector, such as sanitation, poverty, nutrition, drinking water and housing. It is a challenge that calls for going beyond one's areas of expertise to stitch partnerships along the entire healthcare chain.

At Sanofi, we see ourselves as a healthcare enterprise, always asking the question, 'How do we help the healthcare system achieve better patient outcomes?'. Through these six decades, Sanofi has had the privilege to bring smiles to generations with our products and services.

In this Diamond Jubilee year, we celebrate our value-driven partnerships with all stakeholders who share our dreams and passions. In the pages that follow, we have dedicated the theme of this 60<sup>th</sup> Annual Report to your Company having woven the threads of hope into the fabric that binds India. We have done so along with doctors, hospitals, distributors, NGOs and the Government, excellent manufacturing and supply chain capabilities, a highly committed sales force, and of course, patients, who inspire us to keep fighting for excellence and better results.

This theme is creatively interspersed with a design that's inspired by each decade since 1950. Read on to relive the past, while celebrating the 2015 achievements and performance in Sanofi India Limited's 60<sup>th</sup> Annual Report.



**1950s:** Characteristically sepia-toned, the imagery references of this period were heavily influenced by India's freedom movement. Sanofi India Limited began its long journey - now 60 years, when the Company was incorporated as Hoechst Fedco Pharma Private Limited in May 1956.




# India HEALTHY & SELF-RELIANT



International Sleep Day



World Heart Day



**Khadi.** Simple and resilient, it has transcended decades, spinning dreams of freedom into a tricolour of Independence. Today, patients in India have access to medicines that are indigenous and affordable - just like khadi.



YEARS  
OF WEAVING  
HOPE

# Weaving the thread of hope INTO THE LIVES OF PATIENTS

Many strands go into the making of the healthcare fabric. All have one common purpose – the patient’s welfare, which is at the heart and soul of the healthcare system.

Your Company’s purpose is to make a positive difference in the quality of life and longevity of the patient through our products and offerings. To take care of chronic conditions like diabetes, diet and

lifestyle modifications are as important as medication and prescription course compliance. Patients require complete orientation to a new way of living – one that helps them to be in control of their condition.

Doctors guide patients with diabetes to the Saath7 patient counsellors so that they are educated about this condition that can lead to serious complications.

## Saath7 surpasses the one lakh patient milestone

**Saath7**, Sanofi India’s pioneering Patient Support Program (PSP), reached out to over 1 lakh patients (with diabetes) referred to by doctors in 2015, helping them manage their lives better by controlling blood sugar levels through training on device, counseling and lifestyle modification. Every year the number of patients has doubled and Saath7 has helped more than 200,000 patients since the launch of the structured PSP in 2006.



## Call centres expand coverage

The PSP now covers 35 cities across India. The program is run by a team of 75 field counsellors, 3 nutritionists and 7 tele-counsellors. The counsellors have been certified through Project Hope, an International Diabetes Federation (IDF) endorsed diabetes education course.

A call centre for patients was launched in 2015, with staff equipped to speak in 8 languages. Patients in remote locations can connect with the counsellors through Skype and WhatsApp.

## Counseling improves compliance

The Saath7 program has facilitated better compliance-to-treatment regimen. It has become a bridge between doctors and these patients.

## Dare to Dream - Type 1 patient climbs Crete in Greece

In 2014, it was Eshaan Shevate, and this year, 20-year old Maitry Pancholi from Ahmedabad completed the **'Type 1 Diabetes Youth Challenge'** along with an international group of youths by climbing the White Mountains in Crete. Trekking for over 6 hours each day while managing diabetes under tough circumstances, is not easy. Maitry walked for 4 days to reach the summit of Mt. Gínglios, which is 2080 m above sea level. This initiative inspires all Type 1 Diabetes patients to live life to the fullest and **'Dare to Dream'**.

## Let's make India seizure-free

Awareness can reduce barriers and bring understanding. Since 2010, patient education booklets titled **'Guide to living well with Epilepsy'** have been printed in 12 regional Indian languages and distributed freely to patients and their caregivers by Neurologists. The patient education video on 'YouTube' ensures wider awareness.

Your Company also collaborates with Neurologists who have been conducting camps for 7 years, to educate and treat patients in remote towns where no specialist care is available.








**1960s:** The shift to modernity had begun and patterned art along with paisley designs reigned this decade. This design influence is visible on trucks, even today.

The Company was manufacturing pharmaceuticals for humans and veterinary use and agrochemicals along with basic drug and finished formulations.



THE WARMTH OF AN  
**ENDURING  
PARTNERSHIP**

WITH DOCTORS



Wool. Trusted to provide warmth and comfort on cold days. Just like the trust bestowed by patients upon doctors, who in turn trust our science and world-class medicines, to bring relief and save lives, year-on-year.



**60**  
YEARS  
OF WEAVING  
HOPE

# WEAVING THE **THREAD OF HOPE**

INTO THE FABRIC OF INDIA, WITH DOCTORS

Medicine is a dynamic science, reinventing itself every day with new discoveries and learnings. Your Company undertook many initiatives in 2015 that contributed to improved patient outcomes.

## DIABETES

Sanofi India Limited has taken a lead in upgrading diabetes management and care in India, in recent years.

Your Company has been propagating the importance of appropriate and early basal insulin initiation. A decade ago, pre-mix insulin was the initial insulin. Early basal insulin is now well accepted by physicians in line with global trend in diabetes care. Your Company disseminated scientific content certified by the Endocrine Society, USA, and facilitated scientific exchanges at the Research Society for Study of Diabetes in India (RSSDI), to publicize the latest research and findings to physicians.

In the hospital space, Sanofi India supported the In Hospitals Protocols (IHOP) initiative, which aims at developing a common treatment protocol for diabetes management within hospitals.

In the Oral portfolio, Sanofi India supported the South Asian Federation of Endocrine Societies (SAFES) in developing a South Asian consensus on the safe and smart use of sulphonylureas, which was published in the Indian Journal of Endocrinology and Metabolism.



## NEUROLOGY

It is estimated that there are almost 10 million epilepsy patients in India. Education about this condition over the years has helped improve awareness. Hence, these patients today battle their disease in an environment that is much more tolerant and empathetic than in the past. Begun in 2008, your Company's initiative called the **'Seizure-free India'** campaign is the longest running epilepsy awareness program in India. Having completed 8 years this year, the

360 degrees initiative involves neurologists and patients who learn about epilepsy and how to manage the condition.

Highlights of activities in neurology included the National Epilepsy Expert Forum, international speaker sessions, several continuing medical education programs and public awareness in Psychiatry.

## Knee Academy

Sanofi India launched an educational initiative **'KNEE ACADEMY- enhance your knee practice'** to provide an educational platform for orthopedic surgeons making them 'knee specialists'. Your Company conducted a series of workshops on new technologies, techniques and approaches to solve major challenges faced by clinicians in the management of Osteoarthritis and other joint related disorders. This platform also gives an opportunity to discuss the non-invasive management of Knee Osteoarthritis and help develop cartilage treatment as an important subspecialty within Orthopedics.

Your Company collaborated with the Asian Arthroscopy Society and the Surgical Skill Development Center to get world-class faculty and training modules.

With this initiative, Sanofi India has further strengthened its relationship and position in the Osteoarthritis market and will also enable your Company to get expert opinions on meaningful scientific programs that could be conducted in future.





**1970s:** Flower power was an affirmative message for peace that bound the youth across continents. It was represented with vibrant colours and large flower motifs. During this decade, Hoechst branded healthcare with its stamp of quality assurance and reach. Doctors and chemists across the length and breadth of India, more than 40 years later, still vouch for 'Hoechst' and its products.



# IMPROVING PATIENT OUTCOMES IN HOSPITALS

**Cotton.** Soft and absorbent, cotton is the perfect 'foil' for India's climatic conditions. Likewise, partnerships and programs in institutions and hospitals have over the years, complemented our products, to help hospitals provide the best care and treatment options for patients in India.



# WEAVING THE THREAD OF HOPE BY IMPROVING PATIENT OUTCOMES IN HOSPITALS

Sanofi India was among the earliest companies to set up a dedicated team to service hospitals. Your Company understands that medications are only one of the many components of healthcare.

The Institutional Business & Corporate Hospitals group at Sanofi India partners with Government and private hospitals in a

variety of activities aimed at improving patient outcomes.

Besides corporate hospitals, Sanofi India has been working hand-in-hand with hospitals run by the Indian Railways, ESIC (Employees' State Insurance Corporation), Defense and the Directorate of Health Services of State Governments.

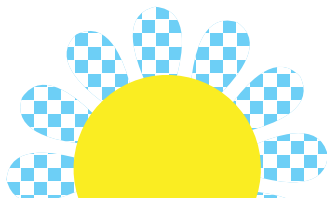
## Infection control

Controlling infections is an imperative for hospitals seeking quality accreditation from Indian and international rating agencies. Your Company has been partnering with hospitals in conducting workshops that impart the latest global knowledge, skills and training for infection control.



## Diabetes management

The Institutional Business team conducted 9 diabetes training workshops in hospitals in 2015. At one of the workshops conducted for patients at the Air Force Station, New Delhi, more than 100 Air Force personnel participated.



## DVT alleviation

DVT (Deep Vein Thrombosis) is an under-diagnosed, yet serious and often preventable condition. We conducted 28 DVT awareness workshops for hospital paramedics this year. Nurses are trained to identify patients suffering from DVT and conduct risk assessment, which helps them discuss the line of management with the doctors.

Sanofi India trained 650 hospital pharmacists and other staff on medication errors, which involves monitoring and preventing inaccuracies in dispensing medicines.



## Clinical research

Clinical research is the key to the development of new drugs and therapies. Sanofi India conducts training workshops called Clinical Excellence Programs (CEPs) in clinical research for investigators/physicians, ethics committee members and hospital staff.

Your Company conducted 4 training programs, covering over 127 participants at hospitals across the country, in 2015.



## Pharmacovigilance

Pharmacovigilance workshops were conducted at 3 leading hospitals in the country wherein healthcare professionals were trained on monitoring and reporting adverse drug reactions.

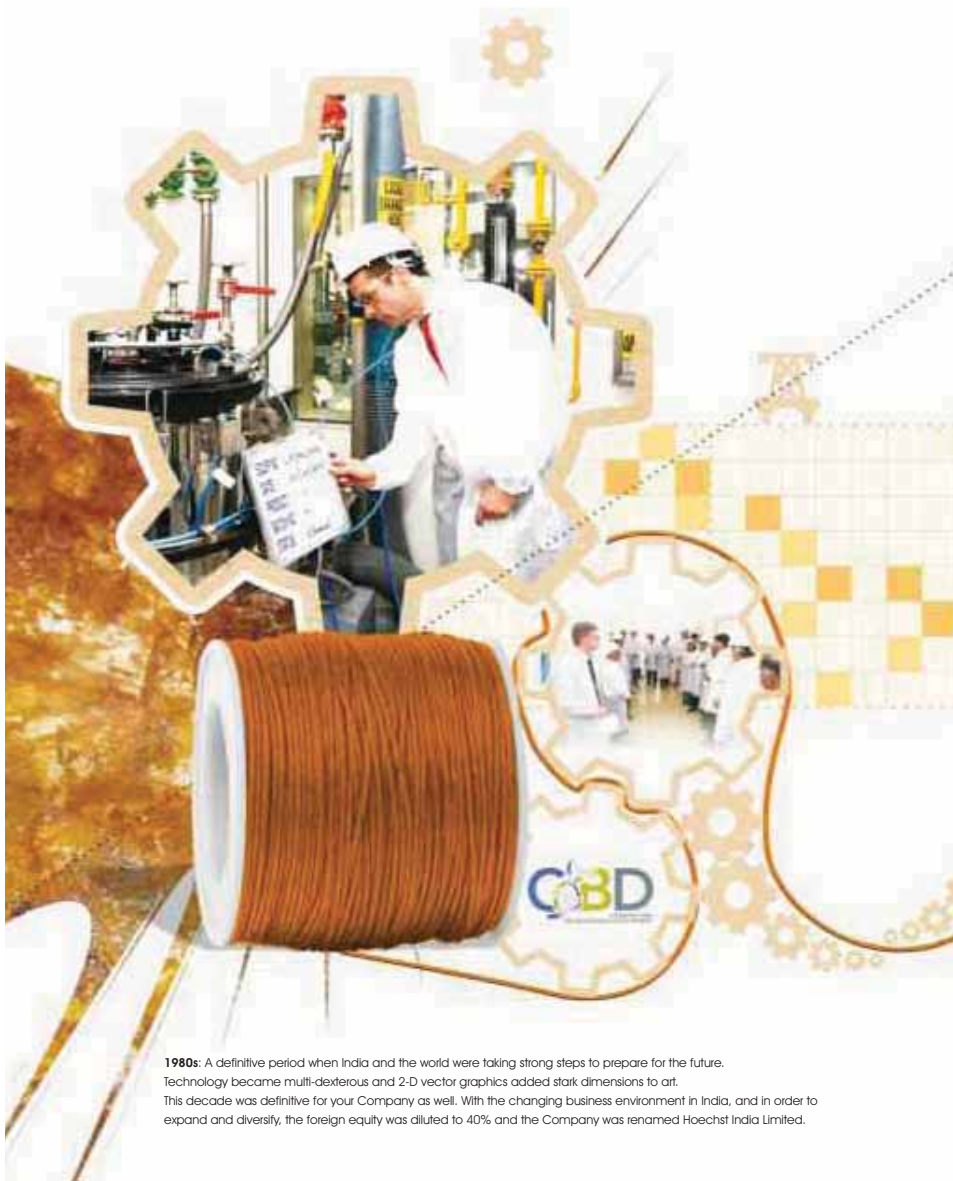
## Compassionate communications

Nineteen workshops were held during the year in which 350 nurses were trained in responsible and empathetic communications while engaging relatives of terminally ill patients.

A total of 3,510 paramedics were trained through 168 programs conducted during the year on diverse topics that will contribute to better outcomes for hospitalized patients.







**1980s:** A definitive period when India and the world were taking strong steps to prepare for the future. Technology became multi-dexterous and 2-D vector graphics added stark dimensions to art.

This decade was definitive for your Company as well. With the changing business environment in India, and in order to expand and diversify, the foreign equity was alluded to 40% and the Company was renamed Hoechst India Limited.



**MANUFACTURING  
FOCUSED ON**  
*safety & efficacy*  
**CONSISTENTLY**  
**TOUCHING LIVES**

**Nylon.** Tenacious and consistent, nylon is an all-pervasive product manufactured to deliver reliability. Patients count on consistent quality and safety when consuming medicines, wherever they might be. This is a trust bond that must be fulfilled with precision and purpose.

**60**  
YEARS  
OF WEAVING  
HOPE

Your Company's manufacturing capabilities scale higher altitudes each year. It is the right of every patient to expect medicines that are manufactured in accordance with Good Manufacturing Practices (GMP). Sanofi India Limited's large manufacturing footprint across Ankleshwar and Goa, making both active pharmaceutical ingredients (APIs) and formulations, conform to stringent quality tests.

#### Approved by MHRA of UK

Both the manufacturing facilities in Ankleshwar and Goa are approved by various Indian and overseas regulators. In 2015, the Ankleshwar Site was audited by MHRA of UK, and the Gujarat State FDA for adherence to WHO GMP. Your Company also received ISO 13485 re-certification for medical devices. The Goa Site received registration approval for Metformin tablets from 11 countries during the year.

WEAVING THE  
*Thread*  
*Of Hope*  
WITH THE ASSURANCE  
OF HIGH QUALITY  
MEDICINES



## A Group manufacturing hub Supplying western markets

High quality compliance and cost competitiveness have made Sanofi India Limited's facilities one of Sanofi Group's global manufacturing hubs. Your Company has made significant investments in capacity as well as compliance in recent years to meet the rising demand for quality products from within India and the international market.

### Highest-ever volumes

2015 saw the highest-ever volumes recorded at our manufacturing Sites. Ankleshwar achieved an all-time record by manufacturing 5,000 million tablets in 2015.

The Site manufactures major brands like **Combiflam<sup>®</sup>**, **Allegra<sup>®</sup>**, **Frisium<sup>®</sup>**, **Avil<sup>®</sup>**, **Lasix<sup>®</sup>**, the **Amaryl<sup>®</sup>** range and the **Cetapin<sup>®</sup> XR** range.

The Site also makes generic Paracetamol for UK and **Trental<sup>®</sup>** for Russia. The Ankleshwar Chemistry Site produced 292 tons of APIs during the year.

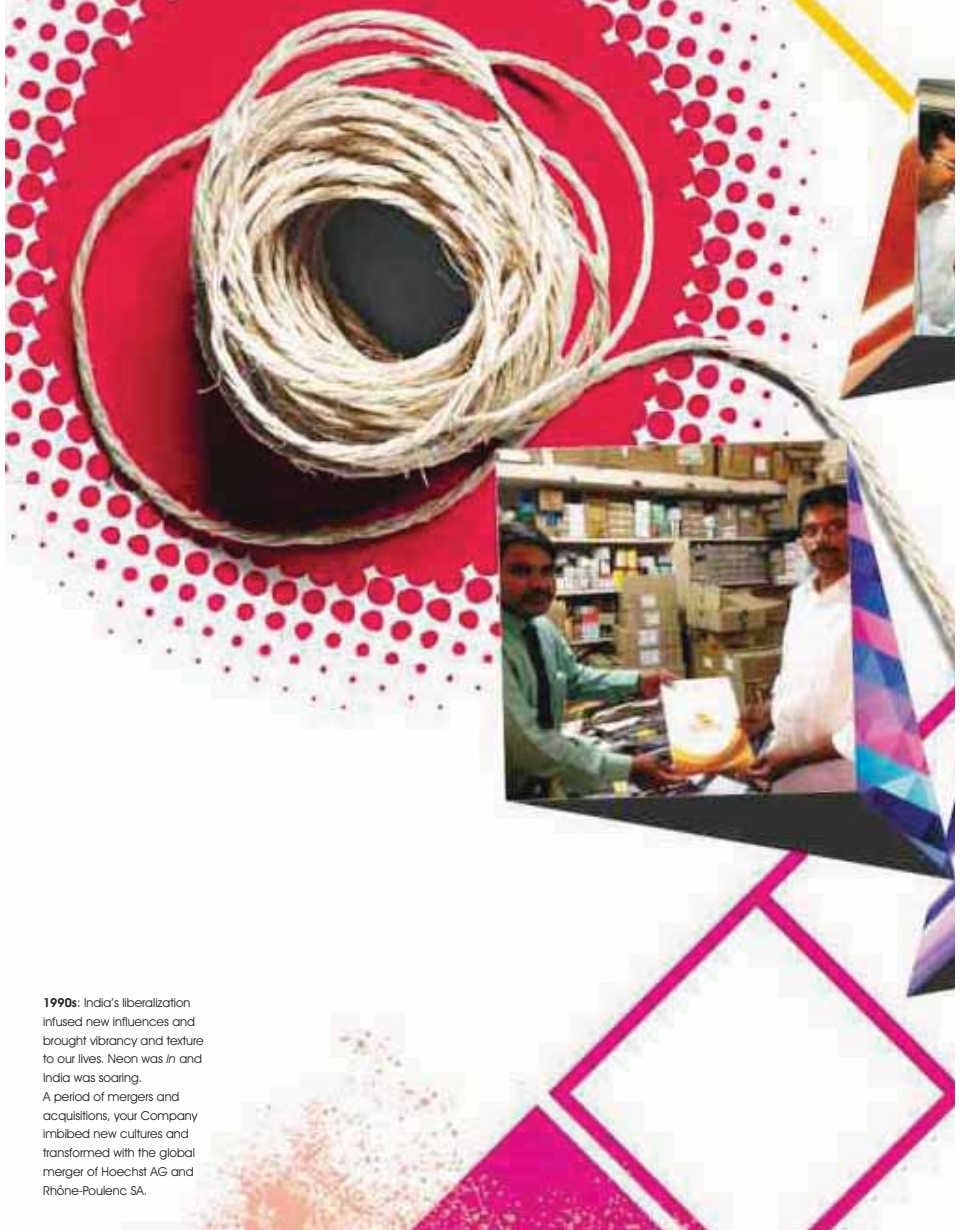
The Ankleshwar Site dispatched 200 million tablets of Paracetamol to the UK market in 2015. The Site also launched Semi-Amaryl<sup>®</sup> for the domestic market. The first generic tri-party transfer of anti-diabetic Glimepiride tablet manufacturing from Scopitto in Italy to Goa, and packing at Bucharest was successfully initiated during the year. The manufacturing of Metformin tablets for France and Georgia was transferred from Veres in Romania to Goa.

### Chemistry & Biochemistry Development Centre

A Chemistry & Biochemistry Development Centre was commissioned at Ankleshwar during the year. The facility included process development labs, instruments lab, pilot plants, filtration and final processing areas under controlled environment.

### Protecting the environment

The Ankleshwar and the Goa Sites received **The Green Manufacturing Excellence Award<sup>®</sup>** in the Believers Category from Frost & Sullivan last year. The employees at the Goa Site planted more than 400 saplings that promise to enrich the environment and add to the aesthetic beauty of the Site. Trees have been chosen for their ability to grow in rocky terrain and help water retention.



**1990s:** India's liberalization infused new influences and brought vibrancy and texture to our lives. Neon was *in* and India was soaring. A period of mergers and acquisitions, your Company imbibed new cultures and transformed with the global merger of Hoechst AG and Rhône-Poulenc SA.



# SUPPLYING *Life* TO HEALTHY INDIA



**Coir.** Sturdy and versatile, coir is often a protective shield that travels the breadth of our country.

Similarly, a dexterous, modern supply chain transports our formulations and biologicals, delivering high-quality products in precise conditions, required to effectively treat patients.



# WEAVING THE THREAD

OF

**& TRUST**  
THROUGH SUPPLY CHAIN



Reaching medicines to over one billion people in 29 states and 7 union territories is a formidable task that is executed with meticulous care, because in the absence of infrastructure, high quality medicines would be worthless.

Your Company operates through 28 distribution centres and 2,900 distributors and direct customers to deliver approximately 240 products to waiting patients.

**SAARATHI**  
Quality you can't see



## Harnessing digital technology

Latest digital technology has helped ease the flow of information and, in turn, helped the flow of goods despite the logistical challenges of transportation. Your Company's supply chain has evolved from a simple distribution system to a complex network that reaches goods to the remotest parts of India. Products now reach Guwahati in five to six days by train compared to the two weeks it took earlier.

Your Company makes sure to stay connected with its distributors through various initiatives such as newsletters and webcasts.



## Helping distributors grow business

Your Company launched **Saarathi** in 2015 - a unique loyalty rewards and recognition initiative for distributors, offering soft skills training for top distributors' sales staff, helping them raise their confidence levels, image and effectiveness in the market. During the past year, your Company helped train more than 2,000 sales staff.

To keep the distribution network motivated, Sales and Marketing Heads regularly visit them. Some also receive special recognition in **Sandesh** - the distributor newsletter. Your Company holds webcasts and also presents special certificates commemorating long associations with Sanofi India Limited. In addition, Saarathi helps distributors monitor their turnover, growth and sales return.







**2000s:** Ethnic made a refreshing entry, drawing inspiration from our heritage. A booming economy made elegance and sophistication aspirational and even, attainable.

The Company was re-named Aventis Pharma Limited on 11<sup>th</sup> July 2001 and after another global merger with Sanofi-Synthelabo in 2004, the portfolio was truly diversified. A key product even today, **Lantus**<sup>®</sup> was launched, giving us purpose and relevance in India, whose 'grit' or diabetic population continues to steadily expand.



# SOCIALLY RESPONSIBLE BY PARTNERING TO SERVE SOCIETY

**Silk.** Soft, strong and beautiful, silk is the perfect metaphor for Corporate Social Responsibility (CSR). Our programs are empathetic, sustainable and uplifting – bringing harmony as only human values could, to business.



# WEAVING THE THREAD OF HOPE THROUGH CSR

Sanofi India's three-pronged CSR strategy is rooted in our desire to advance healthcare by improving access and raising awareness among vulnerable sections of the population:

- Establish Public Private Partnerships (PPP) to reach larger sections of the population in order to raise diagnosis and disease management practices as well as create public awareness in Diabetes, Hypertension, Cardiovascular Diseases and Cancer.
- Raise healthcare standards of communities around your Company's manufacturing sites.
- Provide platforms for our employees to contribute their personal time and talents to society.



## PPP with the Government of Maharashtra

Sanofi India Limited launched a PPP with the Government of Maharashtra in October 2014 to upgrade the knowledge of healthcare personnel, counsellors and nurses, about the management of patients with diabetes, hypertension, cardiovascular diseases and cancer.

Over the next five years, Sanofi India has committed to support the Maharashtra Government in training counsellors and nurses at its NCD (Non-Communicable Diseases) cells and install 6,500 patient information hoardings and posters on diabetes and hypertension in Government hospitals in all the 35 districts across the State.

As of December 2015, the PPP completed Module 1 training of 311 counsellors and nurses in 11 districts and Module 2 in 5 districts. 1000 hoardings and posters have been displayed in 255 hospitals and community health centers in 17 districts.

Sanofi India Limited won the Asian CSR Leadership Award for the PPP in 2015.

### KIDS

Sanofi is collaborating with the International Diabetes Federation (IDF) and the Public Health Foundation of India (PHFI) in an awareness program called '**Kids with Diabetes in Schools**'. As of December 2015, 28,000 students and 800 teachers have been trained in the program.

## Reducing health inequalities around our Sites

**Voluntary Health Association of Goa:** Sanofi India Limited is assisting this organization to conduct health camps in schools with the help of a team of medical professionals to monitor immunization status, nutritional deficiencies, personal hygiene and chronic diseases.

**SEWA Rural:** Your Company has been partnering with the SEWA Rural Hospital (located close to the manufacturing site in Ankleshwar) for blood sugar level testing of the local community. In 2015, we went a step further and committed to improving maternal and infant health for the tribal villages of Jhagadia, where the provision of fetal bilirubin meter and ultrasound probes have helped doctors attend to more number of patients and save lives.



**2010s:** Sleek and Finesse - this decade epitomises technological excellence.

The future is here and a new generation is shaping experiences that are common across the world.

**AllStar™**, a reusable insulin pen customized for India's diabetes patients, was indigenously manufactured and is exported to several countries.

# OUR SALES TEAM: COMMITTED TO EXCELLENCE



**Jute.** Tough and reliable, jute weathers every challenge and stays true to its inherent values. Our sales team is a force to reckon with. Trained in high science and ethical promotion, they tackle many challenges to deliver a winning performance.



# WEAVING THE THREAD OF HOPE AS AMBASSADORS OF SCIENCE.



**The life of a sales person working in the Pharmaceutical Industry is full of challenges. To qualify, one must be intelligent, with a complete knowledge about the products he is dealing with, assertive and optimistic. They are weather-hardy ambassadors of science, travelling from clinic-to-clinic, detailing to physicians in a highly professional environment.**

At Sanofi India, our ambassadors - the nearly 2500 strong sales force are thoroughly trained in the science and art of marketing. They have helped position your Company as a leader in different therapy segments, striking partnerships with clinicians and

patients, living up to the challenges of an increasingly regulated market. With rigorous and extensive training on therapy areas, disease profile, treatment options, appropriate medication and researched findings that improve patient outcomes, your Company's soldiers in the market place are a force to reckon with. Most important of all is that they stand by ethics at all times.

You would be happy to know that in 2015, your Company took major steps to be more gender-inclusive and opted strongly for gender diversity. As a result, your Company has taken a strong stand to recruit more women as part of the sales team.

## Grooming internal talent for all jobs

Learning and development is an ongoing 'mantra' for members of the sales force. Every member, be it men or women, goes through skill and knowledge upgrading year after year, irrespective of their seniority. Each job transition, which translates to taking up new responsibilities, involves customized training for the new role.

A key reason for investing a lot of time in identifying talent and imparting training is because your Company believes in grooming internal talent for all job profiles in the Sales function. All Area Managers and Regional Business Managers are promoted from within the sales force. This is unique and sets your Company apart from competitors in the industry.

## Health and safety: top priorities

Your Company ensures the safety and health of each and every sales force. Area Managers are appointed Safety Ambassadors, responsible for the safety of their teams, resulting in safety records being audited and recognized.

## MD's Trophy

The 'One Sanofi' culture found a physical expression in **MD's Trophy**, the annual sports festival that brings together sporting talent from the head office, manufacturing sites and zones. The finale of the MD's Trophy, held at Mumbai's Police Grounds in December 2015, saw participation of more than 800 employees, pan India - most of them sales force.

Sales force begin their learning journey with a three-month orientation course. Several **training sessions**: **Communicate to Impact** - a program that focuses on in-clinic effectiveness; **Disha** - a competency development workshop for executives with one year experience; and **Impetus** - a six-month learning journey prepares them for managerial positions.

Area Managers undergo an orientation course wherein modules of Managerial Excellence workshops form part of their training sessions.

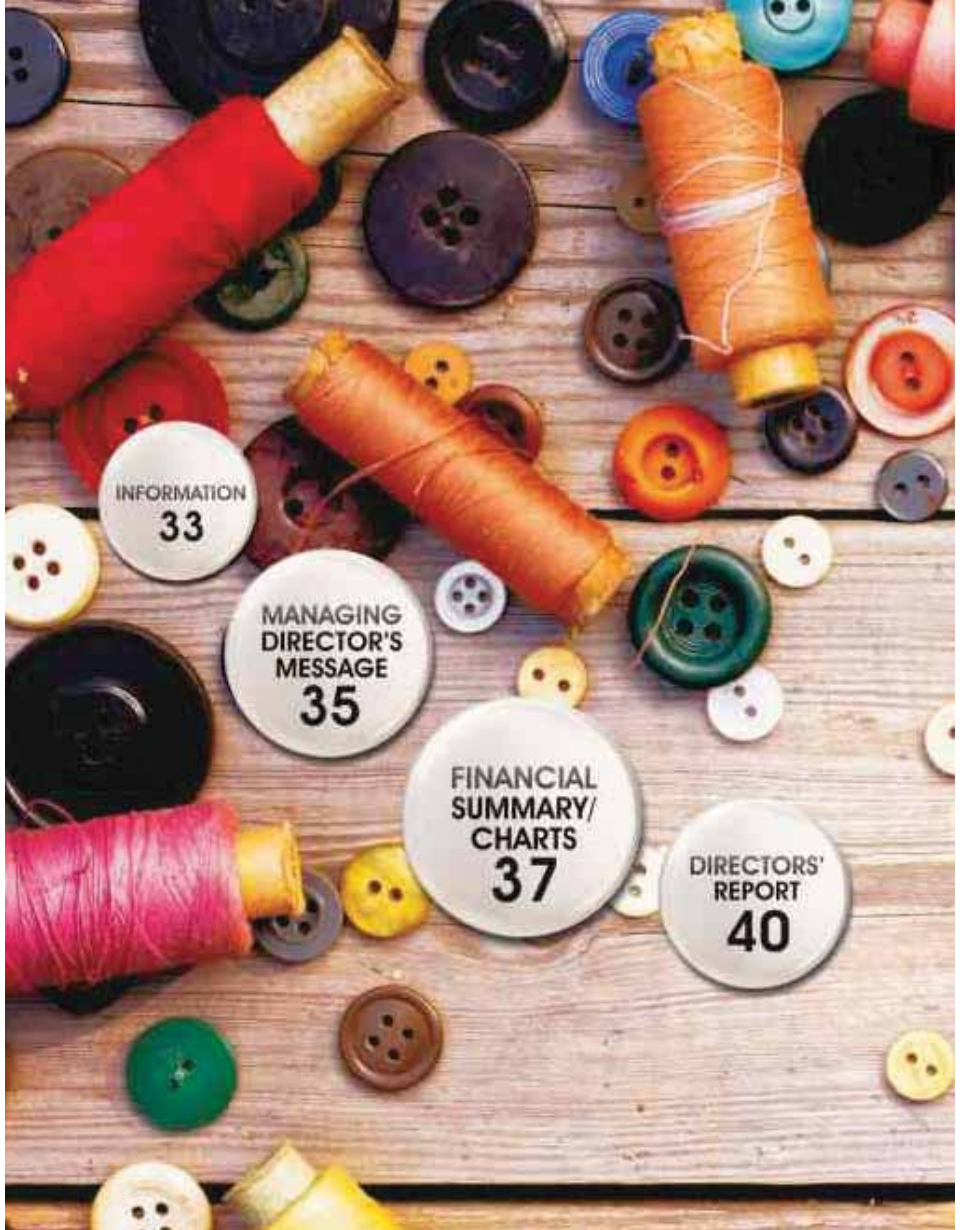
Regional Business Managers attend specialized workshops offering training in analytical skills and data-based decision-making; they also take part in accelerated sales force performance programs resulting in high potential managers.

## Tops AMESA Region in 2015

Passion and commitment to work is recognized through several award programs for sales force. Your Company was the proud winner of the **Gold Award** in the **Grand Prix 2015** program, launched by Sanofi Groups' Regional cluster markets to improve sales force efficiency and effectiveness, through excellence, across several parameters like knowledge, skills and call plan adherence.





A collage of various colorful buttons and spools of thread scattered on a light-colored wooden surface. The buttons come in many colors including red, blue, green, yellow, black, and white, with different hole patterns. The spools of thread are in shades of red, orange, pink, and yellow. The overall composition is busy and textured.

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**BOARD**

OF  
**Directors**

(As on 1.1.2016)



**Registered Office**

Sanofi House, CTS No. 117-B  
L&T Business Park, Saki Vihar Road  
Powai, Mumbai 400072

**Manufacturing Sites**

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

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

**Registrars & Transfer Agents**

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

**Auditors**

SRBC & Co. LLP.

**Solicitors**

M/s. Crawford Bayley & Co.

**Dr. Vijay Mallya**

DIN 00122890  
(Chairman)

**Dr. Shailesh Ayyangar**

DIN 00268076  
(Managing Director)

**Mr. F. Briens**

DIN 03472959

**Ms. Virginie Boucinha**

DIN 05302127

**Mr. P. Chocat**

DIN 07194130

**Mr. S. R. Gupta**

DIN 00109548

**Mr. Rangaswamy Iyer**

DIN 00474407

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

DIN 00103214

**Mr. J. Silvestre**

DIN 00489526

**Mr. L. Guerin**

DIN 07232453  
(Alternate to Mr. F. Briens)

**Mr. N. Rajaram**

DIN 02977405  
(Alternate to Mr. J. Silvestre)

**Mr. A. Sood**

DIN 07272686  
(Alternate to Mr. P. Chocat)

**Mr. K. Subramani**

(Company Secretary)

**Bankers**

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

## 60<sup>th</sup> Annual General Meeting

Date: Friday, April 29, 2016

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

Time: 2:45 P.M.

# 6 YEARS OF HOPE

## MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

Congratulations to you! In May 2016, your Company will mark a 'Diamond Jubilee' milestone - a long history of commitment and dedication towards making India a 'healthier' nation.

Your Company has spent six decades weaving hope into the fabric of India. Indeed, the healthcare system is formed as a result of myriad threads woven together by stakeholders - all of whom share a common 'strand' of helping patients lead a better quality of life.

Towards this, your Company is proud to have been an active participant in the collective efforts of all stakeholders, which have resulted in remarkable progress made in many health indicators such as decreasing infant mortality and increasing life span.

Since there is a 'bi-directional' relationship between the health of its people and economic development of a country, typically, 'healthy' people drive economic development (and vice-versa). With a population and an economy that are both growing, healthcare in India should be considered as an investment and not an expense.



Healthcare is a challenge that no organization or entity can tackle on its own. And yet, your Company has pioneered in many aspects of healthcare:

- Your Company is proud to have a balanced portfolio in diabetes treatment. Diabetes is a major non-communicable disease impacting millions of people.
- A dedicated team has been working for several years with hospitals and institutions, providing world-class medicines and services that are needed for very sick patients.
- Your Company has a diversified portfolio in Cardio-metabolism, Central Nervous System, Intensive Care, Consumer Healthcare, Gastro-intestinal Disorders, Anti-infectives, Bone & Joint, Respiratory, etc. Many of your Company's brands are leading in their respective categories - having gained the trust and confidence of physicians and patients.
- Your Company manufactures almost 90% of medicines marketed in India - within India. This is in line with our Prime Minister's call to 'Make in India'.
- Your Company is proud to have developed an affordable high quality indigenous reusable insulin injection pen (AllStar™). This innovation resulted in your Company receiving worldwide recognition for innovation and cost effectiveness.

Furthermore, I am very pleased to report that your Company has delivered upon its commitment to shareholders with a strong performance in very difficult times. You are aware of the two waves of price cuts imposed by the Government in the last two years. Your Company has strived to deliver strong financial results despite such price cuts. The drug prices in our country are amongst the lowest in the world. The Government

must protect and insist on highest standards of quality in drugs manufactured in India and for that, drug manufacturers must have remunerative prices. Ease of doing business and predictability in policies are two fundamental expectations of our Industry and we are hopeful that the Government appreciates these very reasonable expectations.

Your Company's achievements go beyond financial numbers. Through these six decades, your Company has had the privilege to bring smiles and happiness to generations of patients and their loved ones with our quality medicines and services.

In this Diamond Jubilee year, we celebrate our partnerships with all stakeholders who share our dreams and passions. We are proud of our heritage and unwavering commitment towards the people of India. We resolve to continue on our path of developing and making available highest quality of medicines and services to the patients at affordable prices. We thank you for your trust and encouragement as we look forward to our role in responsibly making India healthier and more productive.

On behalf of all our employees, I take this opportunity to convey my warm greetings in this special year and assure you of our commitment to build a great Company – full of vigor and enthusiasm for the health, well-being and prosperity of our people and our nation.

Yours sincerely,

**Shailesh Ayyangar**

*Tightly-knit to  
Deliver Value*



(Rs. in Million)

# Financial Summary

For last 5 years

	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2012	2011
<b>SALES, PROFIT &amp; DIVIDEND</b>					
Sales (Gross)	20,990	19,230	17,524	15,336	12,586
Profit before Depreciation Interest & Tax (PBDIT)	5,104	4,032	4,558	3,530	3,155
Profit before Interest & Tax (PBIT)	3,974	3,065	3,635	2,631	2,844
Profit before Tax (PBT)	3,970	3,061	3,631	2,617	2,840
Profit after Tax (PAT)	2,376	1,971	2,398	1,767	1,912
Dividend (Amount)	1,497	1,036	1,036	760	760
Rate (Rs. per share)	65 <sup>(2)</sup>	45 <sup>(3)</sup>	45	33	33
<b>SHARE CAPITAL &amp; CAPITAL EMPLOYED</b>					
	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2012	2011
Share Capital	230	230	230	230	230
Shareholders' Funds*	16,272	14,858	13,467	12,041	11,166
Capital Employed*	16,272	14,858	13,467	12,041	11,166
Represented by: Fixed Assets (net) & Investments*	8,995	8,585	8,350	7,432	7,602
Net Current & Other Assets	7,277	6,273	5,117	4,609	3,564
<b>RETURN</b>					
	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2012	2011
On Sales (PBT) %	18.9%	15.9%	20.7%	17.1%	22.6%
On Capital Employed (PBIT) %	24.4%	20.6%	27.0%	21.9%	25.5%
On Shareholders' Funds (PAT) %	14.6%	13.3%	17.8%	14.7%	17.1%
Per Share (PAT) Rs.	103.18	85.56	104.12	76.71	83.01
Personnel Cost	3,333	2,882	2,421	2,136	1,764
No. of Employees	3,663	3,448	3,291	3,164	2,943

(1) Figures exclude the impact of exceptional items

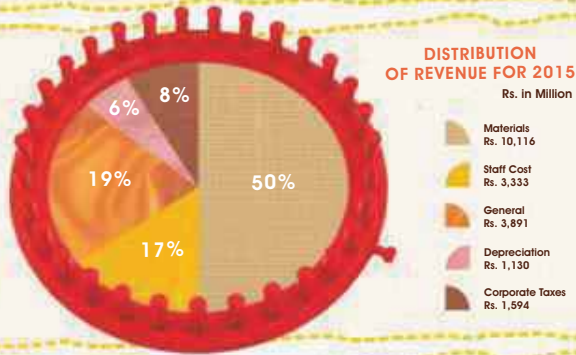
(2) Includes special dividend of Rs. 14 and Diamond Jubilee dividend of Rs. 8 per share

(3) Includes special dividend of Rs. 11 per share

(4) Includes revaluation of fixed assets since 1986

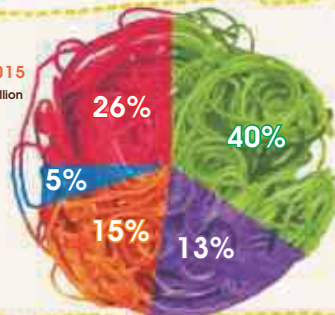


# Financial Summary



### CONTRIBUTION TO THE NATIONAL EXCHEQUER FOR 2015

Rs. in Million



# REPORT OF THE DIRECTORS TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting the Audited Accounts of your Company for the Sixtieth financial year ended 31st December 2015.

## FINANCIAL YEAR

Section 2 (41) of the Companies Act, 2013 requires all companies to have the twelve month period from 1st April to 31st March as the financial year. However, companies can seek exemption from this provision in case the accounts are required to be consolidated with that of the parent company which has a different financial year.

As your Company's ultimate holding company, Sanofi has the calendar year as its financial year, your Company filed a Petition with the Company Law Board (CLB) for retaining the calendar year (January to December) as its financial year. The CLB has permitted the Company to retain the calendar year as its financial year.

## SHIFTING OF REGISTERED OFFICE

Your Company shifted its Registered Office from Andheri, Mumbai to its newly constructed building called Sanofi House in Powai, Mumbai with effect from 30th March 2015.

## FINANCIAL RESULTS

	Rs. in Lakhs	
	2015	2014
Net Sales	204,928	187,500
Other Operating Income	14,376	10,248
Other Income	5,137	6,430
Profit before Tax and Exceptional Items	39,701	30,606
Provision for Taxation	15,937	10,901
Net Profit after Tax and before Exceptional Items	23,764	19,705
Exceptional Item	8,385	6,656
Net Profit after Tax and Exceptional Items	32,149	26,361
Balance brought forward from previous year	114,380	103,022
Available for appropriation	146,529	129,383
Which your Directors have appropriated as follows:		
Interim dividend (paid in August 2015)	4,146	2,303
Provision for Final dividend and Special one-time dividends	10,824	8,061
Tax on Interim, proposed Final dividend and Special one-time dividends	3,047	2,003
Transfer to General Reserve	3,215	2,636
Balance carried to Balance Sheet	125,297	114,380

## DIVIDEND

An Interim dividend of Rs. 18 per Equity Share of Rs. 10 was declared by the Board of Directors and was paid in August 2015.

Your Directors recommend payment of Final dividend of Rs. 25 per Equity share of Rs. 10.

Having regard to the cash generation during the year from the sale of the commercial premises owned by the Company in Mumbai, your Directors recommend a Special One-time dividend of Rs. 14 per Equity share of Rs. 10.



As your Company completes sixty years having been incorporated on 2nd May 1956, your Directors recommend a Special One-time Diamond Jubilee dividend of Rs. 8 per Equity share of Rs.10.

If declared by the Shareholders at the Annual General Meeting to be held on 29th April 2016, the Interim Dividend, proposed Final Dividend and the aforesaid two Special One-time dividends will absorb Rs. 14,970 lakhs (excluding Dividend Distribution tax).

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

- i) those Members whose names appear on the Register of Members of the Company on 29th April 2016; and
- ii) those whose names appear as beneficial owners as at the close of business on 18th April 2016, as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

## MANAGEMENT DISCUSSION AND ANALYSIS

As required by Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), a Management Discussion and Analysis Report is appended.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Dr. Vijay Mallya, Chairman of the Board of Directors has informed the Board that he would not seek re-election as a Director at the ensuing Annual General Meeting.

Dr. Mallya will cease to be a Director and Chairman of the Board of Directors of your Company at the conclusion of the Annual General Meeting.

Dr. Mallya became a Director of the Company (then called Hoechst Pharmaceuticals Limited) in December 1973 and Chairman in December 1983. He has served on the Board of your Company for over 42 years.

The Board of Directors while accepting Dr. Mallya's decision placed on record its deep appreciation for his exceptional service and leadership firstly as a Director and subsequently as Chairman of the Board for over four decades.

The Board of Directors has recommended that resolutions be passed at the ensuing Annual General Meeting for electing Mr. Aditya Narayan and Ms. Usha Thorat as Independent Directors for a term of five years each from 30th April 2016.

It is the intention of the Board to appoint Mr. Aditya Narayan as the next Chairman of the Board of Directors, subject to his election as an Independent Director at the ensuing Annual General Meeting and subject to the compliances laid down in the Articles of Association of the Company, the Companies Act, 2013 and the rules framed thereunder.

During the year, the three Independent Directors, Mr. S. R. Gupte, Mr. A. K. R. Nedungadi and Mr. Rangaswamy R. Iyer were elected by overwhelming majority by the shareholders through a postal ballot for a term of five years each from 31st March 2015.

The Company has received declarations from all the three Independent Directors that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and the SEBI LODR.

Mr. J. M. Georges resigned as a Director of the Company with effect from 20th July 2015. Your Directors have placed on record their appreciation of the services rendered by him during his tenure as Director.

The Board has appointed Mr. P. Chocot as Director in the casual vacancy caused by the resignation of Mr. J. M. Georges.

Mr. J. Silvestre was appointed a Director of the Company in the casual vacancy caused by the resignation of Mr. A. Ortolí who had resigned in January 2015. Mr. Silvestre holds office upto the Annual General Meeting and is eligible for election.

The Board of Directors has re-appointed Dr. S. Ayyangar as the Managing Director for a term of five years from 25th October 2015, subject to the approval of the Members of the Company.

Mr. N. Rajaram, Mr. A. Sood and Mr. L. Guerin have been appointed as Alternates to Mr. Silvestre, Mr. Chocot and Mr. F. Briens, respectively with effect from 21st October 2015. They, being employees of the Company, have been appointed as Wholetime Directors, subject to the approval of the Members of the Company.

Dr. S. Ayyangar, Managing Director, Ms. Virginie Boucinha (Chief Financial Officer and Wholetime Director upto 23rd July 2015), Mr. L. Guerin, Chief Financial Officer (from 24th July 2015) and Wholetime Director (Alternate to Mr. F. Briens) (from 21st October



2015), Mr. N. Rajaram, Wholetime Director (Alternate to Mr. J. Silvestre) (from 21st October 2015), Mr. A. Sood, Wholetime Director (Alternate to Mr. P. Chocot) (from 21st October 2015) and Mr. K. Subramani, Company Secretary were the Key Managerial Personnel (KMP) during the year under review.

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

Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the Annexure to this Report.

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

As required by Regulation 34(2) of the SEBI LODR, a Cash Flow Statement is appended.

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

## **CORPORATE GOVERNANCE**

As required by Regulation 34 of the SEBI LODR, a Report on Corporate Governance is appended along with a Certificate of Compliance from the Auditors.

## **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.

## **DIRECTORS' TRAINING, FAMILIARISATION & EVALUATION AND NOMINATION AND REMUNERATION POLICY**

The Directors are regularly informed during meetings of the Board and Committees of the activities of the Company, its operations and issues facing the pharmaceutical industry. Considering the long association of the Directors with the Company and their seniority and expertise in their respective areas of specialization and knowledge of the pharmaceutical industry, their training and familiarisation were not considered necessary and accordingly no such programmes were conducted.

Pursuant to the provisions of the Companies Act, 2013 and Regulations 17 & 19 read with part D of Schedule II to the SEBI LODR, the Board has carried out an evaluation of the Directors as well as the evaluation of the Board and Committees. The process was carried out by circulating evaluation forms on the Board and Committees' functioning on certain parameters set out in the Performance Evaluation Policy adopted by the Board. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the non-Independent Directors including the Executive Directors was carried out by the Independent Directors. The Directors expressed satisfaction with the evaluation process and performance of the Board of Directors and Committees.

Your Board has adopted a Nomination and Remuneration Policy as required by Section 178 of the Companies Act, 2013. The policy provides for the appointment and removal of Directors, Key Managerial Personnel and Senior Management employees and their remuneration. The terms of reference of the Nomination and Remuneration Committee are given in the Report on Corporate Governance.

## **SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES**

Your Company does not have any subsidiaries or joint ventures. Fellow subsidiaries of Sanofi (ultimate holding company of the Company) are 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.

Based on the recommendation of the CSR Committee, your Board has adopted a CSR policy. The details of the composition of the CSR Committee, CSR policy, CSR initiatives and activities during the year are given in the Annual Report on CSR activities in Annex B 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 of raw materials and finished goods and exports of finished goods. The transactions were within the limits approved by the Members at the Fifty-ninth Annual General Meeting held on 29th April 2015.

Pursuant to Section 134 of the Companies Act, 2013 and rules made thereunder, particulars of transactions with related parties as required under Section 188 (1) of the Companies Act, 2013, in the prescribed form AOC-2 is annexed herewith as Annex C 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

Your Company has not given any guarantees or given new loans or made any new investments during the year under review. Details of the existing loans and investments made by your Company are given in the notes to the financial statements.

## RISK MANAGEMENT

Your Company has implemented a mechanism for risk management and has 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 are informed of the risk assessment and minimization procedures.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134(3) of the Companies Act, 2013, 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 2015 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 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 Companies 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 Companies 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 N.I.Mehta & Co. to audit the cost accounts maintained by the Company for bulk drugs and formulations for the financial year ending 31st December 2016. As required by the Companies Act, 2013, 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. N.I.Mehta & Co. as fixed by the Board is included in the Notice convening the Annual General Meeting.

The cost audit reports for the financial year ended 31st December 2014 were filed on 28th August 2015.

The cost audit reports for the financial year ended 31st December 2015 are required to be submitted by the Cost Auditor to the Board of Directors by 27th June 2016 and the same are required to be filed by the Company with the Central Government within 30 days of the receipt of the reports.

## **AUDITORS**

M/s. S R B C & CO. LLP, Chartered Accountants were appointed Statutory Auditors of your Company for a term of two years from the conclusion of the Fifty- ninth Annual General Meeting held on 29th April 2015 till the conclusion of the Sixty-first Annual General Meeting, subject to ratification by Members at every subsequent Annual General Meeting.

They have confirmed their eligibility and willingness to be re-appointed.

A resolution seeking ratification of their appointment has been included in the Notice convening the Annual General Meeting.

The Auditors have issued a clean report and there are no qualifications.

## **EXTRACT OF ANNUAL RETURN**

As required by Section 92 (3) of the Companies Act, 2013 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 Annexe D to this Report.

## **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 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. Their report is annexed herewith as Annexe E to this Report.

## **PERSONNEL**

Information required under the provisions of Sections 134(3)(q) and 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is respect of employees of the Company forms part of this report. Details of remuneration of managerial personnel as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also form part of this report.

In terms of the first proviso to sub-section (1) of Section 136 of the Companies Act, 2013, the report and accounts are being sent to the shareholders excluding the aforesaid information. Any shareholder interested in inspection of the documents pertaining to the above information or desires a copy thereof may write to the Company Secretary.

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

By Authority of the Board

**S. R. GUPTÉ**  
DIRECTOR  
DIN:00109548

**SHAILESH AYYANGAR**  
MANAGING DIRECTOR  
DIN:00268076

Mumbai, 23rd March 2016



# MANAGEMENT DISCUSSION AND ANALYSIS

## PHARMACEUTICAL MARKET

India is projected to be among the top 10 pharmaceutical markets globally by 2020. The Indian Pharmaceutical market has grown 12% in the past 5 years and it is projected that it will continue to grow at 12-13% in the next 5 years as well, as per IMS Prognosis report (Sep 2015).

The Indian Pharmaceutical Market for the year ended 31st December 2015 was estimated at over Rs. 1000 billion growing at 15% over the previous year. The market continues to be driven mainly by volumes and new introductions while only 3-4% of the total growth of 15% is attributed to price increases.

## OPPORTUNITIES AND THREATS

Increasing affordability among the fast growing middle class coupled with improving medical infrastructure and rising insurance penetration will continue to drive the growth of the industry.

The hospital segment in particular is expected to grow at a significant rate with continuing expansion of the corporate hospitals groups, especially in the metro cities.

The Ministry of Health and Family Welfare releases a list of National List of Essential Medicines (NLEM) whose prices are regulated by the Government. During the year under review, a revised NLEM was announced in which 106 new molecules have been added and 70 molecules were deleted from the earlier list of 2011. This is likely to be implemented in the first half of 2016; the pricing pressures will thus continue.

In 2016, the industry will have to mandatorily follow the Unified Code of Pharmaceutical Medical Practices (UCPMP) which was a voluntary code promulgated by the Department of Pharmaceuticals in 2015 to implement ethical marketing practices. Your Company is already following strict guidelines with regard to ethical dealings with Healthcare professionals and welcomes this initiative in the overall interest of the image of your industry and for the benefit of patients.

## SALES AND PROFITABILITY

During the year ended 31st December 2015, your Company had total net sales of Rs. 204,928 lakhs as against Rs. 187,500 lakhs in the previous year, representing a growth of 9.3%.

Profit before Tax and exceptional items increased from Rs. 30,606 lakhs to Rs. 39,701 lakhs, a growth of 29.75%. The Profit after Tax and exceptional items grew from Rs 26,361 lakhs to Rs 32,149 lakhs in the year ended 31st December 2015. The major reasons impacting profitability were:

- a) Higher sales and overall improvement in margins.
- b) Sale of your Company's Head Office building in Andheri, Mumbai in November 2015 for a total consideration of Rs. 11,100 lakhs. In addition, your Company also completed the sale in January 2015 of one floor in building called Hoechst House, Mumbai (four floors of which had been sold in 2014). The above transactions resulted in a Net Profit of Rs. 8,385 lakhs.

## DOMESTIC SALES REVIEW

Domestic sales, which constituted 73% of total net sales, increased from Rs. 137,726 lakhs in 2014 to Rs. 150,028 lakhs in 2015, reflecting a growth of 8.9%.

## PERFORMANCE REVIEW

Your Company is among the leading multinational companies (MNCs) in the pharmaceutical market. Over the years, it has demonstrated its commitment towards patients by building expertise, capability & capacity, through investments and strategic partnerships.



Your Company has over 3,500 employees, 2 state-of-the-art manufacturing sites in Ankleshwar and Goa and also exports to nearly 50 countries.

Your Company offers a wide variety of therapeutic solutions across Diabetes, Cardiovascular diseases, Anti Infectives, Central Nervous System, Consumer healthcare, Nutraceuticals, Anti-histamines, etc.

Four products of your Company viz. Lantus®, Combiflam®, Clexane® & Allegra® feature in the list of top 100 pharmaceutical brands in India. Lantus® was the 10th brand in the pharmaceutical market in December 2015.

#### **Diabetes:**

India has the second largest diabetic population in the world and hence there is a need for quality medicines at affordable price. Your Company is among the top companies in Diabetes with a significant presence in Oral anti diabetes and Insulins. With some of the flagship brands like Lantus® and Amaryl®, this team is one of the largest teams of your Company contributing to almost 25% of the turnover. The addition of 200 new people in the sales team has helped reach many more doctors and thus make the portfolio available to many more deserving patients.

The insulin portfolio has continued to grow double digits with its presence in Basal and Premix categories. The Oral portfolio has continued to grow despite an older, established brand like Amaryl® because of the successful line extensions. Two new line extensions were launched in 2015; namely Amaryl® MV and Semi-Amaryl®. Amaryl® MV is a fixed dose combination containing Glimepiride, Metformin and Voglibose and is recommended for the treatment of Type II diabetes mellitus patients when diet, exercise and second line therapy with two drugs do not result in adequate glycemic control. This formulation improves compliance of patients who require multiple therapies for adequate glycemic control. Semi-Amaryl® contains 0.5mg of Glimepiride and is recommended to be used as a first line therapy in Type II diabetes mellitus patients, when blood glucose levels cannot be controlled adequately by diet, physical exercise and weight reduction alone.

The team has always focused on high quality scientific interactions with doctors, sharing the latest updates in the management of diabetes and driving awareness and diagnosis through meetings, symposia and national conferences. A series of medical education programs were conducted aimed at educating physicians on appropriate and early Basal insulin initiation. A series of symposia were also conducted on building conviction on the superiority and safety of modern sulphonylureas and their continued relevance in the treatment of diabetes. A very strong patient support program, running successfully for over a decade has also helped patients in their journey in understanding the disease and improving their quality of life. Lantus® won the prestigious AWACS AIOCD industry award as the Best Brand of the year - Silver category for Marketing Excellence.

- Lantus® grew by 20% in value terms. It continues to be the no. 1 brand in the analog market.
- Insuman® and Apidra® each grew over 50% in value terms.
- Allstar™ pens, indigenously manufactured by your Company, have helped initiation of patients on the insulin portfolio.
- Amaryl® group continued to grow in value terms. By increasing the prescriber base and thus improved volume growth in the Amaryl® plain as well as its line extensions we have offset the value erosion due to the 44% price cuts in Amaryl® in the later part of 2014.
- Cetapin® group grew over 10% in value terms and is the 3rd largest brand in the crowded Metformin market.

#### **Cardiology:**

Your Company is present in anti-hypertensive drugs like Angiotensin Converting Enzyme Inhibitors (ACEi), Diuretics, Angiotensin Receptor Blockers (ARB) and recently entered Beta Blockers as well.

Cardace® group, the flagship brand in this team, continues to grow despite being in the market for over 2 decades. This has been possible due to the series of successful line extensions over the past 5 years. It continues to be the no. 1 ACE Inhibitor prescribed by Cardiologists, Diabetologists and Consulting Physicians. With the aim to enter the Beta blocker space, the team launched a new brand Metosan™ XR in 2015. It contains extended release form of Metoprolol Succinate Extended Release and is recommended in the treatment of essential hypertension, in the management of angina pectoris and in heart failure.





The team has continued to focus on highly scientific interactions with doctors and driving awareness in the areas of management of hypertension and importance of treating for long term Cardiovascular protection. The team partnered with the Indian Society of Hypertension to educate physicians on the latest advances in the management of hypertension.

#### **Consumer Healthcare division:**

Your Company acquired the Nutraceutical portfolio of Universal Medicare in 2011. This portfolio grew 6% in value terms over 2014. The creation of 2 teams namely Bone and Joint team and Women's Health team with clear focus on few strategic brands has helped the growth of this portfolio. The Bone and Joint team also launched a line extension of Collaflex® (recommended in the treatment of Osteoarthritis) by the name Collaflex® Pro in 2015. It is a fixed dose combination containing Bioactive Collagen Peptides, Glucosamine and Vitamin C which promotes cartilage health and supports mobility in patients of Osteoarthritis.

Your Company's iconic brands such as Combiflam® and Soframycin® have recorded a growth due to a larger reach of pharmacies and distributors. A trade program launched amongst wholesalers has helped growth of these iconic brands. Combiflam® group grew 6% in value terms. It is the second largest brand in the Non-steroidal Anti-inflammatory (NSAID) market. Soframycin® skin cream grew by 18%.

#### **Hospital:**

Your Company is present in Thrombosis and high end injectable Anti Infective categories. Clexane® continues to be the no. 1 anticoagulant brand. Clexane® grew in volumes due to increased penetration in key hospitals. The team launched campaigns to differentiate Clexane®, the original Enoxaparin vs. the biosimilars available in the market. A series of scientific medical symposia were conducted to improve the awareness of the risk of Deep Vein Thrombosis (DVT). A series of DVT risk assessment drives were conducted in key hospitals across the country.

#### **CNS:**

Your Company is mainly present in the Epilepsy market. Frisium® grew over 15% in value terms. It is ranked no. 6 in the highly competitive Anti-epileptic market. One of the successful initiatives of the team is "Seizure Free India" campaign, running successfully for over 6 years. This campaign aims at increasing the patient awareness on epilepsy and its management with the support of doctors. The team has also conducted numerous highly scientific programs aimed towards updating the Neurologists on the latest updates in the field of neurology and recent advances in the management of epilepsy. These updates were also shared with doctors through participation in national and international conferences.

#### **Anti-Histamines:**

One of the flagship brands of your Company, Allegra® group grew over 20% in value terms. It is the no. 1 brand in the anti-histamine market and Allegra® suspension is the no. 2 brand in the liquid anti-histamine market. The team stepped up the scientific marketing activities with surgical workshop based CMEs for ENT specialists and cross-specialty CMEs for discussions related to allergies.

#### **EXPORT SALES**

Exports which contributed to 27% of total net sales, crossed the Rs. 5 billion milestone for the first time with sales of Rs. 54,900 lakhs, representing a growth of 10% over 2014. There was a significant growth of 14% in volumes which was partially offset by the significant drop in the Euro.

Major markets were Germany, UK, Australia and Russia.

Top product groups were Paracetamol+Coedine tablets, Metformin tablets, Articaine Hydrochloride and Festal®.

There was a drastic reduction in volumes of some products exported to Russia such as Baralgin® ampoules, Baralgin® tablets and Trental range. Exports to Ukraine were impacted due to non-availability of a product.



There was a significant reduction in the volume of AllStar™ pens exported due to the absence of tenders.

Nutraceutical products were exported to Pakistan and Sri Lanka.

## MANUFACTURING OPERATIONS

In pursuance of its vision, overall manufacturing systems and processes witnessed significant improvements. Both the industrial sites embarked upon the journey towards implementation of Sanofi Manufacturing System for enhancing manufacturing performance excellence through LEAN Industrial Culture, Efficient operating systems and Agile end to end flows (ways of working). Athena Manufacturing system was successfully implemented for all manufacturing sites which intends to enhance overall process efficiency.

Key milestones were achieved in terms of industrial footprint with launch of new products, achieving highest ever volumes and commissioning of important projects.

Ankleshwar as well as Goa sites recorded highest ever production volumes of 5 billion and 3.5 billion tablets, respectively in 2015. Ankleshwar commenced its first generics exports to UK with exports of Paracetamol while Goa continued its generics journey with exports of Metformin and Glimipiride.

Your Company established a Chemistry and Biochemistry development (C&BD) center in Ankleshwar during the year. This is an important facility to support R&D projects for the Sanofi Group, provide in-house API sourcing solutions and permit small scale launches from the C&BD pilot plant.

Ankleshwar site contributed to the environmental cause with the commissioning of an overhead drainage system. The QA laboratory in Goa was remodeled to upgrade quality infrastructure. Ankleshwar site received formal MHRA GMP Compliance certification for 3 years. Goa site took another step towards compliance with international standards (GS1) with the implementation of 2D Barcoding for Metformin exports to France. Both sites were re-certified by ISO and OHSAS.

Goa site retained its Best in Class rank on various parameters studied in Global Pharma benchmarking conducted by McKinsey called "POBOS" in 2015. (The earlier study in 2013 had also ranked Goa as Best in Class.)

## MEDICAL AND REGULATORY AFFAIRS

In 2015, the Medical Affairs team, in collaboration with the Clinical Study Unit, Publications, Quality, and Marketing and Sales teams, undertook several initiatives that successfully enhanced the scientific image and credibility of the organization.

In the area of diabetes, the key focus for insulins has been on educating physicians on appropriate and early basal insulin initiation. To support the same, scientific content with certification of the Endocrine society, was rolled out across the regions which included many new territories in view of the geographical expansion. Regional Medical Advisors were also recruited this year to support the regions. Your Company conducted 3 scientific sessions in National Conferences and a symposium on Biosimilars and Place of Glargine among newer Insulins at the Research Society for the Study of Diabetes in India (RSSDI). In the hospital space, your Company has supported the development of In-hospital Management of T2DM, the IHOP initiative, which aims at developing a common protocol for diabetes management in hospitals.

In the oral diabetes portfolio, your Company supported the SAFES group in coming up with the South Asian consensus on the safe and smart use of Sulphonylureas, which was recently published in the Indian Journal of Endocrinology and Metabolism and will now be cascaded to more physicians. A health economic study was initiated on Insulins at a Government institute and received approval for an IST on use of basal plus compared to premix insulins in India.

In the area of Neurology, your Company participated/ conducted National Epilepsy Expert forums, International Speaker programs focusing on improving physician education on epilepsy management. In the area of psychiatry, your Company conducted Physician education and public awareness through International Speaker Programs and Awareness drives.

A meeting of the United Airway Disease Advisory Group was held to provide recommendations on management of Co-morbid Allergic Rhinitis with Asthma.



Clinical Research is the key to the development of new drugs and therapies. Since the effect of the drug is unknown, a lot of safety aspects, ethical aspects and regulatory aspects need to be taken into consideration while conducting a clinical trial. This demands investigators, hospital staff and ethics committee members to be properly trained and made aware on all the aspects of clinical research to ensure that the data received is accurate and credible and at the same time the rights safety and well-being of the subject (Clinical trial participant) is taken care of. To meet the challenges of this highly regulated industry, your Company routinely conducts training workshops called Clinical Excellence Programs (CEPs) for different stakeholders in clinical research including investigators/physicians, their hospital staff members and ethics committee members all over the country. As a part of your Company's knowledge-sharing mission, training programs were conducted covering over 125 attendees at hospitals across the country. These programs included training sessions on areas emphasizing ethical practice in clinical research with viewpoints from key opinion leaders and other relevant stakeholders involved in trials.

## HUMAN RESOURCES

Your Company had 3663 employees as on 31st December 2015.

The overall industrial relations atmosphere continued to be cordial.

A settlement has been signed with the internal Union representing the Medical Representatives on their Charter of Demands. The settlement is valid for the period from 1st April 2013 to 31st March 2016.

Negotiations are continuing with the Union representing the workmen in the Goa factory on their Charter of Demands as the earlier settlement had expired in March 2014.

A fresh Charter of Demands has been received from the Union representing the workmen in the Ankleshwar factory as the earlier settlement was valid till 31st December 2015.

During the year ended 31st December 2015, the Internal Complaints Committee constituted by the Company in accordance with Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, did not receive any complaints of sexual harassment from female employees.

## INTERNAL AUDIT AND CONTROL

Your Company's internal systems are adequate and commensurate with the size of operations. These controls ensure that transactions are authorised, recorded and reported on time. They ensure that assets are safe guarded and protected against loss or unauthorised 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 programme and findings of the Internal Audit department.

## DRUG POLICY

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

As a result of ceiling price fixation orders passed on 10th July 2014 by the National Pharmaceutical Pricing Authority (NPPA) under para 19 of DPCO 2013, prices of two products of your Company namely Cardace® and Amaryl® were significantly reduced. This continues to have adverse impact on the profitability of your Company. Your Company continues to sell the products at reduced prices in compliance with these orders.

The Organisation of Pharmaceutical Producers of India (OPPI) (of which your Company is a member) which had filed a Writ Petition in the Delhi High Court challenging these arbitrary price fixation orders is pursuing the same.

NPPA had, by notification issued in September 2014, reduced prices of two of your Company's products, Avil® and Lasix®. While complying with the prices notified under these notifications, your Company filed a Review Application with the Government against this



price fixation. Based on the orders passed by the Government, in March 2015, NPPA, in supersession of the prices notified in September 2014, notified revised prices, thereby restoring the prices prevalent prior to September 2014. Accordingly, there has been relief from the adverse impact of the prices notified in September 2014.

In December 2015, the Ministry of Health and Family Welfare, has notified the National List of Essential Medicines, 2015 (NLEM 2015). This list includes some major products of your Company namely Amaryl®, Broductum®, Cardace®, Cetapin®, Frisium® and Taxotere®. Under the provisions of DPCO 2013, ceiling prices of these products would be fixed by NPPA in due course. Your Company would have to reduce the prices of these products once the ceiling prices are notified. The impact on the profitability would be known only when the ceiling prices are notified.

#### **PROSPECTS FOR 2016**

Growth in volumes in domestic sales would be partially offset by the reduction in prices by the inclusion of new products in the National List of Essential Medicines. Measures have been planned for restricting Operating expenses. The activity in exports would stay stable.

The Ministry of Health and Family Welfare has, by a notification issued on 12th March 2016, banned the manufacture and sale of several fixed dose combinations. Your Company like other pharmaceutical companies has challenged the notification before the Delhi High Court, as its product Amaryl® MP is covered by the notification. However, it does not have a material impact on your Company as the turnover from this product constituted less than 0.4% of its turnover for 2015.

A Short Path Distillation Unit (SPDU) is being installed in the Ankleshwar factory for separation of high boiling impurities from main products. Taking energy optimization forward, Heat recovery boiler is planned to be installed in Ankleshwar to generate steam from exhaust flue gas & new vapor absorption machine to generate chilled water from jacket hot water.

There will be more exports of generics from Ankleshwar.

The effluent treatment plant in Goa will be upgraded.

#### **CAUTIONARY NOTE**

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



# ANNEXE A TO THE REPORT OF THE DIRECTORS

Statement containing particulars pursuant to Section 134(3)(m) of the Companies Act, 2013 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 2015.

## A. CONSERVATION OF ENERGY

### Energy Conservation measures undertaken in 2015:

#### Ankleshwar factory

- Heat recovery installation with Oil free screw air compressor
- Auto tube brushing system installed and commissioned with Screw chiller
- Installation of VFD with Boiler feed water pump of 6 TPH Thermax boiler
- Full diameter impeller replaced by new trimmed impeller in Chilled Water Circulation Pump (CHWCP)
- Wet part coating of CHWCP
- Brine plants' cooling water and brine water inlet valves operation through electrical actuator

#### Goa factory

- Installation of false ceiling in Warehouse for reduction of heat from roof reflection
- 72 watts light fittings (60 nos.) in Administration building replaced with 32 watts LED lights

### Energy conservation measures proposed to be taken in 2016:

#### Ankleshwar factory

- Incorporating Heat recovery boiler generating 560 kg / hr steam and 163 TR Vapour Absorption Machine in existing 1.063 MW Natural gas operated cogeneration plant to save Natural gas

#### Goa factory

- Chiller performance and energy consumption monitoring on daily basis
- Compressed air wastage identification and remediation



REQUISITE DATA IN RESPECT OF ENERGY CONSUMPTION ARE GIVEN BELOW:

POWER & FUEL CONSUMPTION		YEAR ENDED 31.12.2015	YEAR ENDED 31.12.2014	REASONS FOR VARIATION	
1.	ELECTRICITY				
(a)	Purchased Units	Million KWH	21.247	21.875	Change in product mix impacting consumption
	Total Amount	Rs. Million	140.921	174.363	Lower rate charged by new power supplier in Goa partially offset by increased rate in Ankleshwar
	Rate/Unit	Rs.	6.633	7.971	
(b)	Own Generation				
(i)	Through Diesel Generator Units	Million KWH	0.634	0.714	Increased power outages in Goa
	Units per litre of Diesel Oil	KWH	3.841	4.329	Increase in rate of HSD partially offset by higher generation
	Cost/Unit	Rs.	14.000	12.421	
(ii)	Through Steam Turbine / Generator		NIL	NIL	
2.	COAL		NIL	NIL	
3.	FURNACE OIL / LSHS				
	Quantity	K.Lit	0	10	
	Total amount	Rs. Million	0	0	
	Average rate per K.Lit	Rs.	0	0	
4.	NATURAL GAS				
	Quantity	M3	2,875,136	3,204,649	
	Total Amount	Rs. Million	101.83	136.274	
	Average Rate	Rs.	35.42	42.524	Reduction in gas price due to reduction in crude prices
5.	BIOMASS				
	Quantity	Tonnes	2,236	2,388	
	Total amount	Rs. Million	13.89	12.64	
	Average Rate per Tonne	Rs.	6.214	5.295	

**CONSUMPTION PER UNIT OF PRODUCTION**

Product	Unit of Production	Standards (If any)	YEAR ENDED 31.12.2015	YEAR ENDED 31.12.2014	REASONS FOR VARIATION
1. ELECTRICITY-KWH					
Bulk Drugs	Tonnes	NONE	9,307	11,015	Consumption depends on product mix
Bulk Drugs	K.Lits	NONE	-	-	
Formulations	Million Units	NONE	1,634	1,529	
2. FURNACE OIL / LSHS (K.LIT)					
Bulk Drugs	Tonnes	NONE	-	-	Consumption depends on product mix
Bulk Drugs	K. Lits	NONE	-	-	
Formulations	Million Units	NONE	0.000	0.000	
3. NATURAL GAS (IN THOUSAND M3)					
Bulk Drugs	Tonnes	NONE	0.599	0.515	Consumption depends on product mix
Bulk Drugs	K. Lits	NONE	-	-	
Formulations	Million Units	NONE	0.008	0.007	

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

Specific areas in which R&D carried out :

No basic research is carried out by the Company.

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

Expenditure on R&D

- |   |               |
|---|---------------|
| a) Capital  | Rs. 81 lakhs  |
| b) Revenue  | Rs. 459 lakhs |
| c) Total  | Rs. 540 lakhs |
| d) Total R&D Expenditure as a percentage of total turnover : 0.26 % |               |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- |                                  |                  |
|----------------------------------|------------------|
| a) Total Foreign Exchange used   | Rs. 58,497 lakhs |
| b) Total Foreign Exchange earned | Rs. 66,802 lakhs |

By Authority of the Board

**S. R. GUPTE**  
DIRECTOR  
DIN:00109548

**SHAILESH AYYANGAR**  
MANAGING DIRECTOR  
DIN:00268076

Mumbai, 23rd March 2016

## ANNEXE B TO THE REPORT OF THE DIRECTORS

# REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

SANOFI INDIA LIMITED's ('The Company') approach towards Corporate Social Responsibility (CSR) is to focus on health: Access and awareness, where it can make a difference and have the most impact.

A brief outline of the Company's Corporate Social Responsibility ('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 will engage in Public-Private Partnership (PPP) projects aimed at effectively and transparently implementing healthcare programs for marginalized communities.
- The Company has strong Governance which plans and monitors its CSR activities.

The policy on Corporate Social Responsibility is available on the Company website [www.sanofiindia Ltd.com](http://www.sanofiindia Ltd.com)

Below is a summary of the programs which are being implemented:

- 1. Reducing health inequalities around our manufacturing sites:**
  - a. Close to our manufacturing plant in **Ankleshwar**, we have associated with **SEWA Rural** hospital to improve maternal and infant health for the tribal villages of Jhagadia.  
**Impact:** 17,627 patients benefitted in 2015
  - b. In association with **Voluntary Health Association of Goa**, close to our plant in Goa, we regularly conduct health camps in schools to check immunization status, nutritional deficiencies, personal hygiene & other chronic diseases.  
**Impact:** 3,936 children benefitted in 2015
- 2. Public Private Partnership (PPP) with the Government of Maharashtra:** Sanofi India has broadened the parameters of its long running Diabetes Patient Counseling Program, 'Saath7'. Under this umbrella, we are additionally conducting a PPP in the area of Non-Communicable Diseases (NCD).
  - a. **PPP Launch:** October 2014
  - b. **PPP Goal:** To upgrade the knowledge of healthcare personnel (counselors and nurses) about the management of patients with diabetes, hypertension, CVD and Cancer.
  - c. **Commitment:** Over the next 5 years, Sanofi India will support the Maharashtra State Government in training counselors and nurses from NCD cells across all the 35 districts and impact the lives of 103 million people (excluding Mumbai) across Maharashtra; install 6500 hoardings and posters on patient information in the area of diabetes and hypertension in government hospitals across 35 districts.
  - d. **PPP Impact till December 2015:** Completed training in Module 1 of 311 counselors and nurses in 11 districts and Module 2 in 5 districts. Installed 1011 hoardings and posters in 255 hospitals/Community Health Centers in 17 districts.  
Reached out to approx. 20 million people through awareness posters.

*In 2015, Sanofi India won the Asian CSR Leadership Award for its PPP.*

The award is hosted by Asian Confederation of Businesses. Asian Leadership Awards salute remarkable business leaders and organizations in Asia for their continuing commitment to excellence, developing best practices and innovative strategies.

The awards define and celebrate vision, uphold the spirit of achievement and recognize excellence in business leadership in Asia.





3. **Promoting training amongst Health Care Professionals (HCPs) on critical healthcare and CVD risk identification:** While patients are treated in hospitals, training of the HCPs in critical issues like DVT management, communication to family members of terminally ill patients and pharmacovigilance takes a back seat. Sanofi India with its experience in training holds awareness initiatives for HCPs in an attempt to improve the life of the patients.

**Impact:** Trained 2,290 HCPs in 2015

**Educating HCPs on CVD risk identification:** Sanofi India implements a number of actions to enable early identification of CV risk in the population, thus allowing early management of the disease.

**KIDS:** (Kids with Diabetes in Schools) was launched in 2014 with International Diabetes Federation (IDF) and Public Health Foundation of India (PHFI).

**Impact:** 28,000 children and 800 teachers have been trained through the kit in 2015.

4. **Saath 7:** 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.

Saath 7 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 100,000 patients in 2015

5. **Action against Diabetes:** To aid detection of undiagnosed diabetic patients and give them the benefit of Diabetes care.

**Impact:** 180,000 people in 2015

6. **Gyan Express:** An initiative to mentor underprivileged children in schools from Mumbai, Delhi, Chennai, Kolkata, Goa and Ankleshwar. Sanofi employees give the gift of their time and effort to uplift the children's morale, build aspirations and add grace to their growth.

**Impact:** Mentored 350 children in 2015

7. **Responding to humanitarian emergencies:**

Sanofi generously contributed to the Prime Minister's National Relief Fund for the affected people of the Jammu & Kashmir floods and for the rehabilitation of the earthquake affected people of Nepal. More recently, we have contributed medicines towards the Chennai flood relief efforts.

**Impact:** Reached medicines to approximately 15,000 people in 2015

8. **Others:**

**Fun Centers:** We have 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:** 8,134 children benefitted in 2015

**Reducing Maternal Mortality Rate:** Sanofi employees regularly volunteer towards an OPPI project to reduce maternal and child mortality in Jawahar, Maharashtra.

**Impact:** 592 pregnant mothers benefitted in 2015

**Healthy Children Happy Children:** The largest student led campaign for children's health which championed the cause in 4 cities - Delhi, Mumbai, Hyderabad and Chennai.



Composition of the Corporate Social Responsibility Committee:

Name of Director	Category
Rangaswamy Iyer	Chairman of the Committee; Independent Director
Shailesh Ayyangar	Member; Managing Director
Virginie Boucinha	Member; Executive Director (upto 23-07-2015) and Non-Executive Director (from 24-07-2015)

Average net profit before tax of the Company for the last three financial years: Rs. 31,028 Lakhs

Prescribed CSR expenditure (2% of the amount as above): Rs. 621 Lakhs

Sr. No.	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. Lakhs)	Amount spent on the projects or programs Sub-heads : 1. Direct expenditure on projects/programs 2. Overheads (Rs. Lakhs)	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Reducing health inequalities around our manufacturing sites	Health	Ankleshwar, Goa	13	16.8	16.8	Implementing agencies: SEWA Rural (NGO) Voluntary Health Association of Goa (NGO)
2.	Public Private Partnership with the Government of Maharashtra	Health	17 districts of Maharashtra	50	50.8	50.8	Implementing agencies: Project HOPE, Conexus
3.	Promoting training amongst HCPs on critical healthcare and CVD risk identification	Health	Pan India	45	47.8	Direct	
4.	Saath 7	Health	Pan India	450	418.3	418.3	Implementing agencies - Saarthi, Alps
5.	Action Against Diabetes	Health	Pan India	50	48.7	48.7	Direct
6.	Gyan Express	Education	Metro cities in India	13	19.4	19.4	Implementing agency - Concern India Foundation
7.	Responding to Humanitarian Emergencies	Others	Jammu & Kashmir and Nepal	-	47.9	47.9	Donation to Prime Minister's National Relief Fund
8.	Others: Fun Centers and Employee volunteering program	Health	Jawahar in Maharashtra, Delhi, Jodhpur, Bangalore, Mumbai, Chennai, Hyderabad	4	13.4	13.4	Implementing agencies - OPPI, Bai Jerbai Wadia Hospital
	<b>Total</b>			<b>625</b>	<b>663.3</b>	<b>663.3</b>	



**Shortfall in CSR spend, if any**

There has been no shortfall in the CSR spend. For the financial year ended 31st December 2015, the prescribed CSR expenditure was Rs. 621 lakhs and the actual CSR spend was Rs. 663.3 lakhs.

**Responsibility statement:**

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

**For and on behalf of the CSR Committee**

**RANGASWAMY R. IYER**  
CHAIRMAN, CSR COMMITTEE  
DIN:00474407

**SHAILESH AYYANGAR**  
MANAGING DIRECTOR  
DIN: 00268076

Mumbai, 3rd February 2016

## ANNEXE C 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 Companies Act, 2013 including certain arm's length transactions under third proviso thereto

i. **Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered into during the year ended 31st December 2015 which were not at arm's length basis.

ii. **Details of material contracts or arrangements or transactions at arm's length basis:**

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st December 2015 were as follows:

Sr. No.	Name of the Related Party and nature of relationship	Nature of Transactions	Duration	Salient Terms	Amount (Rs.)
1	sanofi-aventis Singapore Pte Ltd. (Fellow Subsidiary)	Sale of Finished Goods	Ongoing	On arm's length basis and in the ordinary course of business.	4,198,006,678
		Sale of Raw/ Bulk Materials	Ongoing		798,657,643
		Services provided (Income)	Ongoing		1,254,745,297
		Services received (Expense)	Ongoing		3,641,404
		Purchase of Finished Goods	Ongoing		2,732,289,777
		Purchase of Raw/ Bulk Materials	Ongoing		1,162,163,037

Approval of the Board of Directors has been taken for these transactions on 4th February 2016 and by resolution passed by Members of the Company at the Annual General Meeting held on 29th April 2015. No advances have been paid or received against the transactions mentioned above.

By Authority of the Board

S. R. GUPTA  
DIRECTOR  
DIN : 00109548

SHAILESH AYYANGAR  
MANAGING DIRECTOR  
DIN : 00268076

Mumbai, 23rd March 2016

## ANNEXE D TO THE REPORT OF THE DIRECTORS

### Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST DECEMBER 2015

[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:

i.	CIN	L24239MH1956PLC009794
ii.	Registration Date	02/05/1956
iii.	Name of the Company	Sanofi India Limited
iv.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Govt. Company
v.	Address of the Registered office and contact details	Sanofi House, CTS NO.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072 Tel no. (022) 28032000 Fax no. (022) 28030939 Email: igrc.sil@sanofi.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B. S. Marg, Bhandup (West), Mumbai 400078 Tel no. : (022) 25963838 Fax no. : (022) 25945960 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 (87)
2.	Sanofi SA, 54, rue la Boetie, Paris 75008, France	Foreign Company	Ultimate Holding Company	0.02	Sections 2 (46) and 2 (87)

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1) :</b>	-	-	-	-	-	-	-	-	-
<b>2) Foreign</b>									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	13,909,587	-	13,909,587	60.4	13,909,587	-	13,909,587	60.4	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2) :</b>	<b>13,909,587</b>	-	<b>13,909,587</b>	<b>60.4</b>	<b>13,909,587</b>	-	<b>13,909,587</b>	<b>60.4</b>	-
<b>Total Shareholding of Promoters (A) = (A) (1) + (A) (2)</b>	<b>13,909,587</b>	-	<b>13,909,587</b>	<b>60.4</b>	<b>13,909,587</b>	-	<b>13,909,587</b>	<b>60.4</b>	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2,771,392	50	2,771,442	12.03	3,296,859	50	3,296,909	14.32	2.29
b) Banks / FI	19,307	700	20,007	0.09	50,747	700	51,447	0.22	0.13
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	534,611	-	534,611	2.32	524,501	-	524,501	2.28	(-0.04)
g) FIs / FPIs	3,368,630	500	3,369,130	14.63	2,823,233	500	2,823,733	12.26	(-2.37)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	<b>6,693,940</b>	<b>1,250</b>	<b>6,695,190</b>	<b>29.07</b>	<b>6,695,340</b>	<b>1,250</b>	<b>6,696,590</b>	<b>29.08</b>	<b>0.01</b>

<b>2. Non Institutions</b>										
a) Bodies Corp.										
(i) Indian	1,053,736	1,252	1,054,988	4.58	983,404	1,252	984,656	4.28	(-0.30)	
(ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	880,851	233,355	1,114,206	4.84	943,781	221,240	1,165,021	5.06		0.22
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	40,650	-	40,650	0.18	-	-	-	-	-	(-0.18)
c) Others										
Non-Resident Indians (with repatriation benefits)	8,201	50	8,251	0.04	15,471	50	15,521	0.07		0.03
Non-Resident Indians (without repatriation benefits)	195,287	350	195,637	0.85	201,273	150	201,423	0.87		0.02
Overseas Corporate Bodies	500	-	500	-	500	-	500	-		-
Trusts	334	100	434	-	686	100	786	-		-
Clearing Members	6,149	-	6,149	0.03	23,245	-	23,245	0.10		0.07
Hindu Undivided Families (HUFs)	4,750	200	4,950	0.02	33,113	100	33,213	0.14		0.12
Directors / Relatives	-	80	80	-	-	80	80	-		-
<b>Sub-total (B) (2)</b>	<b>2,190,458</b>	<b>235,387</b>	<b>2,425,845</b>	<b>10.53</b>	<b>2,201,473</b>	<b>222,972</b>	<b>2,424,445</b>	<b>10.52</b>		<b>(-0.01)</b>
<b>Total Public Shareholding</b>										
<b>(B) = (B) (1) + (B) (2)</b>	<b>8,884,398</b>	<b>236,637</b>	<b>9,121,035</b>	<b>39.60</b>	<b>8,896,813</b>	<b>224,222</b>	<b>9,121,035</b>	<b>39.60</b>		<b>--</b>
<b>Total (A+B)</b>	<b>22,793,985</b>	<b>236,637</b>	<b>23,030,622</b>	<b>100</b>	<b>22,806,400</b>	<b>224,222</b>	<b>23,030,622</b>	<b>100</b>		<b>--</b>

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	4,865	0.02	–	4,865	0.02	–	–
	<b>Total</b>	<b>13,909,587</b>	<b>60.40</b>	<b>–</b>	<b>13,909,587</b>	<b>60.40</b>		

iii. Change in Promoters' Shareholding

Sr. No.		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	60.4	13,909,587	60.4
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	60.4	13,909,587	60.4

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

Sr. No.	Names of the Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1.	Reliance Capital Trustee Co. Ltd. A/c. Reliance Equity Opportunities Fund	1,287,005	5.59	1,075,925	4.67
2.	Aberdeen Global Indian Equity Limited	1,238,883	5.38	968,883	4.21
3.	UTI Mastershare Unit Scheme	464,596	2.02	566,646	2.46
4.	Aberdeen Global Asian Smaller Companies Fund	1,100,454	4.78	530,163	2.30
5.	Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life Frontline Equity Fund	248,183	1.08	476,603	2.07
6.	Life Insurance Corporation of India	432,207	1.88	418,989	1.82





7.	Franklin Templeton Mutual Fund - A/c. Franklin India High Growth Companies Fund	140,000	0.61	395,000	1.72
8.	HDFC Standard Life Insurance Company Limited	360,213	1.56	321,200	1.39
9.	The India Fund Inc.	320,000	1.39	300,000	1.30
10.	Axis Mutual Fund Trustee Limited A/c. Axis Mutual Fund A/c. Axis Midcap Fund	117,615	0.51	222,215	0.96
11.	Bajaj Allianz Life Insurance Company Ltd.	288,087	1.25	173,681	0.75
12.	ICICI Prudential Balanced Fund	375,331	1.63	108,231	0.47

Note: The change in the shareholding of the above shareholders was due to buying/ selling of shares by them on various dates. The Company has not allotted any shares, issued bonus/sweat equity shares during the year.

#### v. Shareholding of Directors and Key Managerial Personnel (KMP)

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	
1.	Dr. Vijay Mallya, Chairman			
	At the beginning of the year	80	-	80
	Increase/ Decrease in shareholding	-	-	-
	At the end of the year	80	-	80
2.	Mr. K. Subramani, KMP (Company Secretary)			
	At the beginning of the year	300	-	300
	Increase/Decrease in shareholding	-	-	-
	At the end of the year	300	-	300

N.B. No other Director or KMP holds shares in the Company

#### V. INDEBTEDNESS

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

	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)

Sl. No.	Particulars of Remuneration	Name of the Director					Total Amount
		Shailesh Ayyangar Managing Director	Virginie Boucinha Chief Financial Officer and Wholetime Director upto 23.07.2015	L. Guerin Chief Financial Officer from 24.07.2015 and Wholetime Director (Alternate to Mr. F. Briens) from 21.10.2015	N. Rajaram Wholetime Director (Alternate to Mr. J. Silvestre) from 21.10.2015	A. Sood Wholetime Director (Alternate to Mr. P. Chocat) from 21.10.2015	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.54	4.13	1.15	4.56	1.82	24.20
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2.61	10.62	1.02	1.19	0.37	15.81
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961						
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission						
	- as % of profit						
	- others, specify						
5.	Others, please specify						

6.	Total (A)	15.15	14.75	2.17	5.75	2.19	40.01
7.	Ceiling as per the Act						Rs. 397.8 million being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013

**B. Remuneration to other directors:**

(In Rs. Million)

Sl. No.	Particulars of Remuneration	Name of Director			Total Amount
		S. R. Gupte	A. K. R. Nedungadi	Rangaswamy R. Iyer	
1.	Independent Directors				
	Fee for attending board / committee meetings	0.68	0.68	0.73	
	– Commission	0.45	0.45	0.45	
	– Others, please specify	–			
	Total B (1)	1.13	1.13	1.18	3.44
	Other Non-Executive Directors				
	Fee for attending board / committee meetings				
	– Commission	0.20			
	– Others, please specify	0.75			
	Total B (2)	0.95			0.95
	Total (B) = (B1+B2)				4.39
	Total Managerial Remuneration				44.40
	Overall Ceiling as per the Act				Rs. 437.6 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)

Sl.	Particulars of Remuneration	Key Managerial Personnel
		K.Subramani Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.02
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.43
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	
2.	Stock Option	
3.	Sweat Equity	
4.	Commission - as % of profit - others, specify	
5.	Others, please specify	
6.	Total	7.45

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)
<b>A. Company</b>			NIL		
Penalty					
Punishment			NONE		
Compounding					
<b>B. Directors</b>			NIL		
Penalty					
Punishment			NONE		
Compounding					
<b>C. Other Officers In Default</b>			NIL		
Penalty					
Punishment			NONE		
Compounding					

By Authority of the Board

S. R. GUPTA  
DIRECTOR  
DIN: 00109548

SHAILESH AYYANGAR  
MANAGING DIRECTOR  
DIN : 00268076

Mumbai, 23rd March 2016

# ANNEXE E 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 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.

For S. N. ANANTHASUBRAMANIAN & CO.  
Company Secretaries  
Firm Registration No. P1991MH040400

S.N. Ananthasubramanian  
Partner  
C. P. No. 1774

Date : 1st February, 2016  
Place: Thane



# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st December, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.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 - 400 072

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st December 2015**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st December, 2015** 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. The 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**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
  - a. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable as there was no reportable event;**
  - e. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - **Not Applicable as there was no reportable event;**
  - f. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable as there was no reportable event;**
  - g. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable;**
  - h. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable as there was no reportable event;**
  - i. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable as there was no reportable event;**



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

1. The Drugs and Cosmetics Act, 1940;
2. The Drugs and Magic Remedies (Objectionable Advertisement), 1954;
3. Drugs Pricing Control Order, 2013;
4. The Pharmacy Act, 1948;
5. The Narcotic Drugs and Psychotropic Substances Act, 1985;
6. Food and Safety Standards Act, 2006.

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

- (i) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) and made applicable w.e.f. 1st July, 2015;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made applicable w.e.f. 1st December, 2015;

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 and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least Seven Days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the 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 commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and

- > as informed, the Company has responded to notices for demand, claims, penalties, etc., levied by various statutory/ regulatory authorities and initiated actions for corrective measures, wherever found necessary.
- > No significant legal / arbitral proceedings are pending against the Company. Show Cause and Demand Notices received from Authorities are being suitably dealt with.

**We further report that** during the audit period, there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc, referred to above.

**For S. N. ANANTHASUBRAMANIAN & CO.**  
Company Secretaries  
Firm Registration No. P1991MH040400

**S. N. Ananthasubramanian**  
Partner  
C. P. No. 1774

Date : 1st February, 2016  
Place : Thane



# REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), a Report on Corporate Governance is given below:

## A. MANDATORY REQUIREMENTS

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

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

### 2. Board of Directors

(As on 31st December 2015)

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

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

During the year ended 31st December 2015, four Board Meetings were held on 20th February 2015, 29th April 2015, 21st July 2015 and 20th October 2015.

Attendance of each Director at the Board Meetings in 2015 and the last Annual General Meeting and the number of Companies and Committees where he / she is Director/Member (as on 31st December 2015) :

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 29th April 2015	No. of listed companies in which Director (including Sanofi India Limited)	No. of Committees in which Member (including Committees of Sanofi India Limited)***
Dr. Vijay Mallya	Non - Executive Chairman	4	Yes	6	NIL
Dr. Shailesh Ayyangar	Managing Director	4	Yes	1	1
Mr. F. Briens*	NED	3	No	1	NIL
Ms. Virginie Boucinha**	ED (upto 23.7.2015) NED (from 24.7.2015)	2	Yes	1	Nil
Mr. P. Chocat*	NED (from 21.7.2015)	-	-	1	Nil
Mr. S. R. Gupte	Independent NED	4	Yes	1	2
Mr. A. K. R. Nedungadi	Independent NED	4	Yes	3	4
Mr. J. Silvestre*	NED (from 21.7.2015)	1	-	1	Nil
Mr. Rangaswamy R. Iyer	Independent NED	4	Yes	1	2





Mr. L. Guerin**	Alternate to Mr. F. Briens (from 21.10.2015)	-	-	1	Nil
Mr. N. Rajaram**	Alternate to Mr. J. Silvestre (from 21.10.2015)	-	-	1	Nil
Mr. A. Sood**	Alternate to Mr. P. Chocat (from 21.10.2015)	-	-	1	Nil

ED - Executive Director

NED - Non Executive Director

\*Employees of Sanofi Group companies

\*\* Executive Director for part of the year

\*\*\* Includes only Audit Committee and Stakeholders Relationship Committees of public limited companies

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

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately or placed at the meeting) to enable the Board to take informed decisions. Agenda papers are circulated seven days prior to the Board Meeting. In addition, for any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for ratification / approval.

The Board of Directors periodically reviews compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

### 3. Audit Committee

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

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

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

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committees under Clause 49 of the Listing Agreement/ Regulation 18 read with Part C of Schedule II to the SEBI LODR and Section 177 of the Companies Act, 2013.

Seven Meetings were held during the year ended 31st December 2015. Mr. Gupte, Mr. Nedungadi and Mr. Rangaswamy Iyer attended all the meetings. Dr. Ayyangar attended five of the seven meetings.

### 4. Nomination & Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. S R Gupte, Chairman, Mr. A K R Nedungadi and Mr. Rangaswamy Iyer, all of whom are Independent Directors. Four meetings were held during the year which were attended by all the three Members.

The terms of reference of the Committee are in line with the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement/ Regulation 19 read with Part D of Schedule II to the SEBI LODR.

The terms of reference of the Committee are:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director, to recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

## Remuneration Policy

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

### a) For Executive Directors

The Board of Directors/ Nomination and Remuneration Committee of Directors is authorised to decide the remuneration of the Wholetime Directors, subject to the approval of the Members and Central Government, if required. The remuneration structure comprises of Salary, Perquisites, Retirement benefits as per law/ rules, Performance Linked Incentive (PLI). Annual increments are decided by the Board of Directors within the salary range approved by the Members.

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

The details of remuneration paid to the Executive Directors during the financial year January - December 2015 are given below:

Names of Directors	Salary and Allowances ** Rs.	Perquisites*** Rs.	Retirement Benefits**** Rs.
Dr. S. Ayyangar	12,527,112	1,828,486	785,880
Ms. Virginie Boucinha*	4,133,625	10,510,925	110,939
Mr. L. Guerin*	1,148,273	969,935	47,969
Mr. N. Rajaram*	4,560,818	975,356	212,440
Mr. A. Sood*	1,822,218	287,075	82,002

\*For part of the year

\*\* Includes Performance Bonus

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

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

### NOTES

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

### b) Non-Executive Directors

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



Names of Directors	Sitting Fees paid during the year ended 31st December 2015 Rs.	Commission paid during the year ended 31st December 2015 (for the previous financial year ended 31st December 2014) Rs.
Dr. Vijay Mallya*	200,000	750,000
Mr. S. R. Gupte	680,000	450,000
Mr. A. K. R. Nedungadi	680,000	450,000
Mr. Rangaswamy R. Iyer	730,000	450,000

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

Pursuant to the provisions of the Companies Act, 2013 and Regulations 17 & 19 read with part D of Schedule II to the SEBI LODR, the Board has carried out an evaluation of the Directors as well as the evaluation of the Board and Committees. The process was carried out by circulating evaluation forms on the Board and Committees' functioning on certain parameters set out in the Performance Evaluation Policy adopted by the Board. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the non-Independent Directors including the Executive Directors was carried out by the Independent Directors.

#### 5. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. S. R. Gupte, Chairman, Mr. A. K. R. Nedungadi and Mr. Rangaswamy R. Iyer.

One Meeting of the Committee was held during the year ended 31st December 2015 which was attended by all the three Members of the Committee.

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

The Company's Registrars, Link Intime India Private Limited had received 639 letters / requests during the year, dealing with various subjects such as revalidation/non-receipt of dividend warrants, change of address, registration of nominations, non-receipt of share certificates, etc. All these matters were resolved to the satisfaction of the shareholders/investors.

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

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

#### 6. Corporate Social Responsibility (CSR) Committee (mandatory under Companies Act, 2013)

The Corporate Social Responsibility Committee comprises of Mr. Rangaswamy R. Iyer, Chairman (who is an Independent Director), Dr. S. Ayyangar (Managing Director) and Ms. Virginie Boucinha (Director).

Two meetings of the Committee were held during the year. Mr. Rangaswamy Iyer and Dr. S. Ayyangar attended both the meetings and Ms. Virginie Boucinha attended one of the two meetings.

#### 7. Separate meetings of Independent Directors

As required by Clause 49 of the Listing Agreement/ SEBI LODR, the Independent Directors held two separate meetings during the year ended 31st December 2015. All three Independent Directors attended both the meetings.

The Independent Directors discussed/ reviewed the matters specified in Clause 49 of the Listing Agreement/ Regulation 25 (2) of the SEBI LODR.

#### 8. Risk Management Framework

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



## 9. Code of Conduct and Business Ethics

The Company has adopted a Code of Conduct and Business Ethics for Directors and Senior Management of the Company, as required by Clause 49 I D of the Listing Agreement/ Regulation 17 (5) (a) of the SEBI LODR. The Company has received confirmations from the Directors and Senior Management regarding compliance with the Code for the year ended 31st December 2015. 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](http://www.sanofiindiaLtd.com).

## 10. Whistleblower Policy

As required by Clause 49 of the Listing Agreement / SEBI LODR, the Company has a Whistleblower Policy which has been displayed on its website, [www.sanofiindiaLtd.com](http://www.sanofiindiaLtd.com).

No personnel have been denied access to the Audit Committee.

## 11. 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. Mr.K.Subramani, Company Secretary is the Compliance Officer. The Code of Conduct is applicable to all Directors and such identified employees of the Company as well as of Sanofi Group companies in Mumbai who are expected to have access to unpublished price sensitive information relating to the Company.

## 12 (a) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
January - December 2012	30.4.2013	2.45 p.m.	Y. B. Chavan Centre - Auditorium, Mumbai
January - December 2013	29.4.2014	2.30 p.m.	Y. B. Chavan Centre - Auditorium, Mumbai
January - December 2014	29.4.2015	2.30 p.m.	Y. B. Chavan Centre - Auditorium, Mumbai

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

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

At this meeting, there are no Special Resolutions for which the SEBI LODR or the Companies Act / Rules has recommended/mandated postal ballot.

## 12 (b) Postal Ballot

A postal ballot was conducted in March-April 2015 for the election of the three Independent Directors. All of them were elected by overwhelming majority for a term of five years each from 31st March 2015.

Mr. S. N. Ananthasubramanian, Practising Company Secretary was appointed by the Board of Directors to conduct the postal ballot in a fair and transparent manner.

## 13. 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 certain related party transactions. The same are reviewed on a quarterly basis by the Audit Committee. Transactions with related parties have also been disclosed in Note no.30 of the Financial Statements.

Policy on transactions with related parties has been displayed on the Company's website [www.sanofiindiaLtd.com](http://www.sanofiindiaLtd.com).

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



- c) The Company has also complied with and adopted the mandatory requirements of Clause 49 of the Listing Agreement/ SEBI LODR.
- d) In line with the requirements of the Clause 49 of the Listing Agreement/ Regulation 17 (9) of the SEBI LODR, the Audit Committee and the Board of Directors reviewed the Management's perception of the risks facing the Company and measures taken to minimise the same.
- e) As required by Regulation 17 (8) of the SEBI LODR, the Managing Director and the Chief Financial Officer have submitted a Certificate to the Board of Directors in the prescribed format for the financial year ended 31st December 2015. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

#### 14. Means of Communication

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

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

##### Quarterly Results :

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

##### Any Website where displayed :

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

##### Whether it also displays official News releases :

Yes

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

- i) Economic Times or Business Standard
- ii) Maharashtra Times or Sakal

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

Yes

#### 15. General Shareholder Information

**AGM Date, Time and Venue :** Friday, 29th April 2016 at 2.45 p.m. at Y.B. Chavan Centre - Auditorium, Gen. J. Bhosale Marg, Nariman Point, Mumbai 400 021

##### Financial Calendar - 2016 /2017

Financial Year	- January to December
First Quarter Results	- Between 16th April and 15th May 2016
Half Yearly Results	- Between 16th July and 14th August 2016
Third Quarter Results	- Between 16th October and 14th November 2016
Audited Results for the year ending 31st December 2016	- February 2017

##### Dates of Book Closure:

19th April 2016 to 29th April 2016 (both days inclusive)

##### Dividend payment date:

On 9th May 2016, if declared at Annual General Meeting on 29th April 2016

##### 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 2015-2016 and is in the process of paying the fees for 2016-2017.

BSE Limited

The National Stock Exchange of India Limited

##### Stock Code:

500674 on BSE Limited

SANOFI on the National Stock Exchange of India Limited



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

INE 058A01010

**Market Price Data:**

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

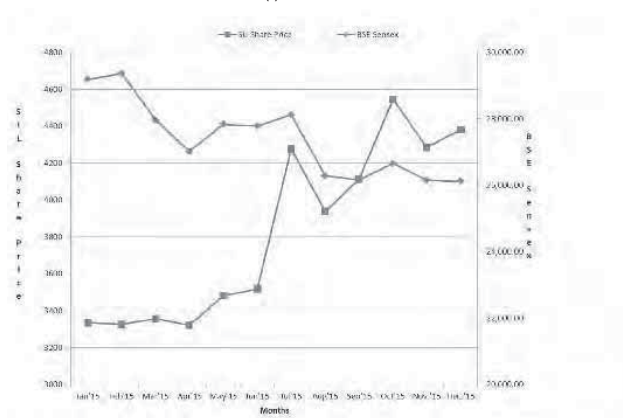
Share Price on the BSE Limited (Face Value Rs. 10)

Months	Open Rs.	High Rs.	Low Rs.	Close Rs.
January 2015	3,589.00	3,648.95	3,320.00	3,334.10
February 2015	3,361.40	3,600.00	3,274.05	3,324.00
March 2015	3,345.75	3,445.05	3,229.00	3,355.00
April 2015	3,350.00	3,539.20	3,090.00	3,320.85
May 2015	3,325.00	3,497.00	3,091.00	3,480.40
June 2015	3,475.35	3,550.00	3,259.35	3,516.45
July 2015	3,502.75	4,330.00	3,400.00	4,276.15
August 2015	4,297.40	4,581.00	3,758.00	3,937.60
September 2015	3,908.10	4,299.00	3,833.10	4,111.25
October 2015	4,111.25	4,600.00	3,915.00	4,544.90
November 2015	4,520.50	4,651.10	4,188.00	4,283.85
December 2015	4,300.00	4,522.95	4,200.00	4,380.65

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

January - December 2015 (in percentage %)

Sanofi India Limited	(+) 21.91 %
BSE Sensex	(-) 5.03 %
BSE 200	(-) 3.25 %
BSE 100	(-) 1.48 %



**Registrars & Transfer Agents:**

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

**Persons to contact:**

Ms. Maheshwari Patil / Ms. Evelin Subalatha / Ms. Supriya Yeondkar

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

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

**Share Transfer System:**

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

**Distribution of Shareholding as on 31.12.2015:**

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 100	15908	91.0850	743218	3.2271
101 to 200	791	4.5291	136623	0.5932
201 to 300	218	1.2482	57708	0.2506
301 to 400	97	0.5554	35872	0.1558
401 to 500	103	0.5898	48983	0.2127
501 to 1000	133	0.7615	101412	0.4403
1001 to 2000	59	0.3378	86889	0.3773
2001 to 3000	29	0.1660	75809	0.3292
3001 to 4000	11	0.0630	39052	0.1696
4001 to 5000	17	0.0973	77215	0.3353
5001 to 10000	23	0.1317	166085	0.7211
10001 and above	76	0.4352	21461756	93.1879
<b>TOTAL</b>	<b>17465</b>	<b>100</b>	<b>23030622</b>	<b>100</b>



	No. of shareholders	No. of shares held	% of shares held
a) Foreign Promoters (Hoechst GmbH/ Sanofi)	2	13,909,587	60.40
b) Mutual Funds/ UTI	75	3,296,909	14.32
c) Financial Institutions / Banks	10	51,447	0.22
d) Insurance Companies	2	524,501	2.28
e) Foreign Institutional Investors / Foreign Portfolio Investors	72	2,823,733	12.26
f) Bodies Corporate	389	984,656	4.28
g) Overseas Corporate Bodies	1	500	0.00
h) Trusts	6	786	0.00
i) Clearing Members	78	23,245	0.10
j) Hindu Undivided Family	380	33,213	0.14
k) Individuals holding upto Rs.2 lakhs in nominal capital	16,157	1,165,021	5.06
l) Individuals holding more than Rs.2 lakhs in nominal capital	0	0	0.00
m) Non-Resident Indians (with repatriation benefits)	166	15,521	0.07
n) Non-Resident Indians (without repatriation benefits)	126	201,423	0.87
o) Directors / Relatives	1	80	0.00
<b>Total</b>	<b>17,465</b>	<b>23,030,622</b>	<b>100</b>

**Dematerialisation of Shares and liquidity :**

As on 31.12.2015, 99.03% of the paid-up Share Capital had been dematerialised.

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

Not Issued

**Plant locations :**

Ankleshwar (Gujarat) and Verna (Goa)

**Address for correspondence :**

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

Investors may also write to or contact the Company Secretary, Mr. K. Subramani at the Registered Office for any assistance that they may need. Telephone No. (022) 28032530 Fax No. (022) 28032846 E.Mail - K.Subramani@sanofi.com; igrc.sil@sanofi.com

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





**(B) Non-Mandatory Requirements**

**a) Chairman of the Board:**

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

Yes

**b) Shareholder Rights:**

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

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

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

**c) Audit Qualifications:**

The Auditors have issued an unqualified opinion for the year ended 31st December 2015.

**d) Separate posts of Chairman and CEO**

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

**e) Reporting of Internal Auditor**

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

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

In accordance with Regulation 17 (5) (a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015/Clause 49 of the Listing Agreements with the Stock Exchanges, the Board Members and Senior Management personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st December 2015.

For SANOFI INDIA LIMITED

DR. SHAILESH AYYANGAR  
MANAGING DIRECTOR

Mumbai, 4th February 2016

# AUDITORS' CERTIFICATE

To  
**The Members of Sanofi India Limited**

We have examined the compliance of conditions of corporate governance by Sanofi India Limited, for the year ended on 31st December 2015, as stipulated in chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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

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

per Vijay Maniar  
Partner  
Membership No.: 36738

Place : Mumbai  
Date : 4th February 2016



# Independent Auditors' Report

To

The Members of Sanofi India Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Sanofi India Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at December 31, 2015, its profit, and its cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on December 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 28, 34 and 41 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

### For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E

per Vijay Maniar

Partner

Membership Number: 36738

Place: Mumbai

Date: February 4, 2016



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

Re: Sanofi India Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) The Company has granted loans to Company covered in the register maintained under section 189 of the Companies Act, 2013. In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (b) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that certain items of inventory purchased from strategic vendors or are of special nature for which suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the pharmaceutical industry, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
KVAT Act, 2003	Sales Tax	4	2008 - 09	Joint Commissioner of Commercial Taxes - Appeals Bangalore
Sales Tax Act	Sales Tax	17	1999 - 00	Sales Tax Tribunal, Bangalore
Sales Tax Act	Sales Tax	18	2008 - 2013	Additional Commissioner, Lucknow
West Bengal Tax on Entry of Goods into Local Areas, 2012	Local Entry Tax (including interest)	486	October 2013 to December 2015	Calcutta High Court
The Central Excise Act, 1944	Export Obligation	449	2012 - 2014	Additional Director General of Foreign Trade
Sales Tax	Sales Tax	0.9	2006 - 07	Addl. Commissioner of Commercial Taxes, West Bengal
The Central Excise Act, 1944	Duty on Samples	5	1994 to 1999	Customs Excise and Service tax Appellate tribunal.
	Disallowance of Modvat	17	1993	Commissioner of Appeals, Surat.
Medicinal & Toilet Preparations (Levy of Excise Duty) Act, 1955	Dispute Whether Central or State Excise duty	232	1990 to 1997	Central Board of Excise and Customs
	Dispute Whether Central or State Excise duty	132	1996 to 1999	Commissioner of State Excise Maharashtra.
Service Tax	Service Tax on sponsorship	1	2011-12	Commissioner of Customs, Central Excise and Service Tax
Income Tax Act, 1961	Income Tax	3,557	Assessment Year 2010 - 11 and 2011 - 12	Income Tax Appeal Tribunal

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) The Company does not have any borrowings from banks or financial institutions or by way of debentures.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.



(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

per **Vijay Maniar**

Partner

Membership Number: 36738

Place: Mumbai

Date: February 4, 2016

# Balance Sheet

as at December 31, 2015

	Notes	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	2,303	2,303
Reserves and surplus	3	160,413	146,281
<b>Sub-total shareholders' funds</b>		<b>162,716</b>	<b>148,584</b>
<b>Non-current liabilities</b>			
Other long term liabilities	4	1,141	-
Long term provisions	5	2,881	3,207
Deferred Tax Liabilities (Net)	6	12,028	5,388
<b>Sub-total non-current liabilities</b>		<b>16,050</b>	<b>8,595</b>
<b>Current liabilities</b>			
Trade Payables	7	22,561	32,686
Other current liabilities	7	10,610	11,004
Short-term provisions	8	28,524	21,892
<b>Sub-total current liabilities</b>		<b>61,695</b>	<b>65,582</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>240,461</b>	<b>222,761</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	9		
Tangible assets		55,753	26,621
Intangible assets		31,960	38,215
Capital Work in Progress			
Tangible assets		1,778	20,781
Intangible assets under development		428	207
Non current investments	10	24	24
Long term loans and advances	11	25,984	10,481
Other non-current assets	12	166	150
<b>Sub-total non-current assets</b>		<b>116,093</b>	<b>96,479</b>
<b>Current assets</b>			
Inventories	13	47,922	47,809
Trade receivables	14	14,406	11,522
Cash and bank balances	15	57,151	46,884
Short term loans and advances	16	4,373	19,614
Other current assets	17	516	453
<b>Sub-total current assets</b>		<b>124,368</b>	<b>126,282</b>
<b>TOTAL ASSETS</b>		<b>240,461</b>	<b>222,761</b>
<b>Significant accounting policies</b>	1		

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

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. : 324982E

per **Vijay Maniar**

Partner

Membership No. 36738

Mumbai : February 04, 2016

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

**Dr. Vijay Mallya**

**S. Ayyangar**

**Lionel Guerin**

Chairman

Managing Director

Chief Financial Officer and

Whole Time Director

**S. R. Gupte**

**Rangaswamy R. Iyer**

**A. K. R. Nedungadi**

**Ashwani Sood**

**N. Rajaram**

**K. Subramani**

Director

Director

Director

Director

Director

Company Secretary

Mumbai : February 04, 2016





# Statement of Profit and Loss

for the year ended December 31, 2015

	Notes	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>Income</b>			
Revenue from Operations (gross)	18	224,280	202,552
Less :Excise Duty		4,976	4,804
Revenue from Operations (net)		219,304	197,748
Other income	19	5,137	6,430
<b>Total Revenue</b>		<b>224,441</b>	<b>204,178</b>
<b>Expenses</b>			
Cost of material consumed	20	63,392	63,717
Purchases of traded goods	21	34,126	48,787
Changes in inventories of finished goods, work-in-progress and traded goods	22	3,642	(15,100)
Employee benefits expenses	23	33,328	28,824
Other expenses	24	38,911	37,632
Depreciation and Amortisation Expense	9	11,301	9,744
Less: recoupment from revaluation reserve		-	(80)
Net Depreciation and Amortisation Expense		11,301	9,664
Finance Costs		40	48
<b>Total Expenses</b>		<b>184,740</b>	<b>173,572</b>
<b>Profit before Tax and Exceptional Item</b>		<b>39,701</b>	<b>30,606</b>
<b>Tax Expense</b>			
- Current tax		13,733	9,592
- Deferred tax		2,204	1,309
<b>Total Tax Expenses</b>		<b>15,937</b>	<b>10,901</b>
<b>Profit after Tax and before Exceptional Item</b>		<b>23,764</b>	<b>19,705</b>
Exceptional Item (net of tax Rs. 4,438 Lacs (2014: 3,427 Lac) ref note 43)		8,385	6,656
<b>Profit after Tax and Exceptional Item</b>		<b>32,149</b>	<b>26,361</b>
<b>Earnings per equity share</b>			
	32		
Basic and Diluted Earnings Per Share in Rs.			
(Nominal Value of equity share of Rs. 10 Each (2014 : Rs. 10))			
- Computed on the basis of earnings before exceptional items		103.18	85.56
- Computed on the basis of earnings after exceptional items		139.59	114.46
<b>Significant accounting policies</b>			
	1		

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

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. : 324982E

per **Vijay Maniar**

Partner

Membership No. 36738

Mumbai : February 04, 2016

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

**Dr. Vijay Mallya**

**S. Ayyangar**

**Lionel Guerin**

Chairman

Managing Director

Chief Financial Officer and

Whole Time Director

**S. R. Gupte**

**Rangaswamy R. Iyer**

**A. K. R. Nedungadi**

**Ashwani Sood**

**N. Rajaram**

**K. Subramani**

Director

Director

Director

Director

Director

Company Secretary

Mumbai : February 04, 2016

# Cash Flow Statement

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>Cash flow From operating activities before exceptional items</b>		
<b>Net Profit before tax and Exceptional item</b>	<b>39,701</b>	<b>30,606</b>
<b>Adjustment for:</b>		
Depreciation and amortization	11,301	9,664
Unrealised exchange gain/loss (net)	63	118
(Profit) / Loss on sale of fixed assets (net)	80	(17)
Finance costs	40	48
Interest income	(4,886)	(5,059)
Provision no longer required written back (net)	(76)	(103)
Provision for doubtful debts and advances (net)	69	(114)
Dividends	-	*
<b>Operating profit before working capital changes</b>	<b>46,292</b>	<b>35,143</b>
<b>Movements in working capital</b>		
(Increase)/Decrease in Trade Receivables	(2,971)	387
(Increase)/Decrease in Loans and Advances and other current/ non-current assets	(1,499)	(1,311)
(Increase)/Decrease in inventories	(113)	(13,808)
Increase/(Decrease) in trade payables, current/non-current liabilities and provisions	(6,631)	18,368
<b>Cash generated from operations</b>	<b>35,078</b>	<b>38,779</b>
Direct taxes paid	(13,760)	(12,284)
<b>Net cash flow from operating activities (A)</b>	<b>21,318</b>	<b>26,495</b>
<b>Cash flow from Investment activities</b>		
Proceeds from sale of fixed assets (refer note 43)	12,949	10,899
Dividend received	-	*
Interest received	4,238	4,985
Repayment of Inter corporate loan	2,300	16,000
Inter corporate loan given	-	(13,000)
Investment in Margin money deposit (net)	(75)	(31)
Purchase of Fixed Assets	(15,818)	(12,719)
<b>Net cash used in investing activities (B)</b>	<b>3,594</b>	<b>6,134</b>
<b>Cash flow from financing activities</b>		
Interim and final dividend paid (including tax thereon)	(14,664)	(12,125)
Finance Cost	(40)	(48)
<b>Net cash used in financing activities (C)</b>	<b>(14,704)</b>	<b>(12,173)</b>
<b>Net (decrease) / increase in cash &amp; cash equivalents (A+B+C)</b>	<b>10,208</b>	<b>20,456</b>



	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
Effect of Exchange differences on cash & cash equivalents held in foreign currency	*	*
Cash and Cash Equivalents at the beginning of the year	46,566	26,110
<b>Cash and Cash Equivalents at the end of the year</b>	<b>56,774</b>	<b>46,566</b>
<b>Components of Cash and Cash Equivalents</b>		
<b>Cash and Bank Balances (as per Note 15) - (Refer note 3 below)</b>	<b>56,774</b>	<b>46,566</b>

\* denotes figure less than a lac.

**Notes:**

- (1) Comparative figures have been regrouped wherever necessary.
- (2) The cash flow statement has been prepared under the indirect method as set out in the Accounting standard - 3 on cash flow statement as per accounting standard notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.
- (3) Cash and Bank Balance as per note 15 includes Rs. 183 lacs (2014 : Rs. 106 lacs) which are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. : 324982E  
per **Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai : February 04, 2016

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

<b>Dr. Vijay Mallya</b>	Chairman
<b>S. Ayyangar</b>	Managing Director
<b>Lionel Guerin</b>	Chief Financial Officer and Whole Time Director
<b>S. R. Gupte</b>	Director
<b>Rangaswamy R. Iyer</b>	Director
<b>A. K. R. Nedungadi</b>	Director
<b>Ashwani Sood</b>	Director
<b>N. Rajaram</b>	Director
<b>K. Subramani</b>	Company Secretary

Mumbai : February 04, 2016

# Notes forming part of the Financial Statements

for the year ended December 31, 2015

## Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financials statements to comply in all material aspects with the accounting standard notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation was carried out.

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

## 1. Significant accounting policies:

### Use of estimates

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

### Tangible and intangible fixed assets

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

### Depreciation/amortisation

Leasehold land is amortized on a straight line basis over the period of lease. Depreciation on fixed assets is calculated on straight line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following life to provide Depreciation/amortization on its fixed assets:-

Description of Assets	Useful life
<u>Intangible Assets</u>	Amortised over:
Brand	120 Months
Software	36 Months
Marketing and technical rights for formulations	120 Months
Technical know how	60 Months
Goodwill	120 Months
<u>Tangible Assets</u>	
Buildings	30 Years
Plant and Machinery	10 Years
Furniture and Fixtures	10 Years
Office equipments - Air Conditioners	5 Years
Office equipments - Others	10 Years
Computer	4 Years
Laptops	3 Years
Motor vehicles	8 Years
Leasehold Improvements	Amortised over lease period

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

The useful lives of plant and machinery are estimated as 10 years. These lives are lower than those indicated in schedule II of the Companies Act 2013. Further, the useful lives of office equipment and computers are estimated as 10 years and 4 years respectively. These lives are higher than those indicated in schedule II of the Companies Act 2013.

#### **Research and development cost**

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

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

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of five years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

#### **Impairment**

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

#### **Leases**

##### Company is the Lessee

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

##### Company is the Lessor

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

#### **Investments**

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

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



## **Inventories**

Inventories are valued as follows:

### Raw Material and Packing Material

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

### Work-in-progress and finished goods

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

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

Traded goods are valued at lower of cost and net realizable value. Cost Includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

## **Cash and Cash equivalents**

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

## **Foreign currency transactions**

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

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

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

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

## **Revenue Recognition**

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

### Sale of Goods

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



### Service Income

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

### Interest

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

### Dividend

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

### Others

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

## **Retirement & Other employee benefits**

### **(i) Long-term Employee Benefits**

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

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

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

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

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

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

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



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

## **Taxation**

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

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

## **Segment Reporting**

### Identification of segments

According to the Nature of Products and Services provided, the operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers.

### Allocation of common costs

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

### Segment accounting policies

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

## **Earnings per Share**

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

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

## **Provisions and Contingencies**

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

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





# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
23,500,000 (2014 : 23,500,000) Equity Shares of Rs. 10 each	2,350	2,350
	<b>2,350</b>	<b>2,350</b>
<b>Issued, Subscribed and Paid-up</b>		
23,030,622 (2014 : 23,030,622) Equity Shares of Rs. 10 each fully Paid-up	2,303	2,303
	<b>2,303</b>	<b>2,303</b>

**a) Shares held by holding and ultimate holding company**

13,904,722 (2014 : 13,904,722) equity shares of Rs. 10 each fully paid are held by Hoechst GmbH, Germany, holding company and 4,865 (2014 : 4,865) equity shares of Rs. 10 each fully paid are held by Sanofi S.A., France ultimate holding company

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

	December 31, 2015		December 31, 2014	
	Numbers	Amount in Lacs	Numbers	Amount in Lacs
At the beginning of the year and outstanding at the end of the year	23,030,622	2,303	23,030,622	2,303

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

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

During the year ended 31 December 2015, the amount of per share dividend (including interim dividend of Rs. 18 (December 2014 : Rs. 10)) recognized as distributions to equity shareholders was Rs. 65 (December 2014 : Rs. 45).

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

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

	December 31, 2015		December 31, 2014	
	No of Shares	% of Holding	No of Shares	% of Holding
Hoechst GmbH, Germany	13,904,722	60.37	13,904,722	60.37
Reliance Capital Trustee Company Limited	1,075,925	4.67	1,287,005	5.59
Aberdeen Global Indian Equity Fund (Mauritius) Ltd	968,883	4.20	1,238,883	5.38

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



# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>3. RESERVES AND SURPLUS</b>		
Capital reserve	349	349
Securities premium account	204	204
<b>Revaluation reserves</b>		
Balance as per last balance sheet	346	1,027
Less: Transferred to statement of profit and loss as reduction from depreciation	-	80
Less: Transferred to General Reserve	320	601
<b>Closing Balance</b>	<b>26</b>	<b>346</b>
<b>General Reserves</b>		
Balance as per last balance sheet	31,002	27,765
Add: Transferred from surplus balance in the statement of profit and loss	3,215	2,636
Add: Transferred from Revaluation Reserve	320	601
<b>Closing Balance</b>	<b>34,537</b>	<b>31,002</b>
<b>Surplus in the statement of profit and loss</b>		
Opening balance	114,380	103,022
Profit for the year	32,149	26,361
<b>Less: Appropriations</b>		
Interim dividend on equity shares (per share Rs. 18 (2014 : Rs. 10))	4,146	2,303
Proposed final dividend on equity shares (per share Rs. 47 (2014 : Rs. 35))	10,824	8,061
Tax on dividend	3,047	2,003
Transferred to general reserves	3,215	2,636
<b>Net surplus in the statement of profit and loss</b>	<b>125,297</b>	<b>114,380</b>
	<b>160,413</b>	<b>146,281</b>
<b>4. OTHER LONG TERM LIABILITIES</b>		
Employee related liabilities	1,141	-
	<b>1,141</b>	<b>-</b>
<b>5. LONG TERM PROVISIONS</b>		
Provision for Employee Benefits (ref note No. 31)		
Employees' retirement and other long term benefits	199	182
Employees' retirement benefits - Pension	33	41
Other Provision		
Provision for Sales Returns (ref note No 34)	2,649	2,984
	<b>2,881</b>	<b>3,207</b>



# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>6. DEFERRED TAX LIABILITIES</b>		
Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	15,622	8,649
Gross deferred tax liabilities	<b>15,622</b>	<b>8,649</b>
Employee retirement and other long term benefits	1,193	977
Effect of expenditure debited to statement of Profit & Loss in current year but allowed for tax purposes in following years	2,303	2,210
Provision for doubtful debts and advances	98	74
Gross deferred tax assets	<b>3,594</b>	<b>3,261</b>
<b>Net Deferred Tax Liability</b>	<b>12,028</b>	<b>5,388</b>

## 7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

### Trade Payables

Total outstanding dues of micro enterprises and small enterprises (refer note 36 for details of dues to micro and small enterprises)

150

76

Total outstanding dues of creditors other than micro enterprises and small enterprises

22,411

32,610

**22,561**

**32,686**

### Other current liabilities

Liability for capital goods

839

750

Employee related Liabilities

6,894

7,226

Advance towards sale of Fixed Assets

-

600

Statutory and other Liabilities

2,205

1,913

Security Deposits

2

1

Advances from customers and others

313

186

Unclaimed Dividend (ref note (a) below)

183

106

Others

174

222

**10,610**

**11,004**

**33,171**

**43,690**

(a) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

## 8. SHORT TERM PROVISIONS

Provision for Employee Benefits (ref note No. 31)

Employees' retirement and other long term benefits

3,711

2,739

Employees' retirement benefits - Pension

14

20

Other Provisions

Provision for Income Tax (Net of Advance Tax)

4,884

4,161

Proposed Dividend

10,824

8,061

Tax on proposed dividend

2,204

1,612

Provision for sales returns (ref note No. 34)

3,526

2,387

Other Provisions (ref note No. 34)

3,361

2,912

**28,524**

**21,892**

## Notes forming part of the Financial Statements for the year ended December 31, 2015

### 9. FIXED ASSETS

#### 1. Intangible assets

Particulars	Goodwill (1)	Brand (1)	Software (2)	Marketing and technical rights for formulations	Technical know-how (3)	Rupees in Lacs	
						Total	Total
<b>Cost or valuation</b>							
<b>At 1st January 2014</b>	12,529	40,711	734	2,004	5,381		61,359
Purchases	–	–	141	–	–		141
Disposals	–	–	–	–	–		–
Other adjustments	–	–	–	–	–		–
– Exchange differences	–	–	–	–	–		–
– Borrowing costs	–	–	–	–	–		–
<b>At 31st December 2014</b>	<b>12,529</b>	<b>40,711</b>	<b>875</b>	<b>2,004</b>	<b>5,381</b>		<b>61,500</b>
Purchases	–	–	59	–	–		59
Disposals	–	–	38	–	–		38
Other adjustments	–	–	–	–	–		–
– Exchange differences	–	–	–	–	–		–
– Borrowing costs	–	–	–	–	–		–
<b>At 31st December 2015</b>	<b>12,529</b>	<b>40,711</b>	<b>896</b>	<b>2,004</b>	<b>5,381</b>		<b>61,521</b>
<b>Amortization</b>							
<b>At 1st January 2014</b>	2,716	8,820	731	2,004	2,633		16,904
Charge for the year	1,254	4,070	40	–	1,017		6,381
Disposals	–	–	–	–	–		–
<b>At 31st December 2014</b>	<b>3,970</b>	<b>12,890</b>	<b>771</b>	<b>2,004</b>	<b>3,650</b>		<b>23,285</b>
Charge for the year	1,254	4,070	54	–	936		6,314
Disposals	–	–	38	–	–		38
<b>At 31st December 2015</b>	<b>5,224</b>	<b>16,960</b>	<b>787</b>	<b>2,004</b>	<b>4,586</b>		<b>29,561</b>
<b>Net Block</b>							
<b>At 31st December 2014</b>	<b>8,559</b>	<b>27,821</b>	<b>104</b>	<b>–</b>	<b>1,731</b>		<b>38,215</b>
<b>At 31st December 2015</b>	<b>7,305</b>	<b>23,751</b>	<b>109</b>	<b>–</b>	<b>795</b>		<b>31,960</b>

#### Notes :

- 1) Remaining amortisation period upto 68 months (2014; 80 months)
- 2) Remaining amortisation period upto 16 months (2014; 28 months)
- 3) Remaining amortisation period from 4 to 31 months (2014; from 2 to 43 months)

## Notes forming part of the Financial Statements for the year ended December 31, 2015

### 9. FIXED ASSETS

#### 2. Tangible assets

Rupees in Lacs

Particulars	Freehold Land	Leasehold Land	Buildings & Waterworks(1)	Leasehold Improvement	Plant & Machinery	Furniture & Fixtures	Office Equipment	Computers	Motor Vehicles	Total
<b>Cost or valuation</b>										
At 1st January 2014	348	628	13,980	400	28,791	1,291	675	2,664	82	48,859
Additions	–	34	239	13	4,531	44	6	518	–	5,385
Disposals	–	–	1,963	–	149	12	30	379	–	2,533
Other adjustments	–	–	–	–	–	–	–	–	–	–
– Exchange differences	–	–	–	–	–	–	–	–	–	–
– Borrowing costs	–	–	–	–	–	–	–	–	–	–
<b>At 31st December 2014</b>	<b>348</b>	<b>662</b>	<b>12,256</b>	<b>413</b>	<b>33,173</b>	<b>1,323</b>	<b>651</b>	<b>2,803</b>	<b>82</b>	<b>51,711</b>
Additions	–	3,816	19,760	–	6,325	2,804	565	1,435	78	34,783
Disposals	–	–	1,435	59	362	282	153	297	–	2,588
Other adjustments	–	–	–	–	–	–	–	–	–	–
– Exchange differences	–	–	–	–	–	–	–	–	–	–
– Borrowing costs	–	–	–	–	–	–	–	–	–	–
<b>At 31st December 2015</b>	<b>348</b>	<b>4,478</b>	<b>30,581</b>	<b>354</b>	<b>39,136</b>	<b>3,845</b>	<b>1,063</b>	<b>3,941</b>	<b>160</b>	<b>83,906</b>
<b>Depreciation</b>										
At 1st January 2014	–	92	5,536	267	14,391	727	448	1,942	56	23,459
Charge for the year	–	8	561	67	2,232	89	21	373	12	3,363
Disposals	–	–	1,205	–	120	8	26	373	–	1,732
<b>At 31st December 2014</b>	<b>–</b>	<b>100</b>	<b>4,892</b>	<b>334</b>	<b>16,503</b>	<b>808</b>	<b>443</b>	<b>1,942</b>	<b>68</b>	<b>25,090</b>
Charge for the year	–	11	1,062	45	2,696	336	122	696	19	4,987
Disposals	–	–	854	59	334	243	138	296	–	1,924
<b>At 31st December 2015</b>	<b>–</b>	<b>111</b>	<b>5,100</b>	<b>320</b>	<b>18,865</b>	<b>901</b>	<b>427</b>	<b>2,342</b>	<b>87</b>	<b>28,153</b>
<b>Net Block</b>										
At 31st December 2014	348	562	7,364	79	16,670	515	208	861	14	26,621
At 31st December 2015	348	4,367	25,481	34	20,271	2,944	636	1,599	73	55,753

Notes :

1) Buildings include investments representing ownership of Office premises and Residential flats in co-operatives societies.

# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>10. NON CURRENT INVESTMENTS</b>		
<b>UNQUOTED EQUITY INSTRUMENTS</b>		
<b>Trade Investments (At Cost)</b>		
(i) <b>Bharuch Enviro Infrastructure Limited</b> 2,188 (2014 : 2,188) Equity shares of Rs.10 /- each fully paid up.	*	*
(ii) <b>Narmada Clean Tech Limited</b> (Formerly known as Eco-Aqua Infrastructure Limited) 236,000 (2014 : 236,000) Equity shares of Rs.10/- each fully paid up.	24	24
	<b>24</b>	<b>24</b>
* denotes figure less than a lac		
<b>11. LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good unless stated otherwise</b>		
Employee loans and advances	564	585
<b>Loans and advances to related parties</b> (refer Note 30)		
Inter Corporate Loan [Unsecured but considered good, given against Corporate guarantee by Sanofi S.A. (ultimate holding Company)]	16,500	2,300
<b>Tender Security Deposits</b>		
Unsecured, considered good	111	112
Unsecured, considered doubtful	178	126
	289	238
Less : Provision for Doubtful deposits	(178)	(126)
	111	112
Advance tax (Net of Provision)	7,102	5,679
Capital Advances	420	573
Deposits Others	1,287	1,232
	<b>25,984</b>	<b>10,481</b>



# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>12. OTHER NON CURRENT ASSETS</b>		
Margin Money Deposits (Refer Note 15)	166	150
	<b>166</b>	<b>150</b>
<b>13. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)</b>		
Raw Materials and packing materials (Including in transit Rs. 1,049 Lacs; 2014: Rs. 4,627 Lacs)	19,250	15,495
Work-in-progress	4,443	3,898
Finished goods / Traded goods (Including in transit Rs. 4,829 Lacs; 2014: Rs. 11,415 Lacs)	24,229	28,416
	<b>47,922</b>	<b>47,809</b>
<b>Details of Work-in-progress</b>		
Formulations	4,443	3,898
<b>Details of Finished goods/Traded goods (Refer note 22)</b>		
Formulations	24,229	28,416
<b>14. TRADE RECEIVABLES</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding over six months		
Considered - good	315	275
- doubtful	88	71
	<b>403</b>	<b>346</b>
Others		
Considered - good	14,091	11,247
- doubtful	-	-
	<b>14,091</b>	<b>11,247</b>
	<b>14,494</b>	<b>11,593</b>
Less : Provision for doubtful debts	88	71
	<b>14,406</b>	<b>11,522</b>

# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>15. CASH AND BANK BALANCES</b>		
Cash on hand	*	1
<b>With scheduled banks in</b>		
Current accounts	1,921	759
Bank Deposit with original maturity of less than three months	54,670	45,700
Unpaid dividend accounts	183	106
	<b>56,774</b>	<b>46,566</b>
<b>Other Bank Balances</b>		
Margin money deposits	543	468
Less : Amount disclosed under non current assets (Refer note 12)	(166)	(150)
	<b>377</b>	<b>318</b>
	<b>57,151</b>	<b>46,884</b>
<b>Margin money deposit given as security</b>		
Margin money deposit with carrying amount of Rs. 543 lacs (2014 : Rs. 468 lacs) are subject to first charge to secure bank guarantees issued by bank on our behalf.		
* denotes less than a lac		
<b>16. SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good unless stated otherwise)</b>		
Advances recoverable in cash or in kind or for value to be received	1,141	288
<b>Loans and advances to related parties</b> (Refer note 30)		
Advances recoverable in cash or in kind or for value to be received	207	320
Inter Corporate Loan [Unsecured, given against Corporate guarantee by Sanofi S.A (ultimate holding Company)]	-	16,500
<b>Other Loans and Advances</b>		
Employee loans and advances		
Unsecured, considered good	391	291
Unsecured, considered doubtful	19	19
	410	310
Less: Provision for doubtful advances	(19)	(19)
	391	291
Prepaid Expenses	469	544
Balances with Statutory Authorities	461	416
VAT/Service credit (input) receivable	824	432
Interest Accrued on Fixed Deposits	67	92
Advance payment to Suppliers	813	731
	<b>4,373</b>	<b>19,614</b>





# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	Notes	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>17. OTHER CURRENT ASSETS</b>			
Finished goods - Sample and Other Inventories		516	311
Tangible asset held for Sale*		–	142
		<b>516</b>	<b>453</b>

\* [Gross Value Rs. NIL (2014 : Rs. 393 Lacs) accumulated depreciation Rs. NIL Lacs (2014 : Rs. 251 Lacs)]

## 18. REVENUE FROM OPERATIONS (NET)

Sale of Products (gross)		209,904	192,304
Less: Excise Duty (Refer Note (i) below)		4,976	4,804
Sale of Products (net)	18(a)	204,928	187,500
Sale of Services	18(b)	12,278	8,543
Other operating income	18(c)	2,098	1,705
<b>Revenue from operations</b>		<b>219,304</b>	<b>197,748</b>

(i) Excise duty on sales amounting to Rs. 4,976 Lacs (2014 : Rs. 4,804 Lacs) has been reduced from sales in statement of profit & loss and increase of excise duty on inventory, sample etc. amounting to Rs. 336 Lacs (2014 : Rs. 213 Lacs) has been considered as expense in Note 24 of financial statements.

### 18(a) Details of Products sold

Formulations	204,668	187,345
Bulk Drugs	260	155
	<b>204,928</b>	<b>187,500</b>

### 18(b) Details of Services rendered

Business Auxiliary Services	12,278	8,543
	<b>12,278</b>	<b>8,543</b>

### 18(c) Other Operating Income

Sale of Scrap	97	102
Export Incentives	1,601	706
Indirect taxes set off/ refunds	389	403
Others	11	494
	<b>2,098</b>	<b>1,705</b>

# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>19. OTHER INCOME</b>		
Interest		
Bank deposits	2,574	2,199
Inter corporate deposits	1,637	2,008
Others (Includes interest on income tax refunds, employee loans, etc)	675	852
Gain on disposal of fixed assets (net)	–	17
Rent	8	1,064
Exchange difference (net)	25	–
Provision no longer required written back (net)	76	103
Provision for doubtful debt written back (net)	–	114
Miscellaneous Income	142	73
	<b>5,137</b>	<b>6,430</b>
<b>20. COST OF MATERIAL CONSUMED</b>		
Inventory at the beginning of the year	15,495	16,786
Add: Purchases	67,147	62,426
Less: Inventory at the end of the year	19,250	15,495
<b>Cost of Material Consumed</b>	<b>63,392</b>	<b>63,717</b>
<b>Details of Material Consumed</b>		
Active Pharma Ingredients	53,114	53,094
Packing Materials	10,278	10,623
	<b>63,392</b>	<b>63,717</b>
<b>Details of Inventory at the end of the year</b>		
Active Pharma Ingredients	16,960	13,225
Packing Materials	2,290	2,270
	<b>19,250</b>	<b>15,495</b>



# Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>21. PURCHASE OF TRADED GOODS</b>		
Purchase of Traded Goods	34,126	48,787
	<b>34,126</b>	<b>48,787</b>
<b>Details of Purchase of Traded Goods</b>		
Formulations	34,126	48,787
	<b>34,126</b>	<b>48,787</b>

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

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs	(Increase)/Decrease Rupees in Lacs
<u>Inventory at the end of the year</u>			<b>December 2015</b>
Traded Goods	15,220	23,624	8,404
Work-in-progress	4,443	3,898	(545)
Finished Goods	9,009	4,792	(4,217)
	<b>28,672</b>	<b>32,314</b>	<b>3,642</b>
<u>Inventory at the beginning of the year</u>			<b>December 2014</b>
Traded Goods	23,624	8,688	(14,936)
Work-in-progress	3,898	3,268	(630)
Finished Goods	4,792	5,258	466
	<b>32,314</b>	<b>17,214</b>	<b>(15,100)</b>
<b>Decrease / (Increase) in Inventory</b>	<b>3,642</b>	<b>(15,100)</b>	

## 23. EMPLOYEE BENEFITS EXPENSES

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
Salaries, wages and bonus	29,244	25,118
Contribution to provident fund / other funds (refer note 31)	2,189	2,119
Staff welfare expenses	1,895	1,587
	<b>33,328</b>	<b>28,824</b>

## Notes forming part of the Financial Statements

for the year ended December 31, 2015

	December 31, 2015 Rupees in Lacs	December 31, 2014 Rupees in Lacs
<b>24. OTHER EXPENSES</b>		
Advertisement and sales promotion	4,910	4,945
Travelling and conveyance	9,243	7,599
Selling and distribution expenses	10,371	9,181
Power and fuel	3,142	3,985
Toll Manufacturing Charges	3,895	3,445
Excise duty on inventory	336	213
Legal and professional fees	4,840	4,197
Training & meetings	2,050	1,653
Repairs - building	317	282
- plant and machinery	1,046	944
- others	1,313	1,226
Insurance	788	652
Rent	1,751	1,770
Auxiliary and other materials	1,261	1,188
Rates and taxes	1,554	756
Stores and spares	431	456
Provision for doubtful debts and advance (net)	69	-
Exchange difference (net)	-	411
Loss on disposal of fixed assets (net)	80	-
Auditors remuneration (Including Service Tax)		
Audit fees	65	62
Tax audit fees	5	4
Certifications	5	2
Out of pocket expenses	6	2
Donations (other than political parties)	96	38
Others	3,738	2,860
	<b>51,312</b>	<b>45,871</b>
Less: Reimbursement of expenses*	12,401	8,239
	<b>38,911</b>	<b>37,632</b>

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



# Notes forming part of the Financial Statements

for the year ended December 31, 2014

25. The tax year for the Company being the year ending March 31, the provision for taxation for the year is the aggregate of the provision made for the three months ended March 31, 2015 and the provision based on the profit for the remaining nine months up to December 31, 2015, the ultimate liability of which will be determined on the basis of the profit for the tax year April 1, 2015 to March 31, 2016.
26. Balance with customs and excise authorities includes excise and CENVAT deposit Rs.350 Lacs (2014: Rs. 525 Lacs) with toll manufacturers.
27. **Capital Commitments:**  
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs: 1,897 Lacs (2014: Rs. 13,142Lacs).

28. **Contingent Liabilities:**

Particulars	Dec 15 Rupees Lacs	Dec 14 Rupees Lacs
Tax demands in respect of which*		
➤ Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	3,011	3,476
➤ Company's appeals are pending before appropriate authorities/ the Company is in process of filing an appeal with appropriate authorities	7,191	8,348

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

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

(Rupees Lacs)

Particulars	Dec 15			Dec 14		
	India	Outside India	Total	India	Outside India	Total
Revenues (Net)	161,518	57,786	219,304	146,999	50,749	197,748
Carrying amount of segment assets*	150,270	11,103	161,373	143,199	8,692	151,891
Capital expenditure for the year	16,059	–	16,059	12,894	–	12,894

\*Segment Assets includes the following

(Rupees Lacs)

Particulars	Dec 15	Dec 14
<b>Fixed Assets</b>		
i) Tangible Assets	55,753	26,621
ii) Intangible Assets	31,960	38,215
iii) Capital work in progress		
Tangible Assets	1,778	20,781
Intangible Assets	428	207
Long term loans and advances	2,381	2,502
	<b>92,300</b>	<b>88,326</b>
<b>Current Assets</b>		
Inventories	47,922	47,809
Trade receivables - Domestic	3,303	2,830
Trade receivables - Export	11,103	8,692
Cash & Bank Balances	1,922	760
Short term loans and advances	4,307	3,021
Other Current Assets	516	453
	<b>69,073</b>	<b>63,565</b>
<b>TOTAL</b>	<b>161,373</b>	<b>151,891</b>

### 30. Related parties:

#### i. Parties where control exists:

- Hoechst GmbH, Germany, holding Company (holds 60.37% of the equity share capital as at December 31, 2015)
- Sanofi S.A., France, ultimate holding Company

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

##### a) Fellow subsidiaries

Sanofi-Synthelabo (India) Private Limited	Shantha Biotechnics Private Limited
Sanofi Lanka Limited	Sanofi Chimie S.A
sanofi-aventis Pakistan limited	Sanofi Pasteur India Pvt. Limited
Sanofi-Aventis Deutschland GmbH	sanofi-aventis U.S.Inc.
Sanofi-Aventis Singapore Pte. Limited	Sanofi-Aventis Recherche et Développement S.A.
Francopia S.A.R.L.	sanofi-aventis AUSTRALIA PTY LTD
Sanofi-Aventis Spa	Aventis Pharma Limited. UK
Zentiva S.A	sanofi-aventis Bangladesh Limited
Sanofi-Aventis Groupe S.A.	Sanofi-Aventis Taiwan Co. Limited
Sanofi Winthrop Industrie S.A.	Sanofi-Aventis SP Z.O.O
Sanofi-Aventis Hong Kong Limited	Chinoin Pharmaceutical and chechemical Private Co.Ltd
Sanofi-aventis (Malaysia) SDN. BHD	Zentiva K.S
Zentiva A.S.	



b) Key management personnel of the Company for the year

Name	Category of Directorship
Dr. Shailesh Ayyangar	Managing Director
Mr. Ashwani Sood	Executive Director from 21st October 2015
Mr. N. Rajaram	Executive Director from 21st October 2015
Mr. Lionel Guerin	Chief Financial Officer from 24th July 2015 and Whole Time Director from 21st October 2015
Ms. Virginie Boucinha	Executive Director till 23rd July 2015
Mr. K. Subramani	Company Secretary
Mr. Madhusudan Garimela Rao	Executive Director upto 5th September 2014
Ms. Joanna Potts	Executive Director upto 9th February 2014

c) Transactions during the year:

(Rupees Lacs)

Particulars	Dec 15	Dec 14
<b>Holding Company</b>		
<b>Dividend</b>		
Sanofi S.A.	3	2
Hoechst GmbH	7,369	6,257
<b>Fellow subsidiaries</b>		
<b>Sale of Raw Material and Finished Goods</b>		
Sanofi-Aventis Singapore Pte. Limited	49,967	45,577
Others	4,491	3,904
<b>Total</b>	<b>54,458</b>	<b>49,481</b>
<b>Purchase of Raw Material and Finished Goods</b>		
Sanofi-Aventis Singapore Pte. Limited	38,780	56,735
Francopia S.A.R.L.	10,156	7,622
Others	2,100	1,866
<b>Total</b>	<b>51,036</b>	<b>66,223</b>
<b>Recovery of expenses</b>		
Sanofi-Aventis Singapore Pte. Limited	12,266	6,685
Others	250	182
<b>Total</b>	<b>12,516</b>	<b>6,867</b>
<b>Income from Service rendered</b>		
Sanofi-Synthelabo (India) Private Limited	9,690	7,298
Sanofi Pasteur India Private Limited	1,302	959
Others	1,286	286
<b>Total</b>	<b>12,278</b>	<b>8,543</b>
<b>Rent Income</b>		
Sanofi-Synthelabo (India) Private Limited	8	8

<b>Refund of Inter Corporate Loan given</b>		
Shantha Biotechnics Private Limited	-	16,000
Sanofi Pasteur India Private Limited	2,300	-
<b>Inter Corporate Loan given</b>		
Shantha Biotechnics Private Limited	-	13,000
<b>Interest income (others) on loan/inter Company deposits given</b>		
Shantha Biotechnics Private Limited	1,567	1,790
Sanofi Pasteur India Private Limited	70	218
<b>Purchase of Fixed Assets</b>		
Sanofi Chimie S.A	-	111
Zentiva K.S	-	12
Sanofi-Aventis Deutschland GmbH	-	80
<b>Payment of Common shared expenses</b>		
Zentiva S.A	262	459
Sanofi-Synthelabo (India) Private Limited	77	80
Sanofi Winthrop Industrie S.A.	264	35
Sanofi Lanka Limited	95	69
Others	146	171
<b>Total</b>	<b>844</b>	<b>814</b>
<b>Payment towards Intangibles under development</b>		
Sanofi-Synthelabo (India) Private Limited	81	69
<b>Key Management Personnel</b>		
<b>Remuneration</b>		
Dr. Shailesh Ayyangar	151	111
Mr. Madhusudan Garimela Rao	-	76
Ms. Joanna Potts	-	14
Mr. Ashwani Sood	22	-
Ms. Virginie Boucinha	148	172
Mr. Lionel Guerin	48	-
Mr. N. Rajaram	57	-
Mr. K. Subramani	74	67
<b>Total</b>	<b>500</b>	<b>440</b>

d) Outstanding as at December 31, 2015

(Rupees Lacs)

Particulars	Dec 15	Dec 14
<b>Fellow Subsidiaries</b>		
<b>Trade Receivables</b>		
Sanofi-Aventis Singapore Pte. Limited	8,392	7,562
Sanofi-Synthelabo (India) Private Limited	1,128	834
Others	2,617	1,173
<b>Total</b>	<b>12,137</b>	<b>9,569</b>
<b>Trade Payables</b>		
Sanofi-Aventis Singapore Pte. Limited	6,969	18,422
Sanofi-Aventis Spa	1,067	121
Francopia S.A.R.L.	1,383	2,043
Others	380	616
<b>Total</b>	<b>9,799</b>	<b>21,202</b>



<b>Inter Corporate Loan Balance</b>		
Shantha Biotechnics Private Limited	*16,500	16,500
Sanofi Pasteur India Private Limited	-	2,300
<b>Total</b>	<b>16,500</b>	<b>18,800</b>

\*Inter Corporate loan given to Shantha Biotechnics Private Limited, a company in which Directors are interested

Inter Corporate loan balance as at December 31, 2015 - Rs. 16,500 Lacs (2014 - Rs. 16,500 Lacs)

Maximum balance outstanding during the year - Rs. 16,500 Lacs (2014 - Rs. 26,500 Lacs)

Rate of Interest 9.5% p.a.

The Loan has been given against corporate guarantee by Sanofi S.A. (Ultimate Holding Company). The maturity date of the same is 15th April 2017.

### 31. Employee Benefits

#### A) Defined Contribution Plans

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

Particulars	Dec 15 Rupees Lacs	Dec 14 Rupees Lacs
i) Contribution to Employees' Provident Fund (Ankleshwar and Nepal)	25	27
ii) Contribution to Employees' Superannuation Fund	115	100
iii) Contribution to Employee's Pension Scheme, 1995	434	275

#### B) Post Employment Defined Benefit Plans

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

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14
(a) Discount Rate (per annum)	8.01%	8.10%	8.01%	8.10%	8.01%	8.10%
(b) Expected Rate of Return on Plan Assets	8.01%	8.10%	-	-	-	-
(c) Salary Escalation rate#	8.00% for 3 years and 6% thereafter	6.00%	-	-	-	-
(d) 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	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
(e) Employees' turnover	1%	1%	1%	1%	1%	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.

## i) Change in Benefit Obligation

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14
Liability at the beginning of the period	4,424	3,749	63	90	16,347	14,762
Interest Cost	359	337	5	8	1,415	1,118
Current Service Cost	297	236	*	1	697	701
Employees Contribution	-	-	-	-	1,391	1,237
Interest Guarantee	-	-	-	-	-	-
Benefits Paid	(343)	(606)	(23)	(26)	(1,121)	(1,599)
Transfer from previous employer's	-	-	-	-	-	-
Liability Transfer In	-	-	-	-	341	128
Liability Transfer Out	-	-	-	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-	-	-
Actuarial (gain)/loss on Obligations	516	708	2	(10)	-	-
<b>Liability at the end of the year</b>	<b>5,253</b>	<b>4,424</b>	<b>47</b>	<b>63</b>	<b>19,070</b>	<b>16,347</b>
Funded benefit obligation	3,970	3,647	-	-	19,070	16,347
Non Funded Benefit Obligation	1,283	777	47	63	-	-

\* denotes less than one lac.

## ii) Fair value of Plan Assets

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14
Fair Value of Plan Assets at the beginning of the year	3,647	3,660	-	-	16,347	14,762
Expected Return on Plan Assets	295	331	-	-	1,415	1,118
Interest Shortfall paid by the Company	-	-	-	-	-	-
Employer's Contributions	361	279	-	-	697	701
Employees Contribution	-	-	-	-	1,391	1,237
Benefits Paid	(332)	(606)	-	-	(1,121)	(1,599)
Transfer from Other Approved Funds	-	-	-	-	341	128
Provision for diminution in fair value of Plan assets	-	-	-	-	-	-
Actuarial gain/(loss) on Plan Assets	(1)	(17)	-	-	-	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>3,970</b>	<b>3,647</b>	<b>-</b>	<b>-</b>	<b>19,070</b>	<b>16,347</b>
Contributions expected to be paid to the Plan in 2016	825	707	-	-	-	-



iii) Actual Return on Plan Assets

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14
Expected Return on Plan Assets	295	331	–	–	1,415	1,118
Actuarial gain/(loss) on Plan Assets	(1)	(17)	–	–	–	–
<b>Actual Return on Plan Assets</b>	<b>294</b>	<b>314</b>	<b>–</b>	<b>–</b>	<b>1,415</b>	<b>1,118</b>

iv) Amount Recognised in the Balance Sheet

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14
Liability at the end of the year	5,253	4,424	47	63	19,070	16,347
Fair Value of Plan Assets at the end of the year	3,970	3,647	–	–	19,070	16,347
Difference	1,283	777	47	63	–	–
<b>Amount Recognised in the Balance Sheet</b>	<b>1,283</b>	<b>777</b>	<b>47</b>	<b>63</b>	<b>–</b>	<b>–</b>

v) Expenses Recognised in the Income Statement

(Rupees Lacs)

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 15	Dec 14	Dec 15	Dec 14	Dec 15	Dec 14
Current Service Cost	297	236	*	1	697	701
Interest Cost	358	337	5	8	1,415	1,118
Expected Return on Plan Assets	(295)	(331)	–	–	(1,415)	(1,118)
Interest Guarantee	–	–	–	–	–	–
Net Actuarial (Gain)/Loss to be Recognised	517	726	2	(10)	–	–
<b>Expense Recognised in Profit and Loss under personnel expenses</b>	<b>877</b>	<b>968</b>	<b>7</b>	<b>(1)</b>	<b>697</b>	<b>701</b>

\* denotes less than one lac.



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

(Rupees Lacs)

Particulars	Gratuity					Pension Plan					Provident Fund				
	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11
Defined Benefit Obligation	5,253	4,424	3,749	3,233	2,818	47	63	90	145	168	19,070	16,347	14,762	12,768	11,983
Plan assets	3,970	3,647	3,660	2,937	2,773	-	-	-	-	-	19,070	16,347	14,762	12,574	11,484
(Surplus)/ deficit	1,283	777	89	296	45	47	63	90	145	168	-	-	-	194	499
<b>Experience adjustment on benefit obligation</b>															
Net Actuarial (Gain)/Loss due to Experience	458	295	231	133	(77)	1	(11)	-	(7)	18	-	-	(193)	(467)	125
Net Actuarial (Gain)/Loss due to Change in Assumption	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Experience adjustment on Plan Assets</b>															
Net Actuarial Gain/(Loss) due to Experience	(1)	(17)	41	6	56	-	-	-	-	-	-	-	-	-	-
Net Actuarial (Gain)/Loss due to Change in Assumption	-	-	-	-	-	-	(2)	-	-	-	-	-	-	-	-

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

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

viii) General descriptions of significant defined Plans

**Gratuity Plan**

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

**Pension Plan**

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

**Provident Fund**

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



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

Particulars	Gratuity		Provident Fund	
	Dec 15	Dec 14	Dec 15	Dec 14
Government of India securities	-	-	20%	23%
Bonds	-	-	44%	37%
Special Deposit Scheme, 1975	-	-	31%	34%
Other assets	-	-	5%	6%
Administered by Life Insurance Corporation of India	100%	100%	-	-
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

32. Earnings per share:

Particulars	Dec 15	Dec 14
Numerator used for calculating basic and diluted earnings per share - profit after tax and before exceptional item (Rs. in Lacs)	23,764	19,705
Numerator used for calculating basic and diluted earnings per share - profit after tax after exceptional item (Rs. in Lacs)	32,149	26,361
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share.	23,030,622	23,030,622
Nominal value per share (Rupees)	10	10
<b>Basic and diluted earnings per share</b>		
Computed on the basis of earnings before exceptional items divided by weighted average number of shares (Rupees)	103.18	85.56
Computed on the basis of earnings after exceptional items divided by weighted average number of shares (Rupees)	139.59	114.46

33. Operating leases:

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

Where Company is the lessee:

(Rupees Lacs)

Particulars	Dec 15	Dec 14
Charged to Statement of profit and loss *	24	50
Not later than one year	17	15
Later than one year but not later than five years	25	6

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



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

(Rupees lacs)

Particulars	Dec 15	Dec 14
Car Lease Charges**	239	224
Premises Lease Charges**	1,488	1,496
<b>Total</b>	<b>1,727</b>	<b>1,720</b>

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

Where Company is the lessor:

In respect of non-cancellable operating leases

(Rupees lacs)

Particulars	Dec 15	Dec 14
Credited to Statement of profit and loss #	8	1,064
Not later than one year	-	-
Later than one year but not later than five years	-	-

Uncollectible minimum lease payments receivable at the balance sheet date Rs. Nil (2014 : Rs. Nil)

#The Company has leased out building on operating lease.

Details in respect of assets given on operating lease:

(Rupees lacs)

Particulars	Dec 15	Dec 14
Gross carrying amount of buildings	-	379
Accumulated depreciation on cost and re-valued amount	-	237
Depreciation recognised in statement of profit and loss	-	61
Less: Transferred from revaluation reserve	-	59
Net depreciation as per Statement of profit and loss	-	2

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



### 34. Other provisions:

Movements in provisions:

(Rupees Lacs)

Particulars	Class of provisions			Total
	Indirect tax	Provision for Sales Returns	Others	
Balance as at January 1, 2015	856 (856)	5,371 (4,140)	2,056 (2,056)	8,283 (7,052)
Amount provided during the year	- (-)	5,401 (5,678)	449 (-)	5,850 (5,678)
Amount written back/paid during the year	- (-)	4,597 (4,447)	- (-)	4,597 (4,447)
Balance as at December 31, 2015	856 (856)	6,175 (5,371)	2,505 (2,056)	9,536 (8,283)

Note: Figures in brackets are for the previous year.

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

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

Particulars of Derivatives Instruments as at Balance sheet date

Particulars of Derivatives	Foreign currency	Dec 15		Dec 14	
		Foreign currency Value	(Rupees in Lacs)	Foreign currency Value	(Rupees in Lacs)
Forward Exchange contracts for the foreign exchange exposures of receivables on account of goods & services.	EUR	4,000,000	2,881	1,500,000	1,151

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

Particulars	Foreign currency	Dec 15		Dec 14	
		Foreign currency Value	(Rupees in Lacs)	Foreign currency Value	(Rupees in Lacs)
Trade Payables	EUR	7,675,209	5,528	9,317,258	7,148
	JPY	–	–	4,410,000	23
	USD	405,938	269	733,403	463
	GBP	–	–	6,000	6
	NPR	–	–	139,215	1
	SGD	–	–	97	*
	CHF	5,520	4	4,560	3
	AUD	7,190	3	–	–
Trade Receivables	EUR	10,278,687	7,403	9,150,711	7,020
	USD	1,237,839	819	824,728	521
Cash and Bank Balances	EUR	399,739	288	23,837	18
	USD	9,164	6	–	–

\* denotes less than a lac

### 36. 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.

Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006	(Rupees Lacs)	
	Dec 15	Dec 14
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal Amount	150	76
Interest thereon remaining unpaid	*	*
Amount of interest paid in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	*	10
Amount of interest accrued and remaining unpaid at the end of each accounting year; and	*	10
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	10	–

\* denotes figure less than a lac





## 37. Value of imports on CIF basis:

(Rupees Lacs)

Particulars	Dec 15	Dec 14
Raw and packing materials	28,400	28,514
Components, spares and auxiliary	40	49
Capital goods	1,598	849
Finished goods	27,158	43,569

## 38. Expenditure in foreign currency (on accrual basis)

(Rupees Lacs)

Particulars	Dec 15	Dec 14
Commission	36	49
Traveling and conveyance	315	222
Salary and Wages	72	14
Legal and professional fees	18	25
Others	860	898

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

(Rupees Lacs)

Particulars	Dec 15	Dec 14
FOB value of exports	53,115	47,879
Income from services rendered	1,286	286
Reimbursement of expenses & Market Support	12,401	6,787
	<b>66,802</b>	<b>54,952</b>

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

(Rupees Lacs)

Particulars	Dec 15	%	Dec 14	%
<b>Raw Materials and packing materials:</b>				
Indigenous	33,717	53	27,163	43
Imported	29,675	46	36,554	57
<b>Sub Total</b>	<b>63,392</b>	<b>100</b>	<b>63,717</b>	<b>100</b>
<b>Spare parts and components:</b>				
Indigenous	431	100	394	86
Imported	–	–	62	14
<b>Sub Total</b>	<b>431</b>	<b>100</b>	<b>456</b>	<b>100</b>
<b>Total</b>	<b>63,823</b>		<b>64,173</b>	

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

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

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

42. Dividend remittances in foreign currency:

(Rupees Lacs)

Particulars	Dec 15	Dec 14
Dividend remitted in foreign currency		
Final for year 2013	–	4,868
Interim for the year 2014	–	1,391
Final for year 2014	4,868	–
Interim for the year 2015	2,504	–
Number of non-resident shareholders	2	2
Number of shares held	13,909,587	13,909,587

All remittances are made in EURO.

43. During January 2015, Company has sold one floor of Hoechst House building for a consideration of Rs. 2,575 lacs and accounted net gain of Rs. 1,594 lacs (net of tax of Rs. 844 lacs). Further during November 2015, Company has sold Aventis House for a consideration of Rs. 11,100 lacs and accounted net gain of Rs. 6,791 lacs (net of tax of Rs. 3,594 lacs). The net gain arising from the sale of these assets has been indicated in exceptional item in statement of profit and loss for the year.



44. Disclosure on Corporate Social Responsibility as provisions of section 135 of the Companies Act, 2013

- a. Gross amount required to be spent by the company during the year was Rs. 621 Lacs
- b. Details of amount spent during the year (included in note 24: Other Expenses)

Sr. No.	Particulars	Paid	Yet to be Paid	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purpose other than (i) above			
	1. Towards Reducing health inequalities around manufacturing sites	15	2	17
	2. Towards Public Private Partnership with the Government of Maharashtra to impact outcomes of patients having non-communicable diseases.	32	19	51
	3. Towards Promoting training amongst healthcare practitioners on critical healthcare and Cardiovascular disease risk identification	47	1	48
	4. Towards Counselling patients to manage their diabetes and create awareness on early detection	384	34	418
	5. Towards aid regarding detection of diabetes and give the benefit of care	43	6	49
	6. Towards initiative to mentor underprivileged children	17	2	19
	7. Towards Responding to Humanitarian Emergencies	48	-	48
	8. Towards Fun centres to help children cope with the rigors of treatment	13	-	13
	<b>Total</b>	<b>599</b>	<b>64</b>	<b>663</b>

45. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

Signatures to Notes 1 to 45

As per our report of even date

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. : 324982E  
per **Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai : February 04, 2016

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

**Dr. Vijay Mallya** Chairman  
**S. Ayyangar** Managing Director  
**Lionel Guerin** Chief Financial Officer and  
Whole Time Director  
**S. R. Gupta** Director  
**Rangaswamy R. Iyer** Director  
**A. K. R. Nedungadi** Director  
**Ashwani Sood** Director  
**N. Rajaram** Director  
**K. Subramani** Company Secretary

Mumbai : February 04, 2016

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details

Corporate Identity Number (CIN): L24239MH1956PLC0009794  
Balance Sheet Date 31.12.2015

State Code 11

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

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

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

	<u>Total Liabilities</u>	<u>Total Assets</u>
	240,461	240,461
Sources of Funds		
	<u>Paid-up Capital</u>	<u>Reserves &amp; Surplus</u>
	2,303	160,413
	<u>Secured Loans</u>	<u>Unsecured Loans</u>
	Nil	Nil
Application of Funds		
	<u>Net Fixed Assets</u>	<u>Investments</u>
	89,919	24
	<u>Net Current and Other Assets</u>	<u>Misc. Expenditure</u>
	72,773	Nil
Accumulated Losses	Nil	

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

<u>Turnover*</u>	<u>Total Expenditure</u>
224,441	184,740
* Includes Other Income	
<u>Profit/Loss before Tax</u>	<u>Profit/Loss After Tax and</u>
39,701	<u>Exceptional items</u>
	32,149
<u>Earnings per Share in Rs.</u>	<u>Dividend Rate %</u>
139.59	650

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

Item Code No. (ITC Code) :	3004 31 10
Product Description :	INSULIN GLARGINE
Item Code No. (ITC Code) :	2935 00 90
Product Description :	GLIMEPIRIDE
Item Code No. (ITC Code) :	3004 90 63
Product Description :	IBUPROFEN AND PARACETAMOL TABLETS





**Sanofi India Limited:** Sanofi House, No. 117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400072.