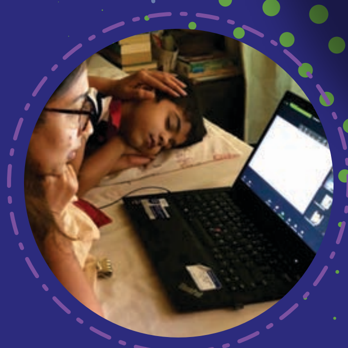
Empowering Life



65TH ANNUAL REPORT 2020

SANOFI INDIA LIMITED

SANOFI

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MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

At Sanofi, we are committed to the dual purpose of doing well, and, doing good at the same time. The last twelve months have shown us the importance of this purpose, and its central role in guiding all that we do. We do well when our medicines reach the people who need them and make a difference to their lives. At the same time, we do good for society when our contribution is maximized through our activities, whether it is our commitment to promoting health in India or improving access to care or building an inclusive and diverse company where employees can bring their best selves to work.

Through the pandemic, your Company has stayed focused on three key priorities: safety, supply and service - affirming the *safety* and well-being of all our employees and partners; ensuring uninterrupted *supply* of essential medicines; and maintaining business continuity of our operations by adopting new ways of working to *serve* our customers, employees, partners and patients.

The scale of infectious and non-communicable diseases continues to call for crucial, new treatments and better access to healthcare. A growing and rapidly ageing population combined with prevailing unhealthy lifestyles have led to a growing number of patients suffering from chronic diseases. Furthermore, rapid urbanization and an expanding and affluent middle class have led to a rising demand for better healthcare. The Indian pharmaceutical industry, which is currently valued at $41 billion, is thus expected to grow to $65 billion by 2024, and $120-130 billion by 2030.

The pandemic has shown that many aspects of society and the economy are negatively affected by a healthcare crisis. It has impacted every part of our society and changed the way we live and work. Pressures across the entire healthcare value chain are resulting in reforms and innovation in business models. Technological advances are delivering new and transformational outcomes, which are capable of being executed at scale. Digitalization represents an opportunity to offer more personalized healthcare for the diagnosis and monitoring of diseases.

Your Company has invested significant resources in preparing the organization to win in the emerging environment, where digitization would be at the center of everything we do. We have committed to leverage digital technology and build capability across all parts of the organization to increase the value we bring to all our stakeholders - patients, healthcare professionals, customers, partners and employees.

Inspired to be socially responsible, our corporate social responsibility strategy meets high standards of ethics and transparency and is based on developing a strong understanding of the value of good health in young people and future generations through interactive education sessions; encouraging employees to participate in local programs for vulnerable or undeserved populations to support initiatives dedicated to environment, upskilling and education. It goes without saying, that your Company and our employees (personally) contributed to support the nation in its battle to provide quality care to people suffering from COVID-19, during the initial lockdown period.

That is perhaps why, this year again, your Company has won the international TOP Employer certification for the third consecutive year. This win comes after exhaustive global research and subsequent certification. The selected certified top employers are future-forward in exceptional 'people-first' HR practices,and your Company is thrilled to be one of them.

As a responsible company, we act where we can have maximum impact on healthcare needs. I am proud of the work we have done to bring us to this point, and we will continue to strive to create value for our patients, their families and society. Together with our employees and partners, we are committed to providing better health for all.

Yours sincerely,

Rajaram Narayanan


SAFETY
www.
The new
'Hi, how are you?'
OUR EMPLOYEES, OUR RESPONSIBILITY
REMOTE WORKING, VIRTUAL WELL-BEING
LOOKING OUT AND LOOKING AFTER

OUR EMPLOYEES, OUR RESPONSIBILITY

The physical, mental and psychological safety and well-being of employees was a key focus for your Company. While many peers resumed field operations as early as mid-2020, Sanofi India Limited decided to ease its remote working model only in October. A specially formed Sales Task Force (STF) monitored and reviewed each region closely, bifurcating the Country into *go-zones* and *no-go-zones*. Only go-zones were allowed to conduct physical field work, given adherence to safety protocols. Even within the *go-zones*, field work was kept entirely discretionary for employees, urging everyone to put their safety first. *No-go-zones* continued remote working, until safe to open.

Your Company is proud to have kept employee safety ahead of everything else and cumulatively connected across 1 Million digital touchpoints with key doctors, healthcare practitioners and key opinion leaders through 2020. Even the physical offices of your Company have transformed to welcome the new normal. Some of the steps we took were replacing doors handles with foot-peddles, installing motion-dispensers for tissues & soap and urging employees to 'book their day @ office' through an online tool to maintain attendance guidelines.

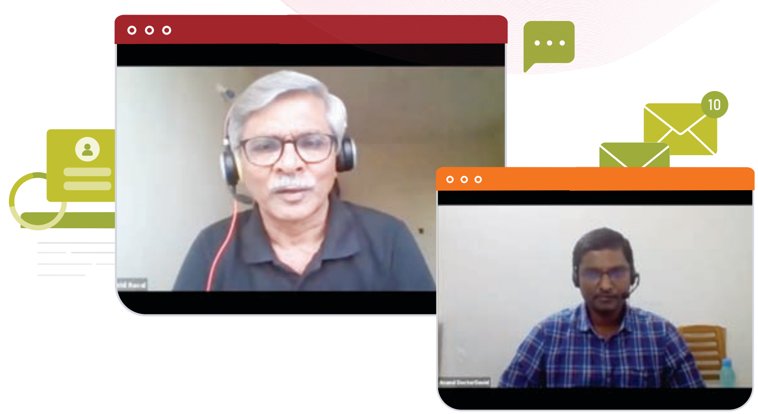
REMOTE WORKING, VIRTUAL WELL-BEING

Video calls, online learning, virtual classes; everything that was once a coming together of talent, is now a coming together of numerous small digital screens. So as soon as your Company realized its' employees were fatigued with the tough balance of work-from-home ***and*** work-at-home; mental and physical fitness became paramount.

A series of expert sessions by skilled professionals in the field of ergonomics, desk yoga, meditation, de-stressing and much more, were conducted at frequent intervals. Your Company ensured there was continuous employee connect with a townhall every two months, and with over 63 connect-sessions with our field employees across 8-9 months. Within the pandemic and the pandemonium, your Company not just looked after its employees, but also their families.

LOOKING OUT AND LOOKING AFTER

The fear of contracting the virus had gripped many. Your Company found a way to transport thousands of safety kits with masks and sanitizers to every field employee month-on-month, to minimize their exposure to the virus. The onus of employee safety didn't stop there. Sanofi also provided a doctor on-call for medical counsel and immediate assistance to obtain a hospital bed for employees' families, when they tested positive with COVID-19.



KEEPING THE LIGHTS ON!

INTRODUCING IPCAS

SUPPLY

Refining the supply chain, one right click at a time!

KEEPING THE LIGHTS ON!

Putting duty before self, employees at all your Company's factories and sites worked tirelessly through 2020, ensuring that we manufacture medicines at full capacity, while being strictly compliant with COVID-19 related safety measures. Our early headway into technology and automation paved a secure and seamless way for our transition to digitizing many of our processes and practices. Even as you scroll to the next page of this report, your Company continues to be at the forefront of its mission to ensure uninterrupted supplies of essential medicines across India.

INTRODUCING IPCAS

Industrial operations are not insulated from change or disruption. In fact, this space has infinite potential for digitization and automation. The pandemic in 2020 became the critical lever for this pivotal shift and your Company took this opportunity to inject more digital rigor and resilience at its manufacturing sites. Implementing intelligent and intuitive system upgrades like IPCAS (In-Process Checks Automation System) was just one of them. Earlier, output performance was measured using instruments like weighing balances, vernier calipers, disintegration test apparatus and the hardness tester system; where results appearing on the instruments were *manually* inputted in batch records.

These results were further evaluated manually, for compliance within acceptance limits. Implementation of IPCAS ensures all appearing results are *automatically* transferred to the HMI (Human Machine Interface) unit, which then automatedly evaluate compliance too. With not just a reduction in potential human errors while manually calculating and evaluating numbers, the IPCAS system is also in-line with the most stringent Compliance & Data integrity principles. Additionally, it also allows for maintenance of historical data, acceptance of e-signatures and restricted system testing by authorized personnel only.

SERVICE

Unlearning, learning afresh, upskilling

GOING ONLINE, STAYING THERE

UPSKILLING OURSELVES

VIRTUALLY VOLUNTEERING

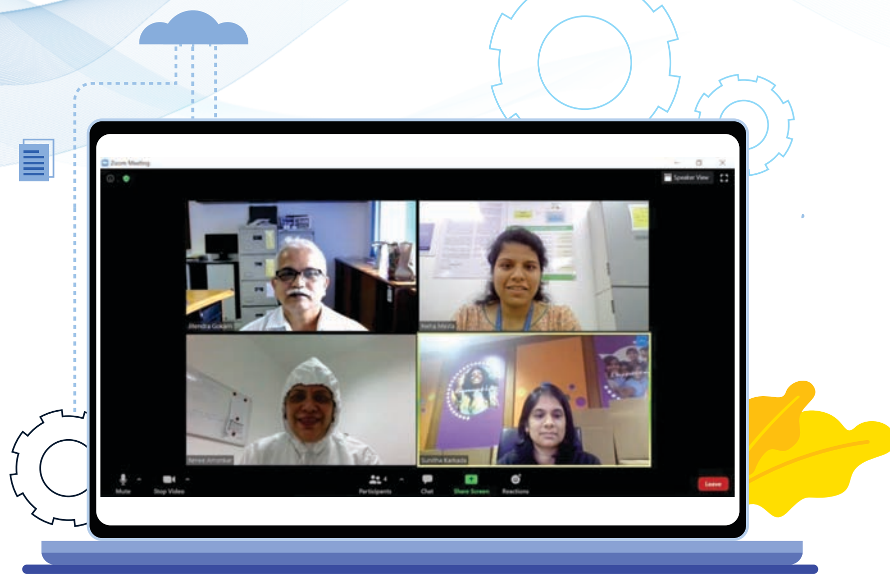
FOR MUMBAI AND FOR INDIA

A HATTRICK BEING THE TOP EMPLOYER

GOING ONLINE, STAYING THERE

The pandemic has been the push businesses needed to accelerate technology adoption. As a result, everyone is unlearning old ways of operating and adapting to new developments by learning afresh. An Ipsos **COVID-19 Impact Study** on Physician Practice states that specific key trends have emerged and are likely to remain. A wide adoption of teleconsultation and telemedicine by doctors in treating patients during this difficult period was observed, with 52% of all consultations being remote/teleconsultations. This was significantly higher than earlier, when it was 25% **(source)**.

Sanofi had a headstart with its India Analytics Interactive Dashboard called **India MCE** (multi-channel engagement). Basis the dashboard, our sales teams developed insights on channel adoption, allowing them to make sound decisions on channel and content marketing. This enables us to tailor the way our customers receive information from us. Little wonder then, that our consumer education website **www.intolife.in** on diabetes featured amongst the Best *Website* within the pharmaceutical industry in the 'Digital Landscape Study' by DT Consulting (India 2020).



Your Company heavily invested resources in digital and virtual interactions with doctors that were engaging and impactful. With 100% of our field teams already on digital tools, they were swiftly equipped with richer content, deeper interaction opportunities and visually immersive assets to aid medical conversations. Furthermore, preempting doctors' needs to upskill themselves digitally, your Company assisted numerous doctors with tech-upskilling workshops and digital trainings *via* virtual platforms. Having connected online with over 40,000 doctors, our digital activities underwent a massive surge by 5 times. Sanofi India facilitated over 1 million digital touchpoints across all possible channels, *viz*. phone calls, Zoom calls, WhatsApp messages, e-webinars, informative medical content and product pages, emailers and eEvents (*like* Round Table Meets/eCongresses).

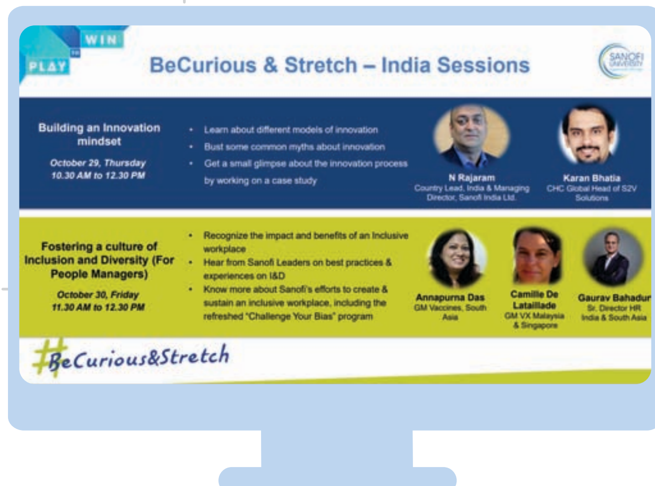
FOR MUMBAI AND FOR INDIA

Dharavi, the largest slum in Mumbai was identified as the most vulnerable to COVID-19 in the city and State. Sanofi India through its NGO partner Americares, supported the isolation wards (set up by Municipal Corporation of Greater Mumbai in the parking lot of Mahim) with equipment. The support extended by your Company was utilized for thermal guns, auto-BP apparatus, HGT machines (Hemo Glucose Tests), nebulization machines, pulse oximeters, bi-pap machines, ventilators, suction machines, defibrillators, surgical gloves, syringe pumps, latex gloves, piped oxygen supply, PPE kits and N95 masks.

Additionally, in May 2020, our employees contributed one day's salary and your Company matched their contribution by adding ***twice*** the amount. The amount raised was donated to the 'Prime Minister Cares' fund for the fight against the pandemic.

UPSKILLING OURSELVES

Did you know that the 'IBM Skills Gap Survey 2019' had predicted how 120 million people will need to be retrained in 'soft skills' over the next three years as a result of artificial intelligence and automation? Given the new realities of the pandemic, your Company immediately recognized that the impact would be long standing and so every employee must upskill. We dived deeper into our customer's phygital (a combination of digital & physical) journeys to understand how they receive scientific information. Accordingly, your Company is now **repurposing** its traditional format of booklets to digital versions.



On the other hand, your Company has enabled its employees to build on insights, navigate change by accelerating efficiencies, build and hone transversal skills and nurture an *innovation* mindset, we hosted the **#BeCurious&Stretch learning marathon in 2020.**

#BeCurious&Stretch

It offered a plethora of online learning courses and certifications across diverse subjects like ***Leadership Development, Digital Analytics, Customer Experience, Artificial Intelligence & Machine Learning*** to name a few. In this way, your Company maximized the lull created by the pandemic to offer every possible kind skill development opportunity through interactive sessions from across the globe, panel discussions and courses on cultivating various skills.

VIRTUALLY VOLUNTEERING

Over the last decade, your Company has actively contributed to communities through activities like *Volunteering Week* and *Daan Utsav*. These activities brought together like-minded employees who share a common interest for similar social causes. Not even a pandemic could put brakes to this commitment to the community. We had to think different and think fast on how to offer a week of volunteering opportunities, all virtually. Your Company curated a wide range of options, where *Sanofians* came together as one, regardless of departments, geographies or hierarchies.

The activities included but were not limited to...

capacity-building (shared Microsoft Office skills, offered social media pro tips and gave blog writing tips) for students,

education (made learning fun for kids with digital aids, created informative videos for elderly, recorded audio books for students with disabilities, translated stories into regional languages),

environment (upcycled old paper into notebooks, made reusable cloth bags, taught employees to start kitchen gardens) and

health (shared healthy lifestyle lessons with underprivileged kids).

Through our Virtual Volunteering Week in 2020, we successfully engaged thousands of our employees across 117 cities in a range of activities; and touched and impacted over 5000+ lives. Through *Daan Utsav*, we raised a handsome sum for 'Action Against Hunger' that works extensively towards feeding thousands of hungry stomachs.

A HATTRICK BEING THE

top EMPLOYER
भारत INDIA 2021
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Sanofi India had won the coveted TOP Employer Award in 2019, 2020 and now again in 2021. This win comes after exhaustive global research and subsequent certification, worldwide. The certified Top Employers are future-forward in exceptional 'people-first' HR practices, and your Company is thrilled to be recognized as one of them. Your Company's practices were assessed through an analysis of 100 questions, covering over 600 people and practices across various topics like: Talent Strategy, Learning & Development, Career & Succession Management and many more.

FINANCIAL SUMMARY

For last 5 years

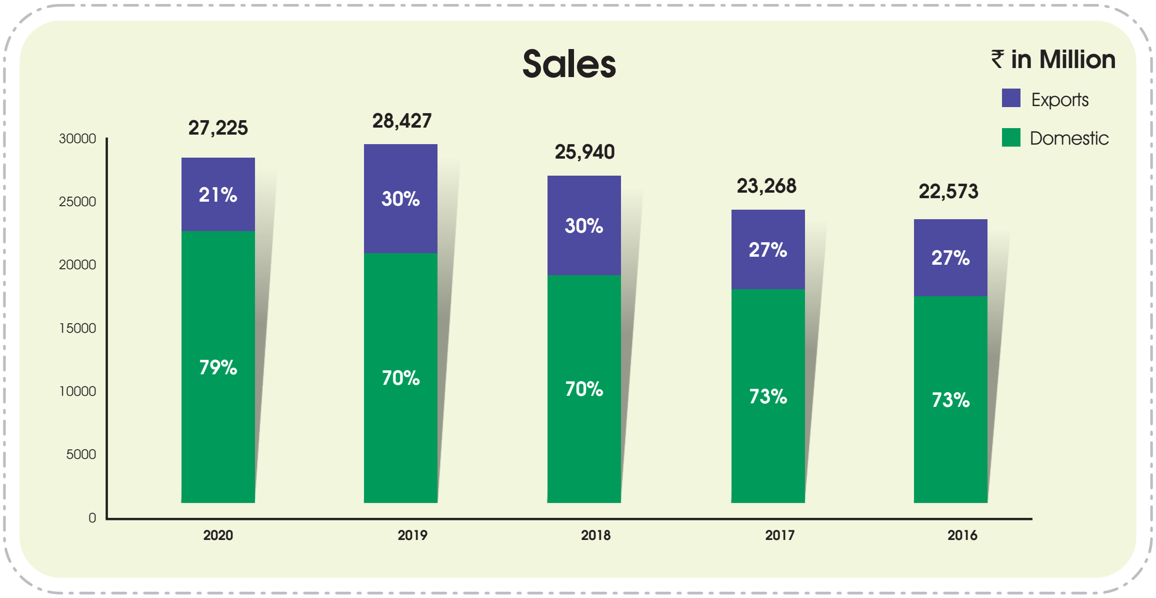
(₹ in Million)

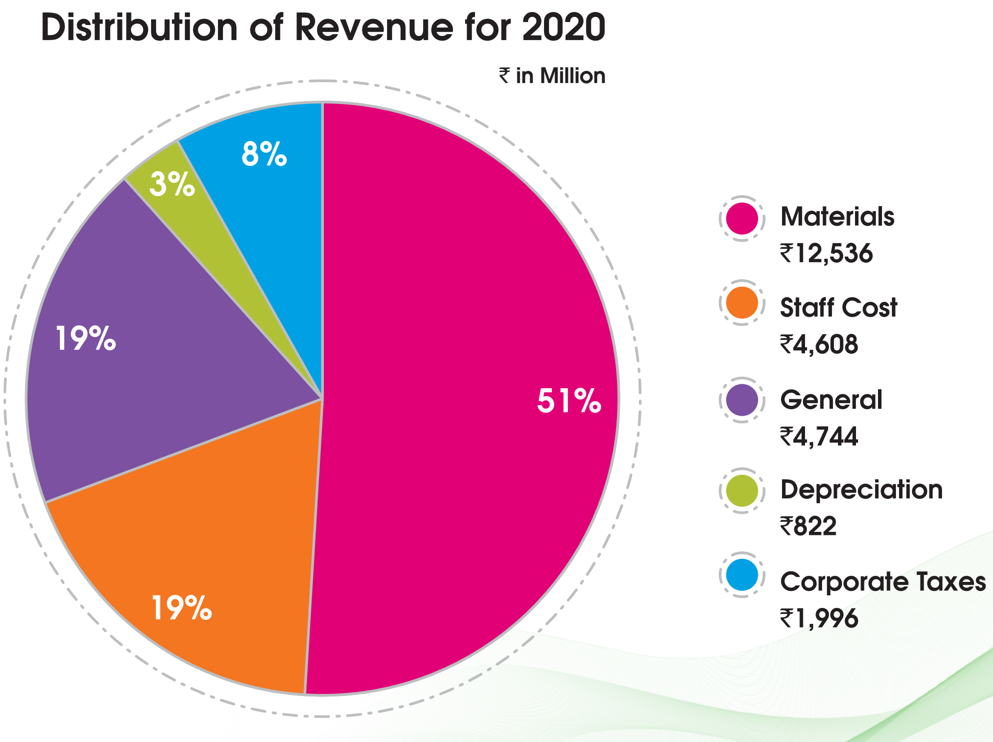
REVENUE, PROFIT & DIVIDEND	2020	2019	2018	2017	2016
Revenue from operations (Gross)	29,019	30,706	27.708	24,914	24.197
Profit before Depreciation Finance Cost & Tax (PBDFT)	8,029	7,594	7,132	6,179	6,015
Profit before Finance Cost & Tax (PBFT)	7,207	6,595	6,105	5,157	4,827
Profit before Tax (PBT)	6,772	5,999	6,098	5,146	4,804
Profit after Tax (PAT)	4,776	4,142	3,806	3,260	3,042
Total Comprehensive Income net of Tax	4,688	3,977	3,819	3,247	2,984
Dividend (Amount)	8,406	8,038	1,935	1,636	1,567
Rate (₹ per share)	365[(2)]	349[(1)]	84	71	68

SHARE CAPITAL & CAPITAL EMPLOYED	2020	2019	2018	2017	2016
Share Capital	230	230	230	230	230
Shareholder's Funds[3]	21,190	24,423	22,192	20,264	18,830
Capital Employed[3]	21,190	24.423	22,192	20,264	18,830
Represented by:					
Fixed Assets (Net) & Investments[3]	4,741	5,161	7,541	7,993	8,507
Net Current & Other Assets	16,449	19,262	14,651	12,271	10,323

RETURN	2020	2019	2018	2017	2016
On Sales (PBT) %	24.9%	21.1%	23.5%	22.1%	21.3%
On Capital Employed (PBFT) %	34.0%	27.0%	27.5%	25.4%	25.6%
On Shareholders Funds (PAT) %	22.5%	17.0%	17.2%	16.1%	16.2%
Per Share (PAT) ₹	207.38	179.85	165.48	141.74	132.28
Personnel Cost	4,608	4,497	4,068	3,685	3,553
No. of Employees	2,912	3,426	3,301	3,239	3,623

1. Includes special dividend of ₹ 243 per share
2. Includes special dividend of ₹ 240 per share
3. Includes revaluation of fixed assets since 1986
4. All above figures excludes the impact of exceptional item if any


Sales
₹ in Million
Exports
Domestic
27,225
28,427
25,940
23,268
22,573
21%
30%
30%
27%
27%
79%
70%
70%
73%
73%
30000
25000
20000
15000
10000
5000
0
2020
2019
2018
2017
2016


Distribution of Revenue for 2020
₹ in Million
51%
19%
19%
3%
8%
Materials
₹12,536
Staff Cost
₹4,608
General
₹4,744
Depreciation
₹822
Corporate Taxes
₹1,996

BOARD OF DIRECTORS & CORPORATE INFORMATION

Details as on 23rd February 2021

- Mr. Aditya **NARAYAN**
  Chairman, Independent Director
- Mr. Rajaram **NARAYANAN**
  Managing Director
- Mr. Rahul **BHATNAGAR**
  Independent Director
- Ms. Usha **THORAT**
  Independent Director
- Mr. Charles **BILLARD**
  Non-Executive Director
- Mr. Cyril **GRANDCHAMP-DESRAUX**
  Non-Executive Director
- Mr. Marc-Antoine **LUCCHINI**
  Non-Executive Director
- Mr. Cherian **MATHEW**
  Whole Time Director
- Mr. Vaibhav **KARANDIKAR**
  Whole Time Director & Chief Financial Officer

- **Company Secretary:**
  Mr. Girish Tekchandani
- **Registered Office:**
  Sanofi House, CTS No. 117-B,
  L&T Business Park, Saki Vihar Road,
  Powai, Mumbai - 400 072.
- **Manufacturing Site:**
  GIDC, Plot No. L -121 Phase III,
  Verna Industrial Estate, Verna, Goa - 403 722.
- **Registrar and Transfer Agents:**
  Link Intime India Private Limited,
  C - 101, 247 Park, L B S Marg,
  Vikhroli West, Mumbai - 400 083.
- **Auditors:**
  Price Waterhouse & Co
  Chartered Accountants LLP
- **65th Annual General Meeting:**
  Tuesday, 27th April 2021 at 3.00 pm
  Through Video Conferencing facility

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the sixty-fifth Annual General Meeting of Sanofi India Limited will be held on Tuesday, 27th April 2021 at 3.00 p.m. through video conferencing facility to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st December 2020 including the audited Balance Sheet as on 31st December 2020 and the statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare a final dividend of Rs. 125 per equity share and a one-time special dividend of Rs. 240 per equity share for the financial year ended 31st December 2020.

3. To re-appoint Mr. Charles Billard (DIN 08173583), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Rahul Bhatnagar (DIN 07268064), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act signifying intention to propose his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years from 29th July 2020 to 28th July 2025.

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

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

   "RESOLVED THAT Mr. Marc-Antoine Lucchini (DIN 08812302) who was appointed as an Additional Director by the Board of Directors under Section 161 of the Companies Act, 2013 (the Act) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) with effect from 29th July 2020, who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act signifying intention to propose his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retire by rotation.

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

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Aditya Narayan (DIN 00012084), who holds office of Independent Director up to 29th April 2021 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a member, signifying intention to propose his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years from 30th April 2021 to 29th April 2026.

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

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Ms. Usha Thorat (DIN 00542778), who holds office of Independent Director up to 29th April 2021 and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a member, signifying intention to propose her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years from 30th April 2021 to 29th April 2026.

RESOLVED FURTHER THAT the consent of the members be and is hereby granted for continuation of Ms. Usha Thorat as Independent Director notwithstanding that she will attain the age of 75 years in February 2025, during the second term of five consecutive years ending on 29th April 2026.

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

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

"RESOLVED THAT Mr. Vaibhav Karandikar (DIN 09049375) who was appointed as an Additional Director by the Board of Directors under Section 161 of the Companies Act, 2013 (the Act) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) with effect from 23rd February 2021, who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act signifying intention to propose his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose term of office shall be liable to retire by rotation.

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

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

"RESOLVED THAT pursuant to provisions of Sections 196 and 197 and all other applicable provisions of the Companies Act, 2013 read with Schedule V thereto, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) approval of members be and is hereby accorded for the appointment of Mr. Vaibhav Karandikar (DIN 09049375) as Whole Time Director of the Company for a period of five years with effect from 23rd February 2021 and to his receiving remuneration, benefits and amenities as Whole Time Director of the Company as set out in the Explanatory Statement annexed to the Notice of this Meeting and upon the terms and conditions contained in an Agreement to be entered into between the Company and Mr. Vaibhav Karandikar.

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

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

"RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, M/s. Kirit Mehta & Co., Cost Accountants, to conduct the audit of the cost accounts maintained by the Company for the financial year ending 31st December 2021 be paid remuneration of Rs. 390,000 plus Goods and Services Tax and out of pocket expenses, in performance of their duties.

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

By Order of the Board

GIRISH TEKCHANDANI
COMPANY SECRETARY

23rd February 2021

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the Act) with respect to item nos. 4 to 10 of the Notice is annexed hereto and forms part of this Notice.

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

3. In the year 2020, due to the COVID -19 pandemic, the Ministry of Corporate Affairs (MCA) had vide General Circular No. 20/2020 dated 5th May 2020 read with General Circular No. 14/2020 dated 8th April 2020 and General Circular No. 17/2020 dated 13th April 2020 and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, allowed companies:

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

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

    The MCA vide its General Circular No. 02/2021 dated 13th January 2021 and SEBI vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 extended the above exemptions till 31st December 2021.

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

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

    i. Members may attend the AGM using VC facility on a live streaming link available at www.evotingindia.com (CDSL Voting Portal) under shareholders/members login by using the remote e-voting login credentials. The link for live streaming of the AGM will be available under the EVSN of the Company. The members holding shares either in demat form or in certificate form shall follow the instructions given in para 14 below to join the AGM through VC facility.

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

        On desktop/laptop

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

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

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

        d. Click on submit

        On smart phone/tablet

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

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

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

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

        e. Click on submit

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

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

   i. The link for joining the meeting will be made active 15 minutes prior to the meeting i.e. at 2.45 p.m. on 27th April 2021. Members are requested to join the meeting on time.

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

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

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

   v. Members who have questions or seeking clarifications on the Annual Report or on the proposals as contained in this Notice are requested to send email to the Company - IGRC.SIL@sanofi.com on or before 5.00 p.m. on Thursday, 22nd April 2021. This would enable the Company to compile the information and provide the replies at the meeting. The Company will be able to answer only those questions at the meeting which are received in advance as per the above process.

      The Company will allot time for members to express their views or give comments during the meeting. The members who wish to speak at the meeting need to register themselves as a speaker by sending an e-mail from their registered e-mail ID mentioning their name, DP ID and Client ID/Folio number and mobile number, on e-mail ID - IGRC.SIL@sanofi.com on or before 5.00 p.m. on Thursday, 22nd April 2021. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.

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

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

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

      Detailed instructions for voting are contained in Para 14 below.

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

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

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

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

8. The Register of Members of the Company shall remain closed from 21st April 2021 to 27th April 2021 (both days inclusive).

9. Payment of dividend as recommended by the Board of Directors, if approved at the meeting, will be made to those members whose names are on the Company's Register of Members on 27th April 2021 and those whose names appear as Beneficial Owners as at the close of the business hours on 20th April 2020 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

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

11. Members holding shares in electronic form are advised to keep the bank details updated with the respective Depositories, viz. NSDL and CDSL. Member holding shares in certificate form are requested to update bank details with the Company's Registrar and Transfer Agents.

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

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

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

    During the year 2020, the Company transferred unclaimed dividend amounts of Rs.1,664,658 and Rs. 761,720 from the Final Dividend for the year 2012 and Interim Dividend for the year 2013 respectively, to the IEPF.

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

Dividend and Year	**Dividend per Share (Rs.)**	**Date of Declaration**	**Last Date for Claim**
Final Dividend 2013	35	29-04-2014	03-06-2021
Interim Dividend 2014	10	23-07-2014	27-08-2021
Final Dividend 2014	35	29-04-2015	03-06-2022
Interim Dividend 2015	18	21-07-2015	25-08-2022
Final Dividend 2015	47	29-04-2016	04-06-2023
Interim Dividend 2016	18	22-07-2016	27-08-2023
Final Dividend 2016	50	05-05-2017	09-06-2024
Interim Dividend 2017	18	19-07-2017	23-08-2024
Final Dividend 2017	53	08-05-2018	12-06-2025
Interim Dividend 2018	18	25-07-2018	31-08-2025
Final Dividend 2018	66	07-05-2019	11-06-2026
Final and One-Time Special Dividend 2019	349	07-07-2020	12-08-2027

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

Particulars	**No. of Records**	**No. of Shareholders**	**No. of Equity Shares**
Aggregate number of shareholders/records and the outstanding shares in the Unclaimed Suspense Account	249	233	12,450
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	05	05	250
Number of shareholders/records whose shares were transferred from suspense account to the demat account of Investor Education and Protection Fund under the provisions of Section 124(6) of the Companies Act, 2013	13	12	650
Number of shareholders/records and aggregate number of shares transferred to the Unclaimed Suspense Account during the year	-	-	-
Aggregate number of shareholders and outstanding shares in the Unclaimed Suspense Account lying as on 31st December 2020	231	216	11,550

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

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

E-voting facility:

The remote e-voting period will begin on 24th April 2021 at 9.00 a.m. and will end on 26th April 2021 at 5.00 p.m. During this period members of the Company holding shares either in physical form or dematerialized form as on cut-off date, i.e 20th April 2021 may exercise their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

A person whose name is recorded in the register of members or in the beneficial owners maintained by depositories as on the cut-off date i.e. 20th April 2021 shall be entitled to avail the facility of remote e-voting as well as e-voting system during the AGM. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of shares held in dematerialised form) as on the cut-off date i.e. Tuesday, 20th April 2021.

Any person who becomes a member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date i.e. Tuesday, 20th April 2021 and wishing to participate in the e-voting may obtain User ID and password by sending a letter or email to the Company's Registrar and Transfer Agents, Link Intime India Private Limited to C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 (Email ID: evoting.investors@linkintime.co.in) providing details such as name of the Member, DP ID/Client ID no. and name of the Company. User ID and password will be provided through email or SMS or letter as per details of the member provided by the Depositories or available with the Registrars. Members can also contact Mr. Jayprakash V P of Link Intime India Private Limited on no. 022 - 49186270. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The voting during the AGM will begin on 27th April 2021 at 3.00 p.m. and will end on completion of 30 minutes from the time of the conclusion of the AGM. Within this period, all members who are present at the AGM through VC facility and who have not yet exercised their vote through remote e-voting, can exercise their vote electronically.

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

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

The instructions for members voting electronically are as under:

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

ii. Click on Shareholders/Members.

iii. Now Enter your User ID

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

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

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

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

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

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

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

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

x. Click on the EVSN of Sanofi India Limited.

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

xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

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

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

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

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

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

xviii. Note for Non – Individual Members and Custodians:

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

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

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

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

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

xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact the following :
Mr. Nitin Kunder (022- 23058738)
Mr. Mehboob Lakhani (022-23058543)
Mr. Rakesh Dalvi (022-23058542).

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

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

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

Agenda Item No.	**3**
Name	Mr. Charles Billard
Age	39
Qualifications	Master's degree from Ecole Centrale Paris Engineering School
Brief profile including expertise and experience	Mr. Charles Billard joined Sanofi Group in 2014 as the Head of Strategy and Business Development for Global Consumer Healthcare Division. In 2016, he was appointed as Head Financial Planning & Performance department for the General & Emerging Markets Global Business Unit. He was Chief Financial Officer (w.e.f 1st July 2018) and Whole Time Director (w.e.f 25th July 2018) of Sanofi India Limited. He ceased to be the Chief Financial Officer and Whole Time Director w.e.f end of day on 30th September 2020. Currently he is Head of Finance for Sanofi Group's Global Corporate Functions based at Paris and a Non-Executive Director of Sanofi India Limited. Prior to Sanofi Group, he spent 9 years in Strategy Consulting with The Boston Consulting Group.
Directorships in other companies in India	None
Committee Memberships and Chairmanships	He is member of Audit Committee of Sanofi India Limited.
Number of Board meetings attended during the year	In the year 2020, Mr. Charles Billard attended 5 out of 5 Board meetings.
Remuneration last drawn for the financial year 2020	As Chief Financial Officer and Whole Time Director till 30th September 2020, Mr. Charles Billard was paid remuneration as approved by the members at the AGM of the Company held on 7th May 2019. Details are disclosed in the Corporate Governance section of the Annual Report. From 1st October 2020, Mr. Charles Billard is associated with the Company as a Non-Executive Director. As per Nomination and Remuneration Policy of the Company, no remuneration is payable to Non-Executive Directors who are employees of Sanofi group.
Remuneration sought to be paid	As per Nomination and Remuneration Policy of the Company, no remuneration is payable to Non-Executive Directors who are employees of Sanofi group. No change has been proposed.
Terms and conditions of appointment	Non-Executive Director as per the Nomination and Remuneration Policy of the Company.
Relationship with other Directors and KMP	None
Date of first appointment on the Board	25th July 2018
Shareholding in Sanofi India Limited	Nil

Agenda Item No.	4
Name	Mr. Rahul Bhatnagar
Age	62
Qualifications	MBA, The Wharton School, University of Pennsylvania, USA and Member of Institute of Chartered Accountants of India
Brief profile including expertise and experience	Mr. Rahul Bhatnagar had a long career in Finance and Strategy with reputed organizations like Nestle, Pepsi and Bharti Group. Mr. Bhatnagar last served as the Managing Director and Chief Financial Officer at Bharti Enterprises Limited up to 2016. He has previously served as a Director of Comviva Technologies Limited, Bharti Enterprises Limited and Bharti AXA Life and General Insurance Company Limited. He is currently an Independent Director on the board of Whirlpool of India Limited, Rossell India Limited and Akzo Nobel India Limited.
Directorships in other companies in India	Whirlpool of India Limited Akzo Nobel India Limited Rossell India Limited
Committee Memberships and Chairmanships	Sanofi India Limited: - Chairman of Stakeholders Relationship Committee and Corporate Social Responsibility Committee - Member of Audit Committee and Nomination and Remuneration Committee Whirlpool of India Limited: - Chairman of Audit Committee - Member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee Akzo Nobel India Limited: - Chairman of Audit Committee - Member of Nomination and Remuneration Committee and Risk Management Committee Rossell India Limited: - Chairman of Audit Committee - Member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee
Number of Board meetings attended during the year	In the year 2020, Mr. Rahul Bhatnagar attended 2 out of 2 Board meetings held in his tenure
Remuneration last drawn for the financial year 2020	Sitting Fees and Commission are disclosed in the Corporate Governance Section
Remuneration sought to be paid	Sitting Fees and Commission approved by the Board as per the Nomination and Remuneration Policy of the Company
Terms and conditions of appointment	As per draft letter of appointment setting out the terms and conditions disclosed on the website
Relationship with other Directors and KMP	None
Date of first appointment on the Board	29th July 2020
Shareholding in Sanofi India Limited	Nil

Agenda Item No.	5
Name	Mr. Marc-Antoine Lucchini
Age	56
Qualifications	Biochemistry Professional
Brief profile including expertise and experience	Mr. Marc-Antoine Lucchini is a French national who has over 30 years of experience in the pharmaceutical industry. During his career, he has been successfully operating in many different environments in Pharma Operations in France first, and then in the United States in more strategic roles in Sanofi group. Through the different acquisitions or mergers of the company, he had the opportunity to work in Spain as the General Manager for Iberia, in Egypt and then in France since 2014 to lead the French affiliate, one of the biggest and most complex ones for a French Pharma group. In 2016 he moved to a Regional Role as Head of the European Region for the Primary Care Business Unit. In 2020, he was appointed Head of the International Region, representing 68 countries with sales of Euro 4.3 billion with a direct reporting of 10 high potential countries of the region amongst which India is a key one.
Directorships in other companies in India	None
Committee Memberships and Chairmanships	Member of Nomination and Remuneration Committee of Sanofi India Limited.
Number of Board meetings attended during the year	In the year 2020, Mr. Marc-Antoine Lucchini attended 1 out of 2 Board meetings held in his tenure.
Remuneration last drawn for the financial year 2020	As per Nomination and Remuneration Policy of the Company, no remuneration is payable to Non-Executive Directors who are employees of Sanofi group.
Remuneration sought to be paid	None
Terms and conditions of appointment	Non-Executive Director as per the Nomination and Remuneration Policy of the Company.
Relationship with other Directors and KMP	None
Date of first appointment on the Board	29th July 2020
Shareholding in Sanofi India Limited	Nil

Agenda Item No.	6
Name	Mr. Aditya Narayan
Age	69
Qualifications	Master of Science, University of Rochester, NY, USA Bachelor of Law, University of Kanpur Bachelor of Technology, Indian Institute of Technology, Kanpur
Brief profile including expertise and experience	Mr. Aditya Narayan has over four decades of experience in the Industry. Starting in 1973 as a management trainee with ICI India Limited, now Akzo Nobel India Limited, he worked across diverse businesses and functions before serving as its Managing Director over 1996 – 2003. Thereafter, he was the Non-Executive Chairman of its Board over 2003 – 2010.

	Since 2001, he has served on the Boards of a few other companies, including terms as an Independent Director of listed companies in India. Over 2005 - 2009, he was the President and CEO of BHP Billiton India. Mr. Aditya Narayan was appointed as an Independent Director of Sanofi India Limited for a term of five years from 30th April 2016 to 29th April 2021.
Directorships in other companies in India	None
Committee Memberships and Chairmanships	None
Number of Board meetings attended during the year	In the year 2020, Mr. Aditya Narayan attended 5 out of 5 Board meetings held in his tenure.
Remuneration last drawn for the financial year 2020	Sitting Fees and Commission as disclosed in the Corporate Governance Section.
Remuneration sought to be paid	Sitting Fees and Commission approved by the Board as per the Nomination and Remuneration Policy of the Company.
Terms and conditions of appointment	As per draft letter of appointment setting out the terms and conditions disclosed on the website.
Relationship with other Directors and KMP	None
Date of first appointment on the Board	30th April 2016
Shareholding in Sanofi India Limited	Nil

Agenda Item No.	**7**
Name	Ms. Usha Thorat
Age	71
Qualifications	Master's Degree in Economics (Delhi School of Economics)
Brief profile including expertise and experience	Ms. Usha Thorat joined the Reserve Bank of India (RBI) in 1972. She became Deputy Governor in 2005 and remained in this position till 2010. After stepping down from RBI, Ms. Usha Thorat was entrusted by the RBI to set up the Centre for Advanced Financial Research and Learning (CAFRAL) in banking and finance. She held charge as Director of CAFRAL from 2011 to 2014. She has worked on/led several Advisory Committees constituted by Reserve Bank of India. She currently chairs the Mutual Fund Advisory Committee constituted by SEBI. She is also a Member of the Fund Trustee and Advisory Commission set up under the Kerala Infrastructure Investment Fund Act, 1999. She is active in the social sector. She is a trustee of the Indian Cancer Society and heads its Cancer Cure Fund project. She is Chairperson of the Board of Governors of the Foundation for Ecological Security which works on issues of sustainability and equitable development. She also chairs the Board of Trustees of the Lotus Medical Foundation, Kolhapur, which works on HIV issues. Ms. Usha Thorat was appointed as an Independent Director of the Company for a term of five years from 30th April 2016 to 29th April 2021.
Directorships in other companies in India	Financial Benchmarks India Private Limited Grameen Impact Investments India Private Limited
Committee Memberships and Chairmanships	She is Chairperson of Audit Committee and Nomination and Remuneration Committee and member of Corporate Social Responsibility Committee of Sanofi India Limited.

Number of Board meetings attended during the year	In the year 2020, Ms. Usha Thorat attended 5 out of 5 Board meetings held in her tenure.
Remuneration last drawn for the financial year 2020	Sitting Fees and Commission as disclosed in the Corporate Governance Section.
Remuneration sought to be paid	Sitting Fees and Commission approved by the Board as per the Nomination and Remuneration Policy of the Company.
Terms and conditions of appointment	As per draft letter of appointment setting out the terms and conditions disclosed on the website.
Relationship with other Directors and KMP	None
Date of first appointment on the Board	30th April 2016
Shareholding in Sanofi India Limited	Nil

Agenda Item No.	**8 & 9**
Name	Mr. Vaibhav Karandikar
Age	48
Qualifications	B.Com., CA, CS, ICWA
Brief profile including expertise and experience	Mr. Vaibhav Karandikar is a Chartered Accountant, Cost Accountant and a Company Secretary with a post qualification experience of 25 years. He joined Sanofi in April 2007 and since then he has worked across various domains in the Finance function which includes financial accounting & reporting, taxation, business finance, management accounting etc. In his most recent assignment, he worked as Head of Controlling (Business Finance) for the General Medicines and Consumer Healthcare Business. In this role, he also supported the Global Support Function activities, Intra-Group Exports and Intra-Group services. During his time at Sanofi, he has been part of several key projects including mergers, acquisitions, divestures, integration projects. He also led the overall GST transition for the Company. Prior to joining Sanofi, he worked as Senior Manager Finance & Company Secretary for Sandoz India Private Limited (Heading the finance function for the Commercial operations). In the past, he was associated with Aventis Pharma Limited, Tata Power Limited and Hindustan Ciba-Geigy Limited.
Directorships in other companies in India	None
Committee Memberships and Chairmanships	He is member of Stakeholders Relationship Committee and Risk Management Committee of Sanofi India Limited.
Number of Board meetings attended during the year	Not applicable
Remuneration last drawn for the financial year 2020	Not applicable
Remuneration sought to be paid	As described in the explanatory statement of this Notice.
Terms and conditions of appointment	As described in the explanatory statement of this Notice.
Relationship with other Directors and KMP	None
Date of first appointment on the Board	23rd February 2021
Shareholding in Sanofi India Limited	Nil

EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (the Act) sets out all material facts relating to the business mentioned in item nos. 4 to 10 in the accompanying Notice of the Annual General Meeting (AGM).

Item No. 4

The Board of Directors of the Company at its meeting held on 28th July 2020, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Rahul Bhatnagar as an Additional (Independent) Director on the Board of the Company with effect from 29th July 2020 to hold office till the conclusion of the next AGM and subject to the approval of the members in the ensuing AGM, as an Independent Director to hold office for a term of five consecutive years from the effective date of this appointment.

The Company has received a notice in writing from a member under the provisions of Section 160(1) of the Act proposing the candidature of Mr. Rahul Bhatnagar for the office of Director.

Mr. Rahul Bhatnagar is not disqualified from being appointed as Director in terms of Section 164 of the Act and has consented to act as Director of the Company. The Company has also received declaration from him that he meets the criteria of independence as prescribed both under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations. In the opinion of the Board, Mr. Rahul Bhatnagar fulfills the conditions specified in the Act and the rules made thereunder and also under the Listing Regulations for appointment as an Independent Director and is independent of the Management.

Electronic copy of the draft letter for appointment of Mr. Rahul Bhatnagar as an Independent Director setting out the terms and conditions is available in the Investor Section of the website of the Company - www.sanofiindialtd.com.

A brief profile of Mr. Rahul Bhatnagar is provided in the notes to the Notice of the AGM.

The Board of Directors is of the opinion that the knowledge and experience of Mr. Rahul Bhatnagar will be of immense value to the Company. The Board, therefore, recommends the approval of the Ordinary Resolution set out at item no. 4 of the Notice convening the meeting.

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

Item No. 5

The Board of Directors of the Company at its meeting held on 28th July 2020, appointed Mr. Marc-Antoine Lucchini as an Additional Director (Non-Executive Director) with effect from 29th July 2020. Pursuant to the provisions of Section 161 of the Act, Mr. Marc-Antoine Lucchini will hold the office of a Director up to the date of the forthcoming AGM.

The Company has received a notice in writing from a member under the provisions of Section 160(1) of the Act proposing the candidature of Mr. Marc-Antoine Lucchini for the office of Director.

A brief profile of Mr. Marc-Antoine Lucchini is provided in the notes to the Notice of the AGM.

Mr. Marc-Antoine Lucchini is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company.

The Board of Directors is of the opinion that the knowledge and experience of Mr. Marc-Antoine Lucchini will be of immense value to the Company. The Board, therefore, recommends the approval of the Ordinary Resolution set out at item no. 5 of the Notice convening the meeting.

Except Mr. Marc-Antoine Lucchini, being the proposed appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this Resolution.

Item No. 6

The members had approved appointment of Mr. Aditya Narayan as an Independent Director of the Company at the AGM held on 29th April 2016 for a term of five consecutive years from 30th April 2016. The term of Mr. Aditya Narayan as an Independent Director of the Company will conclude on 29th April 2021.

The Board of Directors of the Company at its meeting held on 23rd February 2021, based on the recommendation of the Nomination and Remuneration Committee after review of performance evaluation and subject to the approval of the members through Special Resolution, re-appointed Mr. Aditya Narayan as an Independent Director, for a second term of five consecutive years commencing from 30th April 2021.

Mr. Aditya Narayan is not disqualified from being re-appointed as Director in terms of Section 164 of the Act and has consented to act as Director of the Company. The Company has also received declaration from him that he meets the criteria of independence as prescribed both under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations. In the opinion of the Board, Mr. Aditya Narayan fulfills the conditions specified in the Act and the rules made thereunder and also under the Listing Regulations for re-appointment as an Independent Director and is independent of the Management. The Company has received a notice in writing from a member under the provisions of Section 160(1) of the Act proposing the candidature of Mr. Aditya Narayan for the office of the Director.

Electronic copy of the draft letter for appointment of Mr. Aditya Narayan as an Independent Director setting out the terms and conditions is available in the Investor Section of the website of the Company - www.sanofiindialtd.com.

A brief profile of Mr. Aditya Narayan is provided in the notes to the Notice of the AGM.

The Board of Directors is of the opinion that knowledge and experience of Mr. Aditya Narayan will be of immense value to the Company. The Board, therefore, recommends the approval of the Special Resolution set out at item no. 6 of the Notice convening the meeting.

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

Item No. 7

The members had approved appointment of Ms. Usha Thorat as an Independent Director of the Company at the AGM held on 29th April 2016 for a term of five consecutive years from 30th April 2016. The term of Ms. Usha Thorat as an Independent Director of the Company will conclude on 29th April 2021.

The Board of Directors of the Company at its meeting held on 23rd February 2021, based on the recommendation of the Nomination and Remuneration Committee after review of performance evaluation and subject to the approval of the members through Special Resolution, re-appointed Ms. Usha Thorat as an Independent Director, for a second term of five consecutive years commencing from 30th April 2021.

Ms. Usha Thorat is not disqualified from being re-appointed as Director in terms of Section 164 of the Act and has consented to act as Director of the Company. The Company has also received declaration from her that she meets the criteria of independence as prescribed both under Section 149 (6) of the Act and under Regulation 16 of the Listing Regulations. In the opinion of the Board, Ms. Usha Thorat fulfills the conditions specified in the Act and the rules made thereunder and also under the Listing Regulations for re-appointment as an Independent Director and is independent of the Management. The Company has received a notice in writing from a member under the provisions of Section 160(1) of the Act proposing the candidature of Ms. Usha Thorat for the office of the Director.

Electronic copy of the draft letter for appointment of Ms. Usha Thorat as an Independent Director setting out the terms and conditions is available in the Investor Section of the website of the Company - www.sanofiindialtd.com.

A brief profile of Ms. Usha Thorat is provided in the notes to the Notice of the AGM.

Ms. Usha Thorat, is aged 71 years and would be attaining the age of 75 years in February 2025, during the proposed term of 5 years as an Independent Director. Pursuant to Regulation 17(1A) of Listing Regulations, approval of the members is required by way of a Special Resolution, for the continuation of Ms. Usha Thorat as an Independent Director from the date of her attaining 75 years of age to 29th April 2026.

Ms. Usha Thorat has made significant contributions in the Governance, Internal Financial Controls, Risk Management, Financial Reporting, Corporate Social Responsibility and Employee Compensation processes in her first term as an Independent Director. She has been Chairperson of the Audit Committee and Nomination and Remuneration Committee for more than 3 years and actively participated on all Board matters in her first term as an Independent Director. Re-appointment of Ms. Usha Thorat for a second term will help the Company in further strengthening the governance processes. The Board of Directors is of the opinion that the knowledge and experience of Ms. Usha Thorat will be of immense value to the Company. The Board, therefore, recommends the approval of the Special Resolution set out at item no. 7 of the Notice convening the meeting.

Except Ms. Usha Thorat, being the proposed appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in this Resolution.

Item No. 8 & 9

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Vaibhav Karandikar as an Additional Director of the Company with effect from 23rd February 2021 in accordance with Section 161 of the Act. He will hold office up to the date of the AGM of the Company.

The Board of Directors of the Company at its meeting held on 23rd February 2021, subject to the approval of the members of the Company, approved the appointment of Mr. Vaibhav Karandikar as Whole Time Director of the Company for a period of five years.

The Company has received a notice in writing from a member under the provisions of Section 160(1) of the Act proposing the candidature of Mr. Vaibhav Karandikar for the office of Director.

The remuneration proposed to be paid to Mr. Vaibhav Karandikar with effect from 23rd February 2021 is set out below:

1. Basic Salary - Rs. 57,60,000 per annum.
2. Flexi Compensation Allowance of Rs. 74,68,992 per annum and such higher amount as may be decided by the Board from time to time and in alignment with the Company's policy on Flexi-Compensation.
3. Provident Fund - Company's contribution not to exceed 12% of Basic salary.
4. Gratuity - Company's contribution not to exceed 8.33% of Basic salary.
5. Increments - Such increments with effect from 1st April 2021 as may be decided by the Board of Directors from time to time, not exceeding 25% per annum.
6. Performance Bonus with a target payout of Rs. 36,00,000 per annum for the financial year ending 31st December 2020 (for previous roles in the Company) and a payout range of 0% to 200% of target amount to be paid at the end of the financial year, and all future Performance bonuses, as may be determined by the Board of Directors.
7. Housing - House Rent Allowance as part of the Flexi-Compensation Structure (FCP). In addition, residential gas & electricity utility on actuals can be claimed as reimbursement.
8. Medical Hospitalisation Insurance Benefit - Medical aid benefits for self and dependant family as per Company's policy which is currently Rs. 800,000 floater coverage. This may be revised from time to time as per Company's policy.
9. The Company to pay the premium for the Personal Accident Insurance Policy taken for Mr. Vaibhav Karandikar along with other Officers of the Company.
10. The Company to pay the premium for the Group Insurance Policy taken for Mr. Vaibhav Karandikar as per rules of the Company.
11. The Company to pay fees for one Club (including admission or entrance fees and monthly or annual subscriptions) as per Company's policy.
12. Leave on full pay and allowances as per rules of the Company for such number of days of leave as may be granted to other employees of the Company in the Head Office.
13. Reimbursement of actual travelling and entertainment expenses incurred on behalf of the Company, subject to such ceiling on entertainment expenses as may be imposed by the Board of Directors from time to time.
14. Reimbursement of expenses on mobile phone and landline phone at residence as per the Company's policy.
15. Cost of existing stock linked incentive declared by the holding company based out of India, and the cost thereof borne by the Company. The cost borne by the Company for the year ended 31st December 2020 (for previous roles in the Company) was Rs. 543,898.

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

Minimum Remuneration

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

The draft agreement between the Company and Mr. Vaibhav Karandikar will be available to members on request. Members may write to the Company Secretary on email - IGRC.SIL@sanofi.com for inspecting the draft agreement until the date of the AGM or any adjournment thereof.

Mr. Vaibhav Karandikar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Whole Time Director of the Company. The Board of Directors is of the opinion that Mr. Vaibhav Karandikar's knowledge and experience will be of immense value to the Company. The Board, therefore, recommends the approval of the Ordinary Resolutions set out at item nos. 8 & 9 of the Notice convening the meeting.

Except Mr. Vaibhav Karandikar, being the proposed appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in these Resolutions.

Item No. 10

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as Cost Auditors to conduct the audit of the cost accounts maintained by the Company for the financial year ending 31st December 2021.

In accordance with the provisions of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors must be ratified by the members of the Company. Accordingly, consent of the members is sought for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st December 2021.

The Board recommends the approval of the remuneration payable to M/s. Kirit Mehta & Co., Cost Accountants for conducting the cost audit and passing of the Ordinary Resolution set out at item no. 10 of the Notice.

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

By Order of the Board

GIRISH TEKCHANDANI
COMPANY SECRETARY

23rd February 2021

REPORT OF THE DIRECTORS
TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting the Audited Accounts of your Company for the financial year ended 31st December 2020.

FINANCIAL RESULTS

	Rs. in million	
	2020	**2019**
Revenue from operations	29,019	30,706
Other income	898	941
Total income	29,917	31,647
Profit before exceptional items and tax	7,189	6,592
Profit before tax	6,772	5,999
Tax expense	1,996	1,857
Profit for the year	4,776	4,142
Other comprehensive income (Net of tax)	(88)	(165)
Total comprehensive income for the year	4,688	3,977

The financial results for the year ended 31st December 2020 are not comparable with that of year ended 31st December 2019 due to completion of the slump sale transaction on 29th May 2020, which resulted in transfer of Ankleshwar manufacturing facility and few products to Zentiva Private Limited. Details on the slump sale transaction and impact of pandemic has been discussed in Management Discussion and Analysis Report. Sales performance for the year ended 31st December 2020 was negatively impacted due to COVID-19 pandemic. The impact assessment of COVID-19 pandemic is a continuing process given the uncertainties associated with its nature and duration.

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

DIVIDEND

Your Directors recommend payment of final dividend of Rs. 125 per equity share of Rs.10 for the year ended 31st December 2020 and one-time special dividend of Rs. 240 per equity share of Rs.10 each for the year ended 31st December 2020, after considering the closure of the slump sale transaction relating to Ankleshwar manufacturing facility and reviewing the cash requirements for the Company's operations. The dividend will be paid after approval of members at the ensuing Annual General Meeting (AGM) of the Company. The dividend, if approved by the members at the AGM scheduled on 27th April 2021, will result in cash outflow of Rs. 8,406.2 million.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Dr. Shailesh Ayyangar vide his letter dated 25th February 2020 informed the Board of Directors of the Company (the Board) that due to his retirement as an employee of Sanofi group, he would like step down as Director of the Company with effect from end of the day on 25th February 2020. The Board noted and accepted this resignation on 25th February 2020.

Mr. Thomas Rouckout informed the Board vide his letter dated 25th February 2020 that he has taken up a new role within Sanofi Group and would not be able to spend time on Sanofi business in India and therefore, he would like to step down as Director of the Company with effect from the noting of his resignation by the Board. The Board noted and accepted this resignation on 25th February 2020.

Mr. Rangaswamy R. Iyer was appointed as an Independent Director of the Company to hold office for a term of five years from 31st March 2015 to 30th March 2020. On completion of this term, Mr. Rangaswamy R. Iyer ceased to be an Independent Director of the Company at the end of the day on 30th March 2020.

The Board at its meeting held on 28th July 2020, approved appointment of Mr. Rahul Bhatnagar as Additional (Independent) Director of the Company with effect from 29th July 2020 to hold office till the conclusion of the next Annual General Meeting and subject to the approval of the members in the ensuing AGM, for appointment as an Independent Director for a term of five consecutive years from the effective date of this appointment.

The Board at its meeting held on 28th July 2020 also approved appointment of Mr. Marc-Antoine Lucchini as Additional (Non-Executive) Director with effect from 29th July 2020 to hold office up to the date of next AGM of the Company.

The necessary Resolutions for appointment of Mr. Rahul Bhatnagar and Mr. Marc-Antoine Lucchini as Directors of the Company have been included in the Notice of the forthcoming AGM for the approval of the members.

Mr. Charles Billard informed the Company vide his letter dated 16th September 2020 that he will relocate outside of India to take up a new role within Sanofi group and would like to step down as Chief Financial Officer and Whole Time Director of the Company with effect from the end of the day on 30th September 2020. The Board approved resignation of Mr. Charles Billard as the Chief Financial Officer and Whole Time Director on 16th September 2020. Mr. Charles Billard however continues to be engaged with the Company as a Non-Executive Director.

The Board at its meeting held on 5th October 2020 approved appointment of Mr. Vaibhav Karandikar as Chief Financial Officer and KMP with effect from 6th October 2020.

The members had approved appointment of Mr. Aditya Narayan and Ms. Usha Thorat as Independent Directors of the Company at the AGM held on 29th April 2016 for a term of five consecutive years from 30th April 2016. The term of Mr. Aditya Narayan and Ms. Usha Thorat as Independent Directors of the Company will conclude on 29th April 2021. The Board at its meeting held on 23rd February 2021, based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the members through Special Resolution, re-appointed Mr. Aditya Narayan and Ms. Usha Thorat as Independent Directors, for a second term of five consecutive years commencing from 30th April 2021. The necessary Resolutions for re-appointment of Mr. Aditya Narayan and Ms. Usha Thorat as Independent Directors of the Company have been included in the Notice of the forthcoming AGM for the approval of the members.

The Board also approved re-appointment of Mr. Aditya Narayan as Chairman of the Board for a second term of five consecutive years commencing from 30th April 2021. This appointment is subject to his re-appointment as an Independent Director by the members at the forthcoming AGM of the Company.

The Board at its meeting held on 23rd February 2021, subject to approval of members, approved appointment of Mr. Vaibhav Karandikar as an Additional Director and Whole Time Director of the Company. The necessary Resolutions for appointment of Mr. Vaibhav Karandikar as Director and Whole Time Director of the Company have been included in the Notice of the forthcoming AGM for the approval of the members.

As on 31st December 2020, Mr. Rajaram Narayanan, Managing Director; Mr. Vaibhav Karandikar, Chief Financial Officer; Mr. Cherian Mathew, Whole Time Director and Mr. Girish Tekchandani, Company Secretary were designated as KMP of the Company.

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

Mr. Charles Billard retires by rotation at the forthcoming AGM and is eligible for re-appointment.

The Board places on record its deep appreciation for exceptional contribution made by Dr. Shailesh Ayyangar, Mr. Thomas Rouckout and Mr. Rangaswamy R. Iyer during their tenure as Directors of the Company.

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

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

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for the year ended 31st December 2020, as stipulated under Regulation 34 of the Listing Regulations is given in **Annexure – B** to this Report.

MEETINGS OF THE BOARD

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

AUDIT COMMITTEE

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

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The Directors are regularly informed during meetings of the Board and Committees on the business strategy, business activities, manufacturing operations and issues faced by the pharmaceutical industry. The Independent Director appointed during the year was given a detailed orientation on the Company, pharmaceuticals industry, regulatory matters, business, financial matters, human resource matters and corporate social responsibility.

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

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

RELATED PARTY TRANSACTIONS

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

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

The Form AOC–2 envisages disclosure of material contracts or arrangements or transactions at arm's length basis. The details of the material related party transactions in financial year ended 31st December 2020, as per the Policy on dealing with related parties adopted by the Company are disclosed in **Annexure – D** to this Report.

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

In view of the prevailing interest rate scenario and overall reduction in bank rates, the Board at its meeting held on 25th February 2020 approved reduction in interest rate payable by Sanofi Healthcare India Private Limited from 9.5% to 7.5% with effect from 15th April

2020. The Board at its meeting held on 27th October 2020 also approved extension of tenure of loan to Sanofi Healthcare India Private Limited till 15th April 2022 with all other terms remaining same including the continuation of the corporate guarantee by Sanofi group.

DEPOSITS FROM PUBLIC

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

LOANS, GUARANTEES OR INVESTMENTS

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

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

RISK MANAGEMENT

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annexed accounts for the financial year ended 31st December 2020 all the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
3. your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the said accounts have been prepared on a going concern basis;
5. internal financial controls to be followed by the Company have been laid down and that internal controls are adequate and were operating effectively; and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

COST AUDIT

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records . The accounts and records are made and maintained by the Company and are required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. Kirit Mehta & Co., Cost Accountants to audit the cost accounts maintained by the Company for the financial year ending 31st December 2021.

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

AUDITORS

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

The Statutory Auditors have issued an unqualified audit report on the annual accounts of the Company for the year ended 31st December 2020.

REPORTING OF FRAUD BY AUDITORS

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

PERSONNEL

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

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

PREVENTION OF SEXUAL HARASSMENT POLICY

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

During the year 2020, the Company received two complaints of alleged sexual harassment which was thoroughly investigated by the Internal Committee. In such matters on the recommendations of Internal Committee, appropriate disciplinary and corrective actions are taken by the Company.

As on 31st December 2020, no complaints related to sexual harassment are pending for disposal.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Directors had appointed M/s. Makarand M. Joshi & Co., a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of your Company for the year ended 31st December 2020.

The Secretarial Auditors have issued an unqualified audit report for the year ended 31st December 2020.

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

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

SECRETARIAL STANDARDS

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

ANNUAL RETURN

As required under Section 92(3) of the Act, Annual Return is hosted on the website of the Company - www.sanofiindialtd.com.

MATERIAL CHANGES AND COMMITMENTS AFTER THE FINANCIAL YEAR

No material changes and commitments have occurred after the closure of the financial year ended 31st December 2020 till the date of this Report, which would affect the financial position of your Company.

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

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

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

ACKNOWLEDGEMENTS

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. In the period of extreme uncertainty due to the public-health and economic disruption created by the COVID-19, the employees and associates of your Company have extended splendid support and made significant contribution to ensure uninterrupted supply of medicines to needy patients.

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

23rd February 2021

ANNEXURE – A TO THE REPORT OF THE DIRECTORS

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

Statement containing particulars pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors for the year ended 31st December 2020.

On 29th May 2020, the Company completed the slump sale transaction for sale and transfer of Ankleshwar manufacturing facility and few products to Zentiva Private Limited. The measures taken for energy conservation for Ankleshwar site are only up to that date. The data in respect of energy conservation for the financial year 2020 contain data of Ankleshwar site till 29th May 2020 and hence not comparable with the data for the financial year 2019.

A. CONSERVATION OF ENERGY

Energy Conservation measures undertaken at Ankleshwar site till 29th May 2020:

- 24,719 SCM Natural Gas saved in steam generation till May 2020 amounting to Rs. 0.83 million.
- Study carried out for potential usage of solar energy to generate electricity.

Energy Conservation measures undertaken at Goa site in 2020:

- HVAC energy optimization design phase completed.

Energy conservation measures proposed to be taken at Goa site in 2021:

- HVAC energy optimization project roll out in production 2 facility will happen by Q2 2021.
- Installation of 1.5 MW solar system for inhouse consumption.

Requisite data in respect of energy consumption

		Power & Fuel Consumption	Unit of Production	Year Ended 31.12.2020	Year Ended 31.12.2019	Reasons for Variation
1.		**ELECTRICITY**				
	(a)	Purchased				
		Units	million kWh	18.044	27.060	Details for Ankleshwar plant till 29th May 2020 only; change in product mix is also impacting consumption
		Total Amount	Rs. million	120.101	191.623	
		Rate/Unit	Rs.	6.656	7.081	
	(b)	Own Generation				
	(i)	Through Diesel Generator				
		Units	million kWh	0.604	1.577	Details for Ankleshwar plant till 29th May 2020 only
		Units per litre of				
		Diesel Oil	kWh	3.658	3.356	
		Cost/Unit	Rs.	18.103	19.803	
	(ii)	Through Steam Turbine/Generator		Nil	Nil	
2.		**COAL**		Nil	Nil	
3.		**FURNACE OIL/LSHS**		Nil	Nil	

4.	**NATURAL GAS**				
	Quantity	m^3	1,173,466	3,735,977	Details for Ankleshwar plant till 29th May 2020 only
	Total Amount	Rs. million	39.73	134.765	
	Average Rate	Rs.	33.86	36.072	
5.	**BIOMASS**				
	Quantity	Tons	2,421	2,551	
	Total amount	Rs. million	18.35	16.965	
	Average Rate	Rs.	7.58	6.650	

Consumption per unit of production

	Product	Unit of Production	Standards (if any)	Year ended 31.12.2020	Year ended 31.12.2019	Reasons for Variation
1	**ELECTRICITY (kWh)**					
	Bulk drugs	Tonnes	None	13,653	11,812	Consumption depends
	Bulk drugs	K.Litre	None	Nil	Nil	upon product mix
	Formulations	Million units	None	2,846	1,697	
2	**FURNACE OIL/LSHS (K.LIT)**					
	Bulk drugs	Tonnes	None	Nil	Nil	
	Bulk drugs	K.Litre	None	Nil	Nil	
	Formulations	Million units	None	Nil	Nil	
3	**NATURAL GAS IN THOUSAND (m^3)**					
	Bulk drugs	Tonnes	None	0.737	1.245	Consumption depends
	Bulk drugs	K.Litre	None	Nil	Nil	upon product mix
	Formulations	Million units	None	0.012	0.117	

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

Specific areas in which R&D is carried out: None

Expenditure on R&D

a) Capital Rs. Nil

b) Revenue Rs. Nil

c) Total Rs. Nil

d) Total R&D expenditure as a percentage of total turnover: Not applicable

Technology absorption, adaptation and innovation:

1. Efforts, in brief, towards technology absorption, adaptation and innovation:
   The Company interacted with its holding company who continued to provide the latest technology.

2. Benefits derived as a result of the above:

It has helped the Company to retain its market position.

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a)	Total Foreign Exchange used	Rs. 8,156 million
b)	Total Foreign Exchange earned	Rs. 6,020 million

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

23rd February 2021

ANNEXURE – B TO THE REPORT OF THE DIRECTORS

BUSINESS RESPONSIBILITY REPORT

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

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

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

SECTION A – GENERAL INFORMATION

1.	Corporate Identity Number (CIN) of the Company	L24239MH1956PLC009794
2.	Name of the Company	Sanofi India Limited
3.	Registered address	Sanofi House, CTS NO.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072.
4.	Website	www.sanofiindialtd.com
5.	E-mail ID	IGRC.SIL@sanofi.com
6.	Financial Year reported	1st January 2020 to 31st December 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	21002: Manufacture and sale of pharmaceutical products
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Drugs and Pharmaceuticals
9.	Total number of locations where business activity is undertaken by the Company: a) Number of International Locations b) Number of National Locations	 None Head Office at Mumbai and two factories at Ankleshwar (till 29th May 2020) and Goa
10.	Markets served by the Company	India and 50 countries for exports for the year ended 31st December 2020

SECTION B – FINANCIAL DETAILS

1.	Paid up Capital (Rs.)	230.3 million
2.	Total Turnover (Rs.)	29,019 million
3.	Total profit after taxes (Rs.)	4,776 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years (Rs.)	119.55 million
5.	List of activities in which expenditure in 4 above has been incurred	Supporting the community in tackling primary healthcare issues, particularly in the area of non-communicable diseases, Public Private partnerships for preventive healthcare programs and employee volunteering (Refer CSR Report for details on CSR programs)

SECTION C – OTHER DETAILS

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

SECTION D – BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for Business Responsibility

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

DIN Number	02977405
Name	Mr. Rajaram Narayanan
Designation	Managing Director

b) Details of the Business Responsibility Head

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

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) As per the requirements of the Act.

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

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

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

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

3. Governance related to Business Responsibility

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

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

The Company publishes the Business Responsibility Report in its Annual Report.

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

Key principles of Code of Ethics include:

A. Respect & protection of people and the environment

For a stimulating, creative & safe working environment.

B. Integrity in managing Company information

To protect and preserve competitiveness, image & reputation.

C. Integrity in business practices

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

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

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

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

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

Sanofi aims to empower life of people by creating awareness and supporting people facing health challenges, so they can live life to its full potential. Through a wide range of products and services, Sanofi touches the lives of millions of patients every day. Quality and Safety have been implemented across the entire value chain of the Company, from raw materials supplies to product delivery.

Cost-competitive processes, along with quality are Sanofi's primary goals. A significant proportion of raw material, packaging material and excipients are sourced locally from third party manufacturers. Many of these have become suppliers who fully comply to the framework of Sanofi's standards which are often higher than those dictated by regulatory bodies.

Since counterfeit products present a risk to patient safety, the authenticity of the products is maintained by using suitable security seals on the packaging along with unique serialization and QR Code. Over a period of time these security measures will be implemented on the whole portfolio of the Company.

During COVID-19 Pandemic, the Company faced minor interruptions in the procurement of raw material supplies and manufacturing operations. The Company has implemented a formal Business Continuity Planning (BCP) framework to de-risk procurement, manufacturing and distribution processes. Changes at manufacturing facilities were made to ensure productivity as well adherence to all safety and hygiene protocols. The Company is leveraging IT tools to ensure business continuity as well as to facilitate work from home for many functions.

Various initiatives for Health, Safety and Environment were undertaken at manufacturing site in Goa. Provision of a lift was made in the manufacturing department to avoid ergonomic risk for employees. Digital meters are installed on all water lines and effluent lines to monitor the consumption of water. Old fire hydrant lines are getting replaced. Goa site has established ISO 14001:2015 compliant Environmental Management System and OHSAS 18001:2007.

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

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

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

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

Sanofi continued with the 'SAY' Forum (Sanofi & You) constituted with an objective of driving greater engagement with its field force, sites and Company offices. During the COVID-19 pandemic, there was an increased focus on the employee health and safety by way of state-wise task force and a central business continuity team which constantly worked towards engaging colleagues through interaction with healthcare professionals, motivational speakers, town hall's, leadership connect, yoga sessions etc. This period was utilized to build capability of colleagues through various skill building and development programs using the iLEARN platform.

There was a launch of Play to Win (PtW) Culture which predominantly focusses on business structure, processes and culture transform through its strategic pillars – focus on growth, lead with innovation, accelerate efficiency and reinvent how we work. The senior leadership team and all colleagues in the organization underwent a series of cultural workshop specially designed to imbed the nuances of PtW.

As on 31st December 2020, the Company had 2,912 employees. The Company also had 377 people on temporary/contractual/casual basis. In the year 2020, the Company continued its focus on Gender Diversity in the sales employees in the field. In the year 2020, approximately 33% of new hires in the field were women employees. The organization currently has 11.8% women employees in its workforce.

The medical representatives in sales and workforce in manufacturing facilities have constituted their internal unions.

There were no complaints relating to child labour, forced labour or involuntary labour in the financial year ended 31st December 2020.

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

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

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

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

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

Sanofi also engages with Government (for non-communicable diseases) and Not for Profit Organizations to implement programs around the manufacturing sites in Goa. For further details on the projects, please refer the CSR Report for the year 2020 which is part of the Directors' Report.

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

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

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

Sanofi has a program in place on Clean Development Mechanism. The Goa site has Zero Liquid Discharge facility and are reusing treated waste-water. The site is disposing the sludge generated during wastewater treatment facility, by co-processing at cement industries. Sanofi takes a multifaceted approach to waste management, designed to limit the quantities of waste generated by its activities and encourages appropriate sorting, reuse and recycling to minimize the need to extract additional natural resources. The focus is both on efforts to reduce the environmental and health impacts of waste as well as improving resource efficiency.

The Company has obtained registration from Central Pollution Control Board (CPCB) under the Plastic Waste (Management & Handling) Rules and recycled the plastic wastes to ensure environmental sustainability and compliance.

Sanofi discourages the use of Ozone Depletion substances. Industrial site is free from CFC compounds in all refrigeration units. All the CFC units are now replaced by non-CFC compounds.

Sanofi is having an inbuilt system related to process safety and occupational hygiene with technical and administrative control measures, as a part of accident and exposure prevention program. Various HSE related trainings programs are organized and conducted for employees to further strengthen the HSE practices and management system.

As per the directives of State Pollution Control Board (SPCB), manufacturing sites submit the reports regularly with the relevant authorities. No show cause/legal notices received from Central Pollution Control Board/SPCB are pending (i.e. not resolved to satisfaction) as at the end of the financial year ended 31st December 2020.

During COVID-19 pandemic, Sanofi ensured continuous supply of medicines as per the guideline provided by State and Central Government of India. To monitor the situation, the Company activated 'Business Continuity Plan' and 'Pandemic Preparedness Plan' under the leadership of the Managing Director. The Company organized various webinars on COVID-19 awareness and precautionary measure for employees, family members, hospitals teams and doctors. More than 5,000 employees participated along with their family members across India. The Company extended moral and financial support to employees and family members who suffered from COVID-19 and helped employees with critical COVID-19 infections with hospital management across India. The Company provided 3-ply surgical masks, sanitizers to its employees, and emphasized on social distancing.

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

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

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

The Company is member of the following trade associations:

a) Organization of Pharmaceuticals Producers of India (OPPI)
b) Federation of Indian Chambers of Commerce and Industry (FICCI)
c) Confederation of Indian Industry (CII)
d) Indo French Chamber of Commerce and Industry (IFCCI)
e) The Associated Chambers of Commerce & Industry of India (ASSOCHAM)
f) US India Strategic Partnership Forum (USISPF)
g) EBG Federation Mumbai (EBG)

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

a) Access to healthcare

b) Capacity building & awareness

c) Employee volunteering

The key initiatives under CSR program were:

1. Public Private Partnership:

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

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

2. Type 1 Diabetes program:

   Type 1 Diabetes mellitus (T1D) is also on increase like type 2 Diabetes, even though not in the same proportion, but still with a trend of 3–5% increase/year.

   These patients (most often children) and their families need a lifetime of intensive Diabetes education, multiple daily Insulin injections, daily blood glucose monitoring, psychological support and societal support rather than discrimination.

   There is no standard procedure for counseling support. Also, there is a lack of standardized interventions for patient & family support, lack of trained health team, low level community awareness, accessibility to life supporting therapy, quality of services.

   Sanofi has developed an Access to Healthcare program for Type 1 Diabetes patients and has partnered with RSSDI (Research Society for the Study of Diabetes in India), PPHF (People to People Health Foundation) and other NGOs to deliver training for health care professionals; create education tools; and support identified Type 1 centers with training of Diabetes educators, create educational tools, and support with free Insulin, syringes and blood glucose monitors for eligible underprivileged patients.

3. Training of Government HCPs in Maharashtra:

   In October 2014, Sanofi initiated its 5-year partnership with the Government of Maharashtra to train medical officers, counselors, and nurses across its entire Non- Communicable Disease cell, to help improve health outcomes for people with Diabetes, Hypertension and Cancer. Posters and hoardings on awareness about Diabetes and Hypertension in the local language help with the Do's and Don'ts.

   As an extension of this partnership, Sanofi has supported the NGO People to People Health Foundation to enhance systems and capacity for delivery of quality NCD services in the state of Maharashtra. Reorientation of healthcare services are required for health promotion, disease prevention, early detection, and integrated care, particularly at the primary care level. Sanofi will support towards health systems strengthening for the early detection and management of NCDs and their risk factors. Actions under this area aim to strengthen health systems, particularly the primary healthcare system. Full implementation of actions in this area will lead to improved access to healthcare services, increased competence of primary healthcare workers, referral mechanism, and empowerment of communities and individuals for self-care and treatment adherence.

4. Allergy Free program:

   33% of Indians suffer from respiratory allergies and out of these 440 million allergy sufferers, 50% are unaware about their problem and consider it as common cold or flu. This leads to high burden of disease and low treatment satisfaction. Also, this situation is aggravated by air pollution.

   India accounts for 2.4 million premature deaths caused by household and ambient air pollution every year. Air pollution is the leading cause of allergic rhinitis - a nose-led allergy that starts with flu-like symptoms but if unchecked, can lead to serious respiratory disorders such as asthma and bronchitis.

   Therefore, through our 'Allergy Free' awareness program, we are reaching out to people, with information about allergies, their impact on health and preventive measures. Empowered, with this information, people can take charge of their health, through responsible living and by recognizing allergic rhinitis in time to act.

   In order to encourage widespread awareness about respiratory allergies, we are reaching out to children, families and the entire education ecosystem, through schools. Through the program Sanofi aims to create an impact we can have by educating the next generation early on, thus, limiting the occurrence and impact of allergy rhinitis in the years to come. The project was conducted via online knowledge sharing (webinars and podcasts) and through media for the general population.

5. Skill development of youth in Goa:

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

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

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

6. Employees of Sanofi show solidarity by contributing their time and effort for the development of the communities. In July 2020, approx. 1000 Sanofi employees along with their families, across 117 locations participated in the first of its kind virtual volunteering for social causes.

   The volunteering activities were organized under four main categories: Health, Education, Environment and Capacity Building.

   All the above programs are undertaken internally by an in-house team and with the help of NGOs, implementing partners and the State Governments.

The direct contribution of the Company to these projects was Rs.119.55 million in 2020.

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

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

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

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

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

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

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

23rd February 2021

ANNEXURE – C TO THE REPORT OF THE DIRECTORS

REPORT ON CORPORATE SOCIAL REPONSIBILITY ACTIVITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company has developed programs to address NCDs:

i. **Public Private Partnership (PPP) with the Government of Goa, Department of Health**:

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

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

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

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

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

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

In 2020, through the virtual mode approximately 12,500 children and 600 teachers from 150 schools have been trained. We also connected with the Principals of the schools to align them on the program. This helped built enthusiasm amongst the Principals which led to more teachers enrolling for the program.

Proud to share the KiDS program won a Silver in the Health Impact Awareness Campaign category at the Health Impact Awards.

[1] https://accessaccelerated.org/

ii. Health systems strengthening for the early detection and management of NCDs (Non-communicable Diseases) in Maharashtra:

In October 2014, Sanofi initiated its 5-year partnership with the Government of Maharashtra to train medical officers, counselors and nurses across its entire Non-Communicable Disease cell, to help improve health outcomes for people with Diabetes, Hypertension and Cancer. Posters and hoardings on awareness about Diabetes and Hypertension in the local language help with the Do's and Don'ts.

As an extension of this partnership, in 2020 Sanofi has supported the NGO People to People Health Foundation to enhance systems and capacity for delivery of quality NCD services in the state of Maharashtra. Reorientation of healthcare services are required for health promotion, disease prevention, early detection, and integrated care, particularly at the primary care level. Sanofi will support towards health systems strengthening for the early detection and management of NCDs and their risk factors. Full implementation of actions in this area will lead to improved access to healthcare services, increased competence of primary health care workers, referral mechanism, and empowerment of communities and individuals for self-care and treatment adherence.

iii. Type 1 Diabetes project:

Type 1 Diabetes mellitus (T1D) is also on increase like Type 2 Diabetes, even though not in the same proportion, but still with a trend of 3–5% increase/year.

These patients (most often children) and their families need a lifetime of intensive Diabetes education, multiple daily Insulin injections, daily blood glucose monitoring, psychological support, and societal support rather than discrimination.

There is no standard procedure for counseling support. Also, there is a lack of standardized interventions for patient & family support, lack of trained health team, low level community awareness, accessibility to life supporting therapy, quality of services.

Sanofi has developed an Access to Healthcare program for Type 1 Diabetes patients and has partnered with RSSDI (Research Society for the Study of Diabetes in India), PPHF (People to People Health Foundation) and other NGOs to deliver training for healthcare professionals; create education tools; and support identified Type 1 centers with training of Diabetes educators, create educational tools, and support with free Insulin, syringes and blood glucose monitors for eligible underprivileged patients.

iv. IntoLife website:

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

v. Allergy Free program:

33% of Indians suffer from respiratory allergies and out of these 440 million allergy sufferers, 50% are unaware about their problem and consider it as common cold or flu. This leads to high burden of disease and low treatment satisfaction. Also, this situation is aggravated by air pollution.

India accounts for 2.4 million premature deaths caused by household and ambient air pollution every year. Air pollution is the leading cause of allergic rhinitis - a nose-led allergy that starts with flu-like symptoms but if unchecked, can lead to serious respiratory disorders such as asthma and bronchitis.

Therefore, through our 'Allergy Free' awareness program, we are reaching out to people, with information about allergies, their impact on health and preventive measures. Empowered, with this information, people can take charge of their health, through responsible living and by recognizing allergic rhinitis in time to act.

In order to spread widespread awareness about respiratory allergies, we are reaching out to children, families and the entire education ecosystem, through schools. Through the program Sanofi aims to create an impact we can have by educating the next generation early on, thus, limiting the occurrence and impact of allergy rhinitis in the years to come. The project was conducted via online knowledge sharing (webinars and podcasts) and through media for the general population.

Approximately 50,000 children participated in the sessions. They were joined by their teachers, parents and other family members.

The digital and print awareness program reached out to over 70 million people.

Skill development of youth in Goa:

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

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

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

49 youth continued the training in 2020.

Employee volunteering:

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

In 2020, as the world moved onto the online mode of working, so did our volunteering become virtual.

In the month of July, the Company launched the first of its kind 'Virtual Volunteering Week'.

Approx. 1,000 employees and their families from 117 cities participated in the virtual volunteering.

22 different activities were organized under four main categories: Health, Education, Environment and Capacity Building.

The coronavirus pandemic has put on hold many key moments in the fundraising calendar, including marathons and other sporting events. But this hasn't stopped us from raising massive amounts for charities, while still observing self-isolation rules.

In May 2020, Sanofi employees contributed their one day leave and the Company matched the contribution by adding twice the amount contributed by employees. The amount was contributed to the PM CARES Fund.

Closer to the Company Head Office, Dharavi, the largest slum in Mumbai was identified as the most vulnerable red zone in the city and state for COVID-19. Sanofi supported the isolation facility (set up by MCGM in the parking lot Mahim Nature Park, Mahim, Mumbai) with equipment. The support extended by Sanofi was for - thermal guns, auto BP apparatus, HGT machine, nebulization machine, pulse-oximeter, bi-pap machine, ventilator, suction machine, defibrillator, surgical gloves, syringe pumps, latex gloves, piped oxygen supply, PPE kits and N95 masks.

The pandemic caused a severe set-back to NGOs. The Company supported such NGOs to continue their work for patients with cancer.

Through research grants, the Company has also supported organizations in their endeavor for advancement of science.

Composition of the CSR Committee:

Name of Director	Category
Mr. Rangaswamy R. Iyer (up to 30th March 2020)	Chairman of the Committee, Independent Director
Mr. Rahul Bhatnagar (from 29th July 2020)	Chairman of the Committee, Independent Director
Ms. Usha Thorat (Chairperson from 31st March 2020 to 28th July 2020)	Member, Independent Director
Dr. Shailesh Ayyangar (up to 25th February 2020)	Member, Non-Executive Director
Mr. Charles Billard (from 31st March 2020 up to 27th October 2020)	Member, Non-Executive Director
Mr. Rajaram Narayanan	Member, Managing Director

Average net profit before tax of the Company for the last three financial years: Rs. 5,957 million.

Prescribed CSR expenditure (2% of the amount as above): Rs. 119.14 million.

CSR Project or Activity identified	**Sector in which the project is covered**	**Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs were undertaken**	**Amount Outlay (budget) project or programs wise (Rs. million)**	**Amount spent on the projects or programs Sub-heads : 1. Direct expenditure on projects/ programs 2. Overheads (Rs. million)**	**Cumulative expenditure up to the reporting period (Rs. million)**	**Amount spent: Direct or through implementing agency**
Public Private Partnership with the Government of Goa	Health	Goa	10.00	11.14	13.74	Conexus Social Foundation
NCD program with the Health Department of the Govt. of Maharashtra	Health	2 districts of Maharashtra	22.00	11.00	27.30	PPHF
Type 1 Diabetes Project	Health	Pan India	33.00	21.70	21.70	RSSDI, PPHF, Diabetes Foundation
Allergy Free Program	Health	Pan India	20.00	17.67	17.67	Health Set Go
Intolife Website (Diabetes awareness)	Health	Pan India	5.00	4.58	16.58	Direct
Skill Development	Skill	Goa	5.00	4.24	17.64	Yashashwi Academy, Pune
Employee Volunteering Week	Multiple	Pan India	2.20	1.92	12.12	Goodera
Research Grants/ Donations/Digital Innovation/Funding Healthcare Startups	Health Research	Mumbai , Bangalore, Delhi, Chennai	22.00	34.70	59.60	FTT, NGOs: CPAA, St. Judes, Bangalore Hospice Trust
Responding to Humanitarian Emergencies - COVID-19	Others	Supported MCGM and contributed to the PM CARES Fund	-	12.60	17.40	MCGM and Americares India Foundation
Diabetes with Dignity	Health	Pune - Baramati	-	-	13.30	PHFI (Public Health Foundation of India) and Chellaram Diabetes Institute
Sanofi Knowledge Academy	Health	Pan India	-	-	6.00	Clirnet Services Private Limited

CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs were undertaken	Amount Outlay (budget) project or programs wise (Rs. million)	Amount spent on the projects or programs Sub-heads : 1. Direct expenditure on projects/ programs 2. Overheads (Rs. million)	Cumulative expenditure up to the reporting period (Rs. million)	Amount spent: Direct or through implementing agency
Enhancing Skills of Students of Cardiology/ Cardio-Thoracic Surgery	Health Education	Pan India	-	-	19.90	GE Healthcare
Training of HCPs in DVT Management, Nurses and Pharmacists Training	Health Education	Pan India	-	-	0.80	Direct
Reducing Health Inequalities in Goa	Health	Goa	-	-	4.30	Voluntary Health Association of Goa (NGO)
Saath7	Health	Pan India	-	-	267.80	Alps
Action Against Diabetes	Health	Pan India	-	-	12.60	Direct
Insulin School	Health	Pan India	-	-	4.20	Through Centres of Excellence
Misc. - Fun Centers, Meetings, Films	Health	Chennai	-	-	4.40	Direct
Total			**119.20**	**119.55**	**537.05**	

Shortfall in CSR spend, if any:

There has been no shortfall in the CSR spend. For the financial year ended 31st December 2020, the prescribed CSR expenditure was Rs. 119.14 million and the actual CSR spend was Rs. 119.55 million.

Responsibility statement:

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

For and on behalf of the CSR Committee

RAHUL BHATNAGAR
CHAIRMAN, CSR COMMITTEE
DIN: 07268064

RAJARAM NARAYANAN
MANAGING DIRECTOR
DIN: 02977405

22nd February 2021

ANNEXURE – D TO THE REPORT OF THE DIRECTORS

FORM NO. AOC-2: MATERIAL RELATED PARTY TRANSACTIONS

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

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

A. Details of contracts or arrangements or transactions not at arm's length basis during the year ended 31st December 2020:

None

B. Details of material contracts or arrangements or transactions at arm's length basis during the year ended 31st December 2020:

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

Sr. No.	Particulars	Details of Transaction - 1	Details of Transaction - 2
1	Name(s) of the related party & nature of relationship	sanofi-aventis Singapore Pte. Ltd.	Sanofi Healthcare India Private Limited (formerly known as Shantha Biotechnics Private Limited) (SHIPL)
2	Nature of contracts/ arrangements/transaction	Purchase, sale, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services or other obligations, if any, for an amount not exceeding in aggregate Rs. 20,000 million in each financial year.	Loan up to Rs. 4,450 million
3	Duration of the contracts/ arrangements/transaction	Ongoing	Up to 15th April 2022
4	Salient terms of the contracts or arrangements or transaction including the value, if any	On arm's length basis and in the ordinary course of business. The total value of the transactions in the financial year was Rs. 11,936 million.	Loan given to SHIPL is at interest rate of 9.5% (till 14th April 2020, 7.5% from 15th April 2020) per annum payable quarterly or at such rate of interest as may be mutually decided by the Board of Directors (on the approval of the Audit Committee) and SHIPL but not lower than the prevailing yield of Government security closest to the tenure of the loan. The total amount outstanding as on 31st December 2020 was Rs. 4,450 million.
5	Date of approval by the Board	27th February 2017	5th May 2017, 31st October 2018, 12th November 2019, 25th February 2020 and 27th October 2020
6	Amount paid as advances, if any	None	None

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

23rd February 2021

ANNEXURE – E TO THE REPORT OF THE DIRECTORS

DISCLOSURE ON REMUNERATION

Information pursuant to Section 134(3)(q) and Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st December 2020 and forming part of the Directors' Report for the said financial year.

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

Name of Director/KMP	Designation at the end of the financial year	Ratio of remuneration of each Director/CFO/ Company Secretary to median of remuneration of Employees	Percentage increase in remuneration (%)
Mr. Rajaram Narayanan	Managing Director	64:1	10
Mr. Cherian Mathew	Whole Time Director	42:1	9
Mr. Vaibhav Karandikar	Chief Financial Officer	28:1	Note 1
Mr. Girish Tekchandani	Company Secretary	20:1	9
Mr. Aditya Narayan	Chairman and Independent Director	4:1	14 (Note 2)
Ms. Usha Thorat	Independent Director	3:1	6 (Note 2)
Mr. Rahul Bhatnagar	Independent Director	1:1	Note 1
Mr. Cyril Grandchamp-Desraux	Non-Executive Director	Note 3	Note 3
Mr. Marc-Antoine Lucchini	Non-Executive Director	Note 3	Note 3
Mr. Charles Billard	Non-Executive Director	15:1 (Note 4)	9 (Note 4)

Note 1: Mr. Vaibhav Karandikar was appointed as Chief Financial Officer (KMP) and Mr. Rahul Bhatnagar was appointed as Independent Director during the year and hence increase in remuneration is not applicable to them.

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

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

Note 4: Mr. Charles Billard was Whole Time Director and Chief Financial Officer up to 30th September 2020. Hence the ratio mentioned in the above table is not comparable. From 1st October 2020, as Non-Executive Director and as per Note 3, Mr. Charles Billard did not receive any sitting fees or commission.

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

B. The percentage increase in the median remuneration of employees in the financial year: 9%

C. The number of permanent employees on the rolls of the Company as on 31st December 2020: 2,912

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

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

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

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

23rd February 2021

Form No. MR-3
SECRETARIAL AUDIT REPORT
For The Financial Year Ended 31st December, 2020

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2020 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2020 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- ➢ Drugs and Cosmetics Act, 1940 & Rules thereto
- ➢ Drugs Price (Control) Order, 2013
- ➢ Drugs and Magic Remedies Act, 1954
- ➢ Narcotic Drugs and Psychotropic Substances Act, 1985
- ➢ Food Safety and Standards Act, 2006

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

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

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

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

We further report that

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

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

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

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

For Makarand M. Joshi & Co.

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662
UDIN: F005533B002826230
Peer Review No: P2009MH007000

Place: Mumbai
Date: 12th February, 2021

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

'Annexure A'

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

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

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

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

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

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

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

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

For Makarand M. Joshi & Co.

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662
UDIN: F005533B002826230
Peer Review No: P2009MH007000

Place: Mumbai
Date: 12th February, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Extreme uncertainty due to the public-health and economic disruption created by the COVID-19 pandemic is unprecedented in modern memory. Companies continue to scramble to address rapidly developing changes in the public-health environment, public policy and customer behavior and economic uncertainty. The uncertainty of this situation can be estimated from the fact that even after a year in this pandemic, companies are unsure of the magnitude and expected duration of the crisis.

In addition, pharmaceutical industry continues to face other challenges - higher prices of Active Pharmaceutical Ingredients and intermediates resulting in margin pressures, slower pace of growth and limited pricing power due to price control measures.

Sanofi India Limited (the Company) has made continuous efforts to enhance its performance by focusing on patient centric initiatives, strengthening its brands and building organizational capabilities for the future. These efforts are underpinned by uncompromising focus on ethics and business integrity, quality, safety, risk management and internal controls.

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

Industry Structure and Developments

From 9% CAGR seen until 2019 (over previous 4 years), the unprecedented impact of COVID-19 on the Indian Pharmaceuticals Industry, resulted in subdued performance with annual industry value growth plummeting to 4.4% in year 2020. For the year ended 31st December 2020, IQVIA estimated the Indian Pharmaceuticals Market size to be Rs.1,535 billion.

The IQVIA Prognosis Report September 2020 projected the Indian Pharmaceuticals Market to grow at CAGR ~7.7% (+/-2%) between 2019-2024, estimated to cross Rs. 2,231 billion by year 2024. It is expected that much of this growth will be driven by improved access to healthcare, increase in awareness, coupled with diagnosis of non-communicable diseases, new product launches and burgeoning hospital infrastructure. Growth is also expected from expansion of co-marketing agreements, introduction of OTC regulations, expansion of pharmacy chains and emergence of online pharmacies. With over 80% of the market contribution stemming from branded generics, these are also expected to play a relevant role in driving market growth.

First half of the year 2020 saw tepid business scenario for the Indian Pharmaceuticals Market with multitude of concerns around supply chain, prices, impact on demand and availability assuming significance. Owing to the nature of the business, while the chronic therapies remained relatively insulated from the impact of the pandemic, the acute business witnessed a drop, with recovery signs beginning only in later part of the year 2020. Notable that therapies such as cardiac and acute respiratory witnessed high growth during the pandemic. Clearly, the impact of lockdown was felt more in urban regions versus non-urban regions.

Upsurge in e-pharmacy sales was seen in urban areas, particularly with cardiac and hypertension patients driving the trend for e-purchases both during and post lockdown. Meanwhile, medical fraternity witnessed acceleration in online engagement, with e-patient consultation becoming a reality, rapidly paving the way towards complete digitization and transformation of the healthcare eco-system.

Financial Performance

During the year ended 31st December 2020, the Company registered Revenue from Operations of Rs. 29,019 million as against Rs. 30,706 million in the previous year, representing degrowth by 5.49%.

Net revenue from India, which constituted 78.99% of Net Revenue from Operations, increased from Rs. 21,486 million in 2019 to Rs. 22,922 million in 2020, reflecting a growth of 6.68%.

Exports revenue, which contributed 21.01% of Net Revenue from Operations, decreased from Rs. 9,220 million in 2019 to Rs. 6,097 million in 2020, representing a degrowth of 33.87%.

The Profit before Tax increased from Rs. 5,999 million to Rs. 6,772 million, representing a growth of 12.89% for the year ended 31st December 2020.

The Profit after Tax increased from Rs. 4,142 million to Rs. 4,776 million, representing a growth of 15.31% for the year ended 31st December 2020.

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

Sr. No.	Particulars	2020	2019
1	Operating profit margin (%)	22.15	18.51
2	Net profit margin (%)	16.46	13.49
3	Debtors turnover ratio	19.61	13.71
4	Current ratio	2.67	3.03
5	Inventory turnover ratio	7.89	6.54
6	Interest coverage ratio	NA	NA
7	Debt equity ratio	NA	NA
8	Return on Net Worth (%)	22.54	16.96

The financial results for the year 2020 are not comparable with that for the year 2019 due to completion of slump sale transaction and impact of COVID-19 pandemic.

The Board of Directors of the Company, at its meeting held on 10th September 2019, approved a transaction for the slump sale and transfer of the manufacturing facility at Ankleshwar, Gujarat to Zentiva Private Limited. The closing of this transaction was subject to certain conditions precedent as described in the Business Transfer Agreement. After completion of conditions precedent as per Business Transfer Agreement, the transaction was completed on 29th May 2020. In the year ended 2020, the Company has accounted for an impairment charge and other incidental expenses aggregating Rs. 417 million, (Rs. 593 million in 2019) on account of the maintenance capital that was immediately impaired and information technology services costs, legal & professional services costs and government taxes, which have been disclosed as an exceptional item. Due to this transaction, a part of the export sales was transferred to Zentiva Private Limited after 29th May 2020. As per the terms of the transaction, the Company continued to manufacture few products for Zentiva Private Limited till the transition of manufacturing and other licenses.

COVID-19 impacted the financial results in two ways. Firstly, sales in few therapy areas was negatively impacted during severe lockdown period. Secondly, due to reduction in sales promotional expenses, administration cost and restriction of travel, the cost incurred by the Company in the year 2020 was lower, resulting in higher profitability.

The Board has recommended payment of final dividend of Rs. 125 per equity share of Rs.10 for the year ended 31st December 2020. The Board has also recommended one-time special dividend of Rs. 240 per equity share of Rs.10 each for the year ended 31st December 2020, considering the closure of the slump sale transaction relating to Ankleshwar manufacturing facility and reviewing the cash requirements for the Company's operations.

Operating Performance

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

Performance in Indian Market

Over the last 65 years, the Company has been at the forefront in supplying innovative and affordable medicines for patients in India. It offers a wide array of medicines for therapy areas such as Diabetes (both Insulins and Orals), Cardiology, Thrombosis, Anti-infectives, Central Nervous System, Allergy and Vitamins, Minerals & Supplements. As per IQVIA TSA MAT December 2020, three brands of the Company viz. Lantus®, Allegra® and Combiflam® feature in the top 100 pharmaceutical brands in India.

During lockdown, digital mediums were actively leveraged to stay connected with key stakeholders. For sales activities, a multi-channel engagement campaign through remote calling, brand e-detailing, representative triggered emails, e-Scientific Information Event (eSIEs), e-RTMs were used to connect with the healthcare professionals.

Given below are the key highlights and developments in the business of the Company during the year 2020. The value and volume growth of various products mentioned in this section are as per IQVIA TSA MAT December 2020.

<u>Diabetes Care:</u>

As per the latest International Diabetes Federation estimation, India has the 2nd highest Diabetic patient load with over 78 million adults affected by ailment. As a leading organization within Diabetes care, the Company through its wide range of quality medicines and patient support programs is committed to improving lives of Diabetic patients.

The Insulin portfolio of the Company grew by 19.2% in value in the year 2020. Currently ranked #2 in the Indian Pharmaceuticals Market. Lantus®, the flagship brand of the Company touched lives of more than 6.7 lakh patients during the year 2020 and grew by 19.8% in value, further strengthening its position as the leading analog Insulin. Launched in 2018, Toujeo™ augmented the existing Insulin portfolio, offering an advanced standard of care and on a small base, registering 34% value growth during the year.

The oral Anti-diabetic drug portfolio continued to grow in volumes led by Amaryl®, while registering 9% growth in value.

Established Products:

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

In the anti-coagulant space, Clexane® became the 1st brand in India to cross Rs.1,000 million in 2020 and continued to strengthen its leadership position through its vision of 'VTE free India'. An increase in level of awareness of risk of Venous Thromboembolism (VTE) among COVID-19 patients, coupled with significant uptick in VTE prophylaxis was observed during the year.

The flagship brands of the Company in Cardiology, Cardace® group, continues to be the leading Angiotensin Converting Enzymes (ACE) inhibitor prescribed by Cardiologists, Diabetologists and Consulting Physicians alike.

In the resistant Gram+ segment, sales of Company's leading Anti-infective brand Targocid® was impacted during the lockdown period in early part of the year. Clear recovery signs were seen by the brand starting mid-year, once hospitals picked up pace in admitting and treating non-COVID patients.

While CNS epilepsy portfolio of the Company recorded 6% growth during the year, Frisium® was the most prescribed brand across all anti-convulsant brands.

Consumer Healthcare:

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

Allergy – Assuming rank 1 within allergy category, Company's product group in this category grew faster than the market with a strong 12% market share during the year. Both the flagship brands Allegra® & Avil® oral witnessed share gain (1.28% and 1.19% respectively) during the period, despite the onset of the pandemic during the year.

Pain Care – The oral solid analgesics market grew at 6% in the year 2020, while Combiflam® tablets witnessed double digit growth of 14%.

Nutritional Health - Company's flagship nutritional health brand DePura by Sanofi™ promotion which was centered around 'Vitamin D and the Immune System: Implications during the pandemic', was well received by the healthcare community. DePura by Sanofi™ portfolio witnessing 13% growth in the year 2020.

Performance in Export Market

During the year ended 31st December 2020, the Company exported its products to 50 countries, with Germany, United Kingdom, Australia, Czech Republic and Russia ranking as the main markets. The key drug products were Ramilich tablets, Paracetamol & Codeine tablets, Metformin tablets, Ibuflam Tablets, Festal dragees and API's like Articaine & Pentoxifylline.

For the year ended 31st December 2020, exports revenue decreased from Rs. 9,220 million in 2019 to Rs. 6,097 million in 2020, due to the slump sale and transfer of the manufacturing facility at Ankleshwar along with few products that were exported to European markets, to Zentiva Private Limited.

Manufacturing Operations

After completion of slump sale transaction, the Ankleshwar manufacturing facility was transferred to Zentiva Private Limited. Goa manufacturing site has successfully transferred-in Company's products that were earlier manufactured at Ankleshwar and not transferred as part of the slump sale transaction. The supplies of these products have now begun from Goa site.

The Goa manufacturing site continues to deliver as per strategic intent and has focused on the safer, healthier & environment friendly working environment.

Goa Site has robust Quality Systems to ensure high standards for product quality. The manufacturing operations are heavily regulated by governmental health authorities around the world, including Regierungspräsidium Darmstadt - Germany, US-FDA, Australia - TGA, WHO, Health Canada, NMRA – Sri Lanka and by many regulatory approvals as per Indian Legislation; which endorse the quality and safety of the products manufactured. The Company is incorporating various digital capabilities for data integrity through automation of manufacturing process, removal of physical leaflets and implementing QR Code.

The Company continues to manufacture some products at third party manufacturing sites. The Company, with a view to reduce complexity, is rationalizing its third-party manufacturing footprint in India and across regions to ensure cost leadership. These third-party manufacturers are qualified at the same level as the owned sites of the Company, in terms of quality systems and safety. They are regularly audited and supported by a team of specialists.

For environmental sustainability, there is a constant emphasis on conservation of resources across manufacturing sites and reducing waste. Goa site has received zero reportable incident. Site has also successfully completed compliance audit by Bureau Veritas, safety audit from Government approved third party and Sanofi Global HSE audit. Goa plant strictly adheres to global safety and environmental norms and holds ISO 14001 and BS OHSAS 18001 certifications.

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

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

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

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

Medical Affairs

In 2020, the Company took important steps in supporting the healthcare professionals with regular updates through medical programs in the area of COVID and infection management in ICU, guidelines on Diabetes and COVID, and Enoxaparin (Clexane®) in Thrombosis during COVID.

The teams adopted online digital programs, seamlessly during lockdown, involving International speakers, conducted online expert group meets, investigator meets and advisory boards across therapy areas. Teams undertook educating the public through online awareness programs on Epilepsy and Diabetes.

Indian clinical data for Diabetes from LANDMARC and IDMPS studies were presented at renowned International virtual congresses namely ADA/ATTD/EASD and at the National congress of RSSDI. Publications in national and international journals on concepts of timely insulinization, management of Diabetes in COVID times, role of Sulphonylureas and Cardiovascular safety of glimepiride and newer concepts like Time-In-Range and Precision Medicine, helped enhance scientific thought leadership. To commemorate 100 years of Insulin and role of Insulin Glargine, a supplement with 10 chapters was published in the Journal of Association of Physicians of India involving more than 70 Indian experts as authors.

Human Resources

The Company had 2,912 employees as on 31st December 2020.

The overall industrial relations atmosphere continued to be cordial.

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

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

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

Internal Audit and Control

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

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

Opportunities and Risks

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

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

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

1. In past few years, the Government of India has made frequent changes in regulations covering drug pricing, trade margins and other laws which impact the Industry. Any adverse changes in government policies with respect to pricing or trade margins with respect to the Company's products may impact the performance of the Company.
2. The Company is present in therapy areas such as Diabetes, Cardiology, Thrombosis, Anti-infectives, Central Nervous System and Allergy and Vitamins, Minerals & Supplements. The Company depends on the research and development conducted by Sanofi group for new product commercialization. The future research and product pipeline strategy of the Sanofi group may not always be in these therapy areas. This may impact growth of the Company in the long term.
3. The prices of Active Pharmaceutical Ingredients and intermediates fluctuate based on the market demand and supply conditions. The Company may not be in a position to pass on any sharp increases in the prices of raw material to the consumers, resulting in margin contraction.
4. The Company is also exposed to risks like falling interest rates, cyber security failures, adverse social media, counterfeit drugs, adverse orders passed by courts in pricing, tax and other litigations, etc.

Outlook

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

The Company is committed towards pro-actively responding to various compelling changes observed during the pandemic era, which include e-patient consultancy, e-doctor meets, hybrid model of reaching out to medical fraternity and rise of online pharmacies, through upskilling initiatives across technology and work force.

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

Cautionary Note

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

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Code of Governance

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

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

Board of Directors

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

The Board of the Company is composed of eminent individuals from diverse fields. As on 31st December 2020, the Board comprises eight Directors, including three Independent Directors. The Chairman of the Company is a Non-executive Independent Director.

The details of the Directors during the financial year ended 31st December 2020 are given below:

Name	Category	No. of Directorships/Committee Memberships/Chairmanships (Including Sanofi India Limited) as on 31st December 2020				
		Directorships[(1)] under Section 165			Committee Memberships[(2)]	Committee Chairmanships[(2)]
		Public Companies		Private and Section 8 Companies		
		Listed	Unlisted			
Mr. Aditya Narayan	Non-Executive Independent Director and Chairman	1	-	-	-	-
Mr. Rajaram Narayanan	Managing Director	1	1	2	1	-
Mr. Rangaswamy R. Iyer (up to 30th March 2020)	Non-Executive Independent Director	Note 3	Note 3	Note 3	Note 3	Note 3
Ms. Usha Thorat	Non-Executive Independent Director	1	-	2	1	1
Mr. Cyril Grandchamp-Desraux	Non-Executive Director	1	-	-	-	-
Dr. Shailesh Ayyangar (up to 25th February 2020)	Non-Executive Director	Note 3	Note 3	Note 3	Note 3	Note 3
Mr. Thomas Rouckout (up to 25th February 2020)	Non-Executive Director	Note 3	Note 3	Note 3	Note 3	Note 3
Mr. Charles Billard (Whole Time Director and Chief Financial Officer till 30th September 2020)	Non-Executive Director	1	-	-	2	-
Mr. Cherian Mathew	Whole Time Director Director	1	-	-	-	-
Mr. Rahul Bhatnagar (from 29th July 2020)	Non-Executive Independent Director	4	-	-	5	4
Mr. Marc-Antoine Lucchini (from 29th July 2020)	Non-Executive Director	1	-	-	-	-

Notes:

1. Excluding directorships outside of India.
2. Membership or Chairmanship in Audit Committee and Stakeholder Relationship Committee of all public limited companies as on 31st December 2020, whether listed or not, including Sanofi India Limited.
3. Ceased to be Director during the year. Year-end disclosure was not required.
4. As on 31st December 2020, no Director, other than Mr. Rahul Bhatnagar holds position of an Independent Director in any other listed company. Mr. Rahul Bhatnagar is also an Independent Director of Rossell India Limited, Akzo Nobel India Limited and Whirlpool of India Limited.

As of 31st December 2020, none of the Directors of the Company hold shares or convertible instruments in the Company.

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

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

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

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

Skills, expertise and competencies that are identified and available within the Board

The Board has identified the skills/expertise/competencies required for effective functioning of the Company in a complex and regulated pharma sector. These competencies include -

- Strategy Development and Insight: Developing long-term strategies to sustainably grow business, profitably and competitively, in a highly regulated and fast changing environment. All Directors have these competencies.
- Business Leadership: Leading complex organizations with understanding of changes in external environment, business development and competitive landscape. All Directors have these competencies.
- Pharma Business: Expertise on pharma business matters including unmet medical needs of patients/healthcare systems/ healthcare professionals, competitive landscape in pharma business, pharma regulations, emerging business opportunities and risks. The Executive Directors and Non-Executive Directors who are not Independent Directors have experience and expertise of managing pharma business.
- Finance and Accounts: Understanding of accounting and financial statements. All Directors have these competencies.
- Governance, Risk and Compliance: Understanding of the governance principles, Board accountability, internal control and regulatory environment, risk management in a large complex organization and emerging local and global trends. All Directors have these competencies.

Board Meetings

During the year ended 31st December 2020, five Board Meetings were held on 25th February 2020, 19th May 2020, 28th July 2020, 5th October 2020, and 27th October 2020.

Attendance details of each Director at the Board Meetings during the financial year ended 31st December 2020 and the last Annual General Meeting are given below:

Name of Director	No. of Board Meetings held during the tenure of the Director	No. of Board Meetings attended	Attendance at last AGM held on 7th July 2020
Mr. Aditya Narayan	5	5	Yes
Mr. Rajaram Narayanan	5	5	Yes
Mr. Rangaswamy R. Iyer (up to 30th March 2020)	1	1	Not Applicable
Ms. Usha Thorat	5	5	Yes

Mr. Cyril Grandchamp-Desraux	5	3	No
Dr. Shailesh Ayyangar (up to 25th February 2020)	1	1	Not Applicable
Mr. Thomas Rouckout (up to 25th February 2020)	1	-	Not Applicable
Mr. Charles Billard	5	5	Yes
Mr. Cherian Mathew	5	5	Yes
Mr. Rahul Bhatnagar (from 29th July 2020)	2	2	Not Applicable
Mr. Marc-Antoine Lucchini (from 29th July 2020)	2	1	Not Applicable

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

Audit Committee

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

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

During the year ended 31st December 2020, five Audit Committee Meetings were held on 24th February 2020, 18th May 2020, 27th July 2020, 5th October 2020 and 26th October 2020.

The constitution of the Audit Committee and attendance details during the financial year ended 31st December 2020, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Ms. Usha Thorat	Chairperson of the Committee, Independent Director	5	5
Mr. Aditya Narayan (from 31st March 2020 to 28th July 2020)	Member, Independent Director	2	2
Mr. Rangaswamy R. Iyer (up to 30th March 2020)	Member, Independent Director	1	1
Dr. Shailesh Ayyangar (up to 25th February 2020)	Member, Non-Executive Director	1	1
Mr. Rahul Bhatnagar (from 29th July 2020)	Member, Independent Director	2	2
Mr. Cherian Mathew (from 26th February 2020 up to 27th October 2020)	Member, Executive Director	4	4
Mr. Charles Billard (from 28th October 2020)	Member, Non-Executive Director	-	-

The Company Secretary acts as Secretary to the Committee.

Nomination and Remuneration Committee

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

The terms of reference of the Committee include:

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

During the year ended 31st December 2020, three Nomination and Remuneration Committee Meetings were held on 25th February 2020, 27th July 2020 and 5th October 2020.

The constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended 31st December 2020, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Ms. Usha Thorat	Chairperson of the Committee, Independent Director	3	3
Mr. Rangaswamy R. Iyer (up to 30th March 2020)	Member, Independent Director	1	1
Mr. Aditya Narayan (from 31st March 2020 to 28th July 2020)	Member, Independent Director	1	1
Mr. Cyril Grandchamp-Desraux (up to 28th July 2020)	Member, Non-Executive Director	2	1
Mr. Rahul Bhatnagar (from 29th July 2020)	Member, Independent Director	1	1
Mr. Marc-Antoine Luchhini (from 29th July 2020)	Member, Non-Executive Director	1	-

The Company Secretary acts as Secretary to the Committee.

Stakeholders Relationship Committee

The role of the Stakeholders Relationship Committee includes:

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

During the year ended 31st December 2020, one Stakeholders Relationship Committee Meeting was held on 26th October 2020.

Constitution of the Stakeholders Relationship Committee and attendance details during the financial year ended 31st December 2020, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Rangaswamy R. Iyer (up to 30th March 2020)	Chairman of the Committee, Independent Director	-	-
Ms. Usha Thorat (from 31st March 2020 up to 28th July 2020)	Chairperson of the Committee, Independent Director	-	-
Mr. Rahul Bhatnagar (from 29th July 2020)	Chairman of the Committee, Independent Director	1	1
Mr. Rajaram Narayanan	Member, Managing Director	1	1
Mr. Charles Billard	Member, Non-Executive Director	1	1

The Company Secretary acts as Secretary to the Committee.

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

During the financial year, twelve complaints were received from shareholders. All these were attended/resolved. There was one pending complaint from a shareholder as on 31st December 2020 which was received on 30th December 2020 and responded on 2nd January 2021.

Corporate Social Responsibility (CSR) Committee

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

The terms of reference for the CSR Committee include:

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

During the year ended 31st December 2020, two CSR Committee Meetings were held on 24th February 2020 and 26th October 2020.

The constitution of the CSR Committee and attendance details during the financial year ended 31st December 2020 are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Rangaswamy R. Iyer (up to 30th March 2020)	Chairman, Independent Director	1	1
Mr. Rahul Bhatnagar (from 29th July 2020)	Chairman, Independent Director	1	1
Ms. Usha Thorat	Member, Independent Director (Chairperson from 31st March 2020 to 28th July 2020)	2	2
Dr. Shailesh Ayyangar (up to 25th February 2020)	Member, Non-Executive Director	1	1
Mr. Charles Billard (from 31st March 2020 up to 27th October 2020)	Member, Non-Executive Director	1	-
Mr. Rajaram Narayanan	Member, Managing Director	2	2

The Company Secretary acts as Secretary to the Committee.

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

Risk Management Committee

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

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

During the year ended 31st December 2020, four Risk Management Committee Meetings were held on 4th February 2020, 7th April 2020, 24th September 2020 and 6th October 2020.

The constitution of the Risk Management Committee and attendance details during the financial year ended 31st December 2020 are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director/Member	No. of Committee Meetings attended
Mr. Rajaram Narayanan	Chairman, Managing Director	4	4
Mr. Charles Billard (up to 27th October 2020)	Member, Non-Executive Director	4	4
Mr. Cherian Mathew	Member, Whole Time Director	4	4
Mr. Vaibhav Karandikar (from 28th October 2020)	Member, Chief Financial Officer	-	-

Nomination and Remuneration Policy

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

The Policy provides guidance on:

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

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

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

There was no change in the Nomination & Remuneration Policy during the year 2020. The Policy is made available on Company's website - www.sanofiindialtd.com.

Remuneration to Directors

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

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

The details of remuneration paid to the Managing Director and the Whole Time Directors during the financial year ended 31st December 2020 are given below:

Names of Director	Salary and Allowances (Rs. Million)	Perquisites and Retirement Benefits as per Income Tax Rules (Rs. Million)	Performance Linked Incentive (Rs. Million)	Total (Rs. Million)
Mr. Rajaram Narayanan	21.37	7.92	11.69	40.98
Mr. Charles Billard (up to 30th September 2020)	5.22	9.07	1.41	15.70
Mr. Cherian Mathew	17.86	1.95	6.21	26.02

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

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

The Company does not have a scheme for grant of stock options. However, the Managing Director and the Whole Time Directors and some Senior Executives of the Company are granted stock options/performance shares of the ultimate holding company, Sanofi. The amounts accrued in the financial statements for the year ended 31st December 2020 for stock options/performance shares granted to Mr. Rajaram Narayanan and Mr. Cherian Mathew are Rs.17.88 million and Rs. 5.62 million respectively.

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

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

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

The sitting fees paid and commission payable to such Directors for the financial year ended 31st December 2020 is given below:

Names of Director	Sitting Fees paid (Rs. Million)	Commission payable (Rs. Million)	Total (Rs. Million)
Mr. Aditya Narayan (Chairman)	0.61	1.94	2.55
Mr. Rangaswamy R. Iyer (up to 30th March 2020)	0.26	0.25	0.51
Ms. Usha Thorat	0.97	0.99	1.96
Dr. Shailesh Ayyangar (up to 25th February 2020)	0.18	0.17	0.35
Mr. Rahul Bhatnagar (from 29th July 2020)	0.41	0.41	0.82

Performance Evaluation

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

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

During the year, Board Evaluation cycle was completed by the Company internally which included the Evaluation of the Board as a whole, Board Committees and Peer Evaluation of the Directors. The Board Evaluation for the year 2020 was completed by the Board in February 2021.

Separate meetings of Independent Directors

As required under Listing Regulations, the Independent Directors held one separate meeting on 25th February 2020. All Independent Directors attended this meeting. Mr. Aditya Narayan, Chairman of the Company, chaired the meeting. The Independent Directors discussed/reviewed the matters specified in Regulation 25(4) of the Listing Regulations.

Code of Conduct and Business Ethics

The Company has adopted a Code of Conduct and Business Ethics for Directors and Senior Management of the Company, as required under Regulation 17(5)(a) of the Listing Regulations. The Company has received confirmations from the Directors and Senior Management regarding compliance with the Code for the year ended 31st December 2020. A certificate from the Managing Director to this effect is attached to this Report.

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

Whistle Blower Policy

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

No personnel have been denied access to the Audit Committee.

Code of Conduct for Prevention of Insider Trading

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

General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
January – December 2017	8th May 2018	3.00 p.m.	Hall of Culture, Nehru Centre, Mumbai
January – December 2018	7th May 2019	3.00 p.m.	Hall of Culture, Nehru Centre, Mumbai
January – December 2019	7th July 2020	3.00 p.m.	At Registered Office - through Video Conferencing facility

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

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

AGM Date	Special Resolutions
8th May 2018	Change of address for keeping the register of members of the Company
7th May 2019	None
7th July 2020	None

Disclosures and Affirmations

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

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

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

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

d) Company has not obtained any credit rating for the financial year ended 31st December 2020.

e) Company has not raised any funds through preferential allotment or QIP in the financial year ended 31st December 2020.

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

g) The Company has paid Rs. 4.46 million as total fees for all services provided by M/s. Price Waterhouse & Co Chartered Accountants LLP and all entities in the network firm in the financial year ended 31st December 2020.

h) During the year 2020, the Company received two complaints of alleged sexual harassment which was thoroughly investigated by the Internal Committee. In such matters, on the recommendations of Internal Committee, appropriate disciplinary and corrective actions are taken by the Company.

i) As required by Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer have submitted a Certificate to the Board in the prescribed format for the financial year ended 31st December 2020. The Certificate has been reviewed by the Audit Committee and taken on record by the Board.

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

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

   ii. The Financial Statements of the Company are unqualified.

Means of Communication

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

The Securities and Exchange Board of India had granted exemption from publishing financials due to the COVID -19 pandemic, hence financials for quarter ended 31st March 2020 were not published in newspapers.

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

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

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

General Shareholder Information

AGM Date, Time and Venue:	Tuesday, 27th April 2021 at 3.00 p.m. through Video Conferencing facility
Financial Year	January to December
First Quarter Results	2nd Fortnight of April 2021
Half Yearly Results	2nd Fortnight of July 2021
Third Quarter Results	2nd Fortnight of October 2021
Fourth Quarter and Annual Results	2nd Fortnight of February 2022
Dates of Book Closure:	21st April 2021 to 27th April 2021 (both days inclusive)
Dividend payment date:	On or after 4th May 2021, if declared at Annual General Meeting on 27th April 2021
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 2020-21. BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The National Stock Exchange of India (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

Stock Code: 500674 on BSE and SANOFI on NSE

ISIN Number for NSDL & CDSL: INE058A01010

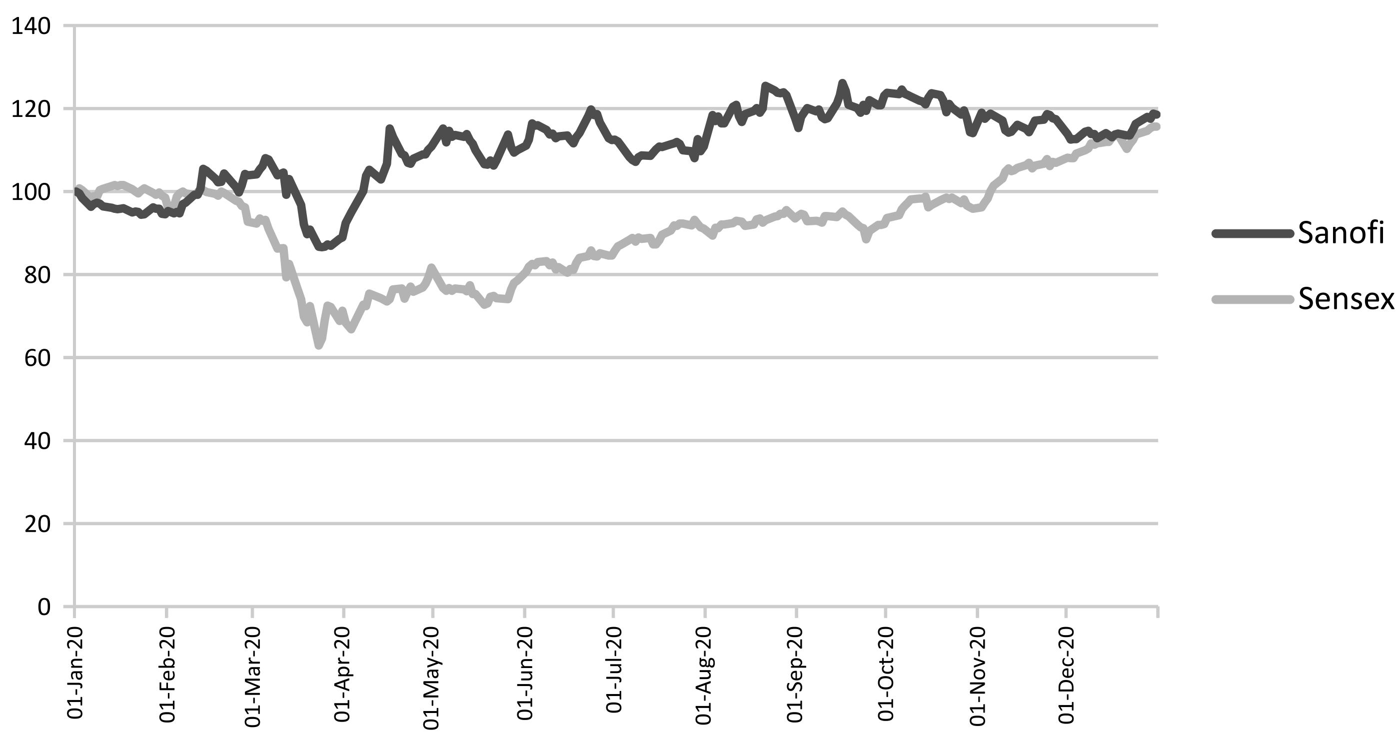
Market Price Data

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

Months	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
January 2020	7,035.55	6,604.25	7,040.30	6,605.00
February 2020	7,637.55	6,580.00	7,640.00	6,505.60
March 2020	7,660.00	5,900.05	7,649.95	5,900.00
April 2020	8,528.45	6,295.00	8,583.95	6,240.00
May 2020	8,199.95	7,322.10	8,180.00	7,306.00
June 2020	8,500.00	7,610.00	8,500.00	7,700.05
July 2020	7,969.95	7,490.00	7,960.00	7,481.95
August 2020	8,999.00	7,855.00	8,989.00	7,650.00
September 2020	8,915.00	7,900.00	8,918.95	7,970.00
October 2020	8,778.10	7,888.00	8,786.85	7,880.00
November 2020	8,433.50	7,925.00	8,410.40	7,915.25
December 2020	8,399.00	7,817.10	8,397.95	7,786.25

(Source: Websites of BSE and NSE)

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



Note: The monthly closing prices of the Sensex and Sanofi equity shares have been indexed to 100 as on 1st January 2020.

Registrars & Transfer Agents

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

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

Share Transfer System

The Board has delegated the authority for approving transfer, transmission, issue of duplicate shares, name deletion and such other related matters to the Share Transfer Committee.

During the year, all share transmission, issue of duplicate shares, name deletion and such other related matters were approved by the Share Transfer Committee within prescribed timelines. There is no set frequency of the Share Transfer Committee meetings and transactions are approved as and when received.

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

Distribution of Shareholding as on 31st December 2020

Range of the number of shares	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
1 to 100	42,011	94.28	933,796	4.05
101 to 200	1,261	2.83	198,583	0.86
201 to 300	421	0.94	109,128	0.47
301 to 400	169	0.38	61,872	0.27
401 to 500	127	0.28	59,612	0.26
501 to 1000	212	0.48	155,551	0.67
1001 to 2000	121	0.27	172,814	0.75
2001 to 3000	47	0.11	116,386	0.50
3001 to 4000	25	0.06	86,818	0.38
4001 to 5000	17	0.04	77,822	0.34
5001 to 6000	8	0.02	45,235	0.20
6001 to 7000	13	0.03	86,639	0.38
7001 to 8000	8	0.02	59,219	0.26
8001 to 9000	6	0.01	50,561	0.22
9001 to 10000	5	0.01	48,498	0.21
10001 & Above	107	0.24	20,768,088	90.18
Total	**44,558**	**100.00**	**23,030,622**	**100.00**

Shareholding Pattern as on 31st December 2020

Category	No. of shares held	% of shares held
Promoters	13,909,587	60.40
Mutual Funds	2,677,304	11.62
Financial Institutions/Banks	1,377	0.01
Insurance Companies	1,338,565	5.81
Foreign Institutional Investors	2,656,980	11.54
Bodies Corporate	510,036	2.21
Overseas Corporate Bodies	500	0.00
Trusts	722	0.00
Clearing Members	11,568	0.05
NBFCs registered with RBI	513	0.00
Hindu Undivided Family	50,101	0.22
Resident Individuals	1,569,712	6.82
Non-Resident Indians	257,432	1.12
Foreign Nationals	88	0.00
Unclaimed Suspense Account	11,550	0.05
IEPF	34,587	0.15
Total	**23,030,622**	**100.00**

Dematerialization of shares and liquidity

As on 31st December 2020, 99.49% of the paid-up share capital had been dematerialized.

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

Not applicable.

Commodity price risk or foreign exchange risk and hedging activities

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

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

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

Plant location

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

Address for correspondence

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

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

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

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Regulation 17(5)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management Personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st December 2020.

For Sanofi India Limited

RAJARAM NARAYANAN
MANAGING DIRECTOR

27th January 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant disclosures provided by the Directors (as enlisted in Table A) of SANOFI INDIA LIMITED having CIN L24239MH1956PLC009794 and having registered office at Sanofi house, CTS No.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai, MH-400072 (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para C clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and documents available on the website of the Ministry of Corporate Affairs and Stock Exchanges as on 31st December, 2020, and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and based on the disclosures of the Directors, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Table A

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in Company
1.	Mr. Aditya Narayan	00012084	30/04/2016
2.	Ms. Usha Thorat	00542778	30/04/2016
3.	Mr. Rajaram Narayanan	02977405	21/10/2015
4.	Mr. Rahul Bhatnagar	07268064	29/07/2020
5.	Mr. Cyril Grandchamp Desraux	07719763	27/02/2017
6.	Mr. Charles Alexis Maxime Billard	08173583	25/07/2018
7.	Mr. Cherian Mathew	08522813	29/07/2019
8.	Mr. Marc-Antoine Lucchini	08812302	29/07/2020

For Makarand M. Joshi & Co.
Practicing Company Secretaries

Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690

Place: Mumbai
Date: 10th February, 2021
UDIN : F006667B002706144

AUDITORS' CERTIFICATE

regarding compliance of conditions of Corporate Governance

To the Members of Sanofi India Limited

We have examined the compliance of conditions of Corporate Governance by Sanofi India Limited, for the year ended December 31, 2020 as stipulated in Regulations [17, 17A, 18, 19, 20, 21, 22, 23, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V] of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

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

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

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

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

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 21202660AAAAAF5562

Place : Mumbai
Date : February 23, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Sanofi India Limited

Report on the audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Sanofi India Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of matter

4. We draw your attention to Note 54 to the financial statements, which describes the uncertain economic environment and management's assessment of the financial impact due to the Covid-19 situation, for which a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matter is that matter, which, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matters	How our audit addressed the key audit matter
Appropriateness of provisions recognised and disclosures made in respect of certain regulatory and tax matters Refer Notes 24, 40(a), 45 and 47 to the financial statements. Being in the pharmaceutical industry, the Company is highly regulated by various authorities like the National Pharmaceutical Pricing Authority and other regulators, and it has outstanding regulatory cases under the Drug (Prices Control) Order, 1979 (DPCO 1979) and Drug Prices Control Order, 2013 (DPCO 2013) relating to prices charged for some of its formulations. The Company has received the following demands in the earlier years:	Our audit procedures included the following: • Understanding and evaluation of the design and testing the operating effectiveness of controls in respect of assessment of tax and regulatory exposures, their accounting and disclosures in the financial statements; • Obtaining a complete list of litigation matters and reviewing the underlying orders and other communication received from regulatory authorities and management's responses thereto to assess status of the litigations; • Evaluating the independence, objectivity and competence of management experts involved;

DPCO 1979 - Demand of Rs. 861 million, against which provision of Rs. 205 million was recognised. DPCO 2013 – Matter remanded back to National Pharmaceutical Pricing Authority (NPPA) by the Hon'ble Delhi High Court, however, provision recognised in earlier years has been retained of Rs. 162 million. In respect of the above matters, based on the assessment done by the Management, in consultation with its legal advisors, the likelihood of any additional outflow is considered as remote. In addition to the above, there are several cases under direct and indirect tax laws which are pending for decision at various authority levels, in respect of which the Company has disclosed contingent liabilities of Rs. 2,645 million. The management's assessment with regard to the tax matters is supported by advice from independent consultants. We considered this as a key audit matter, as evaluation of these matters requires significant management judgement and estimation, interpretation of laws and regulations and application of relevant judicial precedents to determine the probability of outflow of economic resources for recognising provisions and making related disclosures in the financial statements. The application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, in order to determine the amount to be recognised as a liability or to be disclosed as a contingent liability, is inherently subjective, and needs careful evaluation and judgement to be applied by the management.	• Reviewing opinion of management's legal adviser and consultants' advice as applicable; • Evaluating the management's assessment on the probability of outcome and the magnitude of potential outflow of economic resources in respect of (a) regulatory matters and; (b) tax matters including involvement our tax experts for assessing complex tax matters, based on recent rulings and latest developments in case laws; • Evaluating the Company's disclosures for accuracy and adequacy regarding the significant litigations of the Company. Based on the audit procedures performed, we did not identify any significant exceptions relating to the provisions recognised and disclosures made in the financial statements in respect of regulatory and tax matters.

Other Information

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

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

   We have nothing to report in this regard.

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24, 40, 45 and 47 to the financial statements;

(ii) The Company has long-term contracts as at December 31, 2020 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at December 31, 2020;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2020.

(iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended December 31, 2020.

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

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

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 21202660AAAAAG9577

Place : Mumbai
Date : February 23, 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditor's Report of even date to the members of Sanofi India Limited on the financial statements as at and for the year ended December 31, 2020

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

1. We have audited the internal financial controls with reference to financial statements of Sanofi India Limited ("the Company") as of December 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at December 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also, refer paragraph 4 of our main audit report.

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

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 21202660AAAAAG9577

Place : Mumbai
Date : February 23, 2021

Annexure B to Independent Auditor's Report

Referred to in paragraph 14 of the Independent Auditor's Report of even date to the members of Sanofi India Limited on the financial statements as of and for the year ended December 31, 2020

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

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

   (c) The title deeds of immovable properties, as disclosed in Note 5(a) on Property, Plant and Equipment and Note 19 on Assets classified as held for sale to the financial statements, are held in the name of the Company.

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

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

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

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

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

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

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

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

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and professional tax, though there has been a slight delay in a few cases, and is regular in depositing the undisputed statutory dues, including employees' state insurance, provident fund, duty of customs, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer Note 40(b) to the financial statements regarding management's assessment on certain matters relating to provident fund.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, value added tax, service tax and goods and services tax which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales tax and duty of excise as at December 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in million) ^	Period to which the amount relates	Forum where the dispute is pending
The Income-tax Act, 1961	Income-tax including tax deducted at source and interest as applicable	51	Assessment Years 2011 - 2012	Income Tax Appellate Tribunal
		532	Assessment Years 2008 - 2009, 2011 - 2012 to 2019 - 2020	Upto Commissioner's level
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales tax	2	1999-2000	Sales Tax Appellate Tribunal
		4	1998 - 1999, 2008 - 2009 and 2012 - 2013 to 2013 - 2014	Upto Commissioner's level
The Central Excise Act, 1944	Export Obligation	4	2012 - 2014	Additional Director General of Foreign Trade
	Disallowance of MODVAT	39	2007 - 2008 to 2011 - 2012	Appellate Tribunal
	Excise Duty including interest and penalty, as applicable	23	1993 - 1997, 2005 - 2007, 2015 - 2016	Assistant Commissioner and Commissioner of Central Excise, Service Tax and Customs
Medicinal and Toilet Preparation (Levy of Excise Duty) Act,1955	Dispute whether Central or State Excise Duty	23	January, 1990 to August, 1997	Central Board of Excise and Customs
		13	1996 - 1997 to 1998 - 1999	Commissioner of State Excise Duty, Maharashtra

^ Net of amounts paid under protest.

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

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

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

11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 16 of Independent Auditor's Report.

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

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

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

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

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

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

Asha Ramanathan
Partner
Membership Number: 202660
UDIN: 21202660AAAAAG9577

Place : Mumbai
Date : February 23, 2021

Balance sheet
as at December 31, 2020

(₹ in Million)

Particulars	Notes	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	5 (a)	2,973	3,527
Capital work-in-progress	5 (b)	63	127
Right-of-use assets	5 (c)	593	–
Goodwill	6 (a)	731	731
Other intangible assets	6 (a)	344	729
Intangible assets under development	6 (b)	37	47
Financial assets			
i. Investments	7	–	–
ii. Loans	8	4,579	4,602
iii. Other financial assets	9	32	32
Current tax Assets (net)	10 (a)	1,456	1,317
Other non-current assets	11	44	39
Total non-current assets		**10,852**	**11,151**
Current assets			
Inventories	12	3,680	4,696
Financial assets			
i. Trade receivables	13	1,480	2,240
ii. Cash and cash equivalents	14	11,974	11,199
iii. Bank balances other than (ii) above	15	112	96
iv. Loans	16	57	15
v. Other financial assets	17	281	–
Other current assets	18	708	1,445
		18,292	**19,691**
Assets classified as held for sale	19 & 50	41	1,602
Total current assets		**18,333**	**21,293**
Total assets		**29,185**	**32,444**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20 (a)	230	230
Other equity			
Reserves and surplus	20 (b)	20,960	24,193
Total equity		**21,190**	**24,423**

Balance sheet
as at December 31, 2020

(₹ in Million)

Particulars	Notes	As at December 31, 2020	As at December 31, 2019
LIABILITIES			
Non-current liabilities			
Financial liabilities			
i. Lease liabilities	5 (c)	179	–
Employee benefit obligations	21	646	541
Deferred tax liabilities (net)	36 (d)	302	446
Total non-current liabilities		**1,127**	**987**
Current liabilities			
Financial liabilities			
i. Lease liabilities	5 (c)	47	–
ii. Trade payables			
(a) Outstanding dues of micro enterprises and small enterprises	22	134	274
(b) Outstanding dues of creditors other than micro enterprises and small enterprises	22	3,049	3,415
iii. Other financial liabilities	23	100	249
Provisions	24	1,485	1,382
Employee benefit obligations	25	992	963
Current tax liabilities (net)	10 (b)	901	585
Other current liabilities	26	149	155
		6,857	**7,023**
Liabilities directly associated with assets classified as held for sale	27	11	11
Total current liabilities		**6,868**	**7,034**
Total liabilities		**7,995**	**8,021**
Total equity and liabilities		**29,185**	**32,444**

The above balance sheet should be read in conjunction with the accompanying notes.

This is the balance sheet referred to in our report of even date.

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

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 23, 2021

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN: 02977405
Place: Mumbai
Date : February 23, 2021

Usha Thorat
Director
DIN: 00542778
Place: Kolhapur
Date : February 23, 2021

Vaibhav Karandikar
Whole Time Director & CFO
DIN: 09049375
Place: Mumbai
Date: February 23, 2021

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 23, 2021

Statement of Profit and Loss
for the year ended December 31, 2020

(₹ in Million)

Particulars	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Income			
Revenue from operations	28	29,019	30,706
Other income	29	898	941
Total income		**29,917**	**31,647**
Expenses			
Cost of materials consumed	30	5,914	8,636
Purchases of stock-in-trade		6,047	4,815
Changes in Inventories of finished goods, work in progress and stock-in-trade	31	575	23
Employee benefits expense	32	4,608	4,497
Finance costs	33	18	3
Depreciation and amortisation expense	34	822	999
Other expenses	35 (a)	4,744	6,082
Total expenses		**22,728**	**25,055**
Profit before exceptional item and tax		**7,189**	**6,592**
Exceptional item - Loss on sale of Ankleshwar manufacturing unit	50	(417)	(593)
Profit before tax		**6,772**	**5,999**
Tax expense			
- Current tax	36 (a)	2,110	2,276
- Deferred tax	36 (a)	(114)	(419)
Total tax expense		**1,996**	**1,857**
Profit after tax		**4,776**	**4,142**
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of post-employment benefit obligations	43 (v)	(118)	(221)
Tax impact relating to above	36 (b)	30	56
Other comprehensive income, net of tax		**(88)**	**(165)**
Total comprehensive income		**4,688**	**3,977**
Earnings per Share – Basic and Diluted (Refer Note 39) [per Equity Share of ₹ 10 each]		207.38	179.85

The above statement of profit and loss should be read in conjunction with the accompanying notes.

This is the statement of profit and loss referred to in our report of even date.

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

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 23, 2021

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN: 02977405
Place: Mumbai
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Director
DIN: 00542778
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Date : February 23, 2021

Vaibhav Karandikar
Whole Time Director & CFO
DIN: 09049375
Place: Mumbai
Date: February 23, 2021

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 23, 2021

Statement of Cash Flows
for the year ended December 31, 2020

(₹ in Million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Cash flow from operating activities		
Profit before tax	**6,772**	**5,999**
Adjustment for :		
Depreciation and amortization	822	999
Unrealised exchange Loss / (Gain) (net)	15	(6)
Loss on sale / Write-off of property, plant and equipment / Intangible assets (net)	28	19
Loss / Impairment charge and other incidental expenses on assets held for sale (Refer note 50)	417	579
Finance costs	18	3
Interest income	(780)	(910)
Share based payment	117	86
Provision for bad and doubtful debts (net)	4	13
Provision for doubtful advances and deposits (net)	9	1
Operating profit before working capital changes	**7,422**	**6,783**
Adjustments for (increase) / decrease in operating assets		
Non-current financial assets	8	18
Other non-current assets	(4)	1
Inventories	(222)	135
Trade receivables	52	(648)
Current financial assets	(66)	*
Other current assets	722	(339)
Adjustments for increase / (decrease) in operating liabilities		
Employee benefit obligations	71	127
Trade payables	(18)	233
Current financial liabilities	(21)	(38)
Other current liabilities & provisions	100	134
Cash generated from operations	**8,044**	**6,406**
Taxes paid (net of refunds)	(1,933)	(2,283)
Net Cash flow from operating activities (A)	**6,111**	**4,123**
Cash flow from Investing activities		
Sale proceeds of property, plant and equipment	4	5
Sale proceeds of Ankleshwar manufacturing unit [net of incidental expenses (Refer note 50)]	2,394	–
Interest received	780	910
Loans given	(400)	-
Loans repaid	400	500
Purchase of property, plant and equipment and Intangible assets	(414)	(758)
Net cash flow from investing activities (B)	**2,764**	**657**

Statement of Cash Flows

for the year ended December 31, 2020

(₹ in Million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Cash flow from financing activities		
Principal elements of lease payments	(46)	–
Interest paid	(16)	–
Interim and final dividend paid	(8,038)	(1,520)
Dividend Distribution tax paid thereon	–	(312)
Net cash (used in) financing activities (C)	**(8,100)**	**(1,832)**
Net increase in cash and cash equivalents (A+B+C)	**775**	**2,948**
Effect of Exchange differences on cash and cash equivalents held in foreign currency	–	*
Cash and Cash Equivalents at the beginning of the year	11,199	8,251
Cash and Cash Equivalents at the end of the year	**11,974**	**11,199**
Non- cash financing and investing activities (D)		
Acquisition of Right-of-use assets	10	–
Components of Cash and Cash Equivalents		
Cash and Cash Equivalents (as per Note 14)	**11,974**	**11,199**

* denotes figure less than a million

Notes:

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

The above statement of cash flows should be read in conjunction with the accompanying notes.

This is the statement of cash flows referred to in our report of even date.

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

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 23, 2021

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN: 02977405
Place: Mumbai
Date : February 23, 2021

Usha Thorat
Director
DIN: 00542778
Place: Kolhapur
Date : February 23, 2021

Vaibhav Karandikar
Whole Time Director & CFO
DIN: 09049375
Place: Mumbai
Date: February 23, 2021

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 23, 2021

Statement of changes in equity

for the year ended December 31, 2020

A. Equity share capital [Refer note 20 (a)] (₹ in Million)

Particulars	Amount
As at December 31, 2019	**230**
Changes in equity share capital	–
As at December 31, 2020	**230**

B. Other equity [Refer note 20 (b)] (₹ in Million)

Particulars	Attributable to owners of the Company				
	Reserves and surplus				Total
	Share options outstanding account	Securities premium	Retained earnings	General reserve	
As at January 01, 2019	**337**	**20**	**18,151**	**3,454**	**21,962**
Profit for the year	–	–	4,142	–	4,142
Other comprehensive income	–	–	(165)	–	(165)
Total comprehensive income for the year	**–**	**–**	**3,977**	**–**	**3,977**
Transactions with owners in their capacity as owners:					
Final dividend paid	–	–	(1,520)	–	(1,520)
Dividend distribution tax paid	–	–	(312)	–	(312)
Employee stock options expense [Refer Note 42]	86	–	–	–	86
As at December 31, 2019	**423**	**20**	**20,296**	**3,454**	**24,193**
Profit for the year	–	–	4,776	–	4,776
Other comprehensive income	–	–	(88)	–	(88)
Total comprehensive income for the year	**–**	**–**	**4,688**	**–**	**4,688**
Transactions with owners in their capacity as owners:					
Final dividend paid	–	–	(8,038)	–	(8,038)
Employee stock options expense [Refer Note 42]	117	–	–	–	117
As at December 31, 2020	**540**	**20**	**16,946**	**3,454**	**20,960**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

This is the statement of changes in equity referred to in our report of even date.

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

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 23, 2021

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN: 02977405
Place: Mumbai
Date : February 23, 2021

Usha Thorat
Director
DIN: 00542778
Place: Kolhapur
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Vaibhav Karandikar
Whole Time Director & CFO
DIN: 09049375
Place: Mumbai
Date: February 23, 2021

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 23, 2021

1. Corporate Information

Sanofi India Limited ('the company') is public limited company listed on Bombay Stock Exchange and National Stock Exchange, incorporated and domiciled in India and has its registered office at Sanofi House, CTS No. 117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai – 400072, India. It is primarily engaged in the business of manufacturing and trading of drugs and pharmaceuticals. The Company has its own manufacturing facility at Goa and Ankleshwar (till May 29, 2020). The Company has various independent contract / third party manufacturers based across the country. The Company sells its products through independent distributors primarily in India.

These financial statements were authorised for issue by the Board of Directors on February 23, 2021.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

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

2.2 Historical cost convention

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

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

The accounting policies adopted are consistent with those of the previous financial years and corresponding reporting year.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020:

- Effective January 1, 2020, the Company has adopted Indian Accounting Standard 116 – "Leases", applied to all lease contracts existing as on January 1, 2020 using modified retrospective approach. Under the method, Leases are recognized as a right of use assets and a corresponding liability at the date at which leased asset is available for use by the Company.
- The amendments to Ind AS 12 – Income Taxes, Uncertainty over Income tax treatments – Appendix C to Ind AS 12, Income Taxes and Ind AS 19 – Employee Benefits did not have any material impact on the amounts recognized in prior period or in current year.

The financial statements are presented in ₹ million and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

2.3 Summary of significant accounting policies

i. Current and non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non–current.

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

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

ii. Fair value measurement

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

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

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

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

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

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

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

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

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

iii. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions. Refer Note 37 for segment information presented.

iv. Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

v. Revenue recognition

According to Ind AS 115, revenue is measured at the amount of consideration the Company expects to receive in exchange for the goods or services when control of the goods or services and the benefits obtainable from them are transferred to the customer. Revenue is recognised using the following five step model specified in Ind AS 115:

Step 1: Identify contracts with customers

Step 2: Identify performance obligations contained in the contracts

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue when the performance obligation is satisfied.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of goods

The Company derives revenue principally from sales of pharma products. Revenue from sale of products is recognized when the Company satisfies a performance obligation in accordance with the provisions of contract with customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Company has present right to payment. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates, and goods and service tax.

Provision is made for the non-saleable return of goods from the customers estimated on the basis of historical data of sales return trends. Such provision for non-saleable sales returns is reduced from sale of products for the year.

Sale of services

Revenue is recognized from rendering of services when the performance obligation is satisfied, and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

vi. Export Incentives

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

vii. Income tax

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

Current income tax

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

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

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

Deferred tax

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

viii. Leases

Till December 31, 2019:

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease except where payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

With effective from January 1, 2020:

As a lessee

Effective January 1, 2020, the Company has adopted Indian Accounting Standard 116 – "Leases", applied to all lease contracts existing as on January 1, 2020 using modified retrospective approach. Accordingly, comparatives for the year ended December 31, 2019 have not been restated. On transition, the adoption of the new standard resulted in recognition of Right-of-Use Assets ('RoU') of Rs. 260 million and a lease liability of Rs. 260 million. There is no impact on retained earnings.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable
- Variable lease payments
- Amount expected to be payable by the lessee under residual value guarantee

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct cost and restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

<u>As a lessor</u>

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases or another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The respective leased assets are included in the Balance Sheet based on their nature. Costs, including depreciation, on such leased assets are recognised as an expense in the Statement of Profit and Loss.

ix. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets except inventories to ascertain whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets excluding goodwill with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

x. Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes balance with banks and demand deposits with banks with original maturities of three months or less and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

xi. Inventories

Inventories consist of raw materials, packing materials, work-in-progress, stock-in-trade and finished goods. Inventories are valued at lower of cost and net realizable value (NRV). Cost is determined on weighted average basis.

Cost of raw materials and packing materials includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

Cost of work-in-progress and finished goods includes direct materials, labour and proportion of manufacturing overheads based on the normal operating capacity, wherever applicable. Cost of finished goods includes other costs incurred in bringing the inventories to their present location and condition.

Cost of stock-in-trade includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

xii. Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

<u>**Financial assets:**</u>

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and Loss.

Subsequent measurement

After initial recognition, financial assets are measured at:

- fair value (either through other comprehensive income or through Profit and Loss), or
- amortized cost.

Debt instruments

Debt instruments are subsequently measured at amortized cost, fair value through other comprehensive income ('FVTOCI') or fair value through Profit and Loss ('FVTPL') till de-recognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

There are three measurement categories into which the Company classifies its debt instruments.

(a) Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

(b) Fair value through other comprehensive income (FVTOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(c) Fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognised in the Statement of Profit and Loss.

Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Impairment of financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- financial assets that are debt instruments, and are measured at amortised cost e.g. loans, deposits and bank balance.
- trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Derecognition of financial assets

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Income recognition

<u>Interest income</u>

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

<u>Financial liabilities:</u>

Initial recognition and measurement

Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue/origination of the financial liability.

Subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company enters into derivative contracts to hedge risks which are not designated in any hedging relationship i.e. hedge accounting is not followed. Such contracts are accounted for at FVTPL.

Offsetting financial instruments

Financial assets and liabilities are off-set and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

xiii. Property, Plant and Equipment (PPE)

Items of Property, plant and equipment acquired or constructed are initially recognized at historical cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation, and impairment loss, if any. The historical cost of Property, plant and equipment comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use.

Capital Work-in-Progress represents Property, plant and equipment that are not ready for their intended use as at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The Company identifies and determines cost of each component / part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful lives that is materially different from that of the remaining plant and equipment.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the year in which they are incurred.

Gains and losses arising from derecognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

Depreciation methods, estimated useful lives and residual values

Depreciation is provided, pro-rata for the period in use, on the straight-line method based on the respective estimate of useful lives given below. Estimated useful lives of assets are determined based on technical parameters / assessments.

The management believes that useful lives currently used, which is prescribed under Part C of Schedule II to the Companies Act, 2013, fairly reflects its estimate of the useful lives and residual values of PPE, though these lives in certain cases are different from lives prescribed under Schedule II.

Asset Category	Useful Lives (in Years)
Buildings	30
Plant and Machinery*	10
Furniture and Fixtures	10
Office equipment	10/5
Computers*	3
Laptops	3
Motor vehicles	8
Leasehold improvements	Amortised over the lease period

*In respect of these assets, management estimates different useful life than prescribed under part C of Schedule II based on internal assessment and independent technical evaluation.

Estimated useful lives, residual values and depreciation methods are reviewed annually, considering into account of commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Advances paid towards the acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under 'Other non-current assets' and cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

xiv. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization / impairment losses.

Goodwill

For measurement of goodwill arising on a business combination, subsequent measurement is at costs less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment annually.

Acquired intangible assets

Separately acquired intangible assets are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

The Company amortizes intangible assets with a finite useful life using the straight-line method over the estimated useful lives. The estimated useful lives of assets are as follows:

Asset Category	Useful Lives (in Years)
Brand	10
Software	3
Technical know-how	5

In respect of the above assets, management's estimate is based on internal assessment and independent technical evaluations.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting period. The amortisation expense on intangible assets is recognised in the Statement of Profit and Loss.

Losses arising from retirement and gains or losses arising from disposal of Intangible assets are determined by comparing sale proceeds with carrying amount and are disclosed in the Statement of Profit and Loss.

Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised.

Development expenditure on an individual project are recognised as an intangible asset when the Company can demonstrate:

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

The amount capitalised comprise of expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use.

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

xv. Provisions and contingent liabilities

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are disclosed in the Notes to the financial statements. Contingent liabilities are disclosed for

- when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or
- a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation, or a reliable estimate of the amount cannot be made.

xvi. Employee benefits

I. Short term benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus, short term compensated absences and the expected cost of ex-gratia is recognized in the period in which the employee renders the related service.

II. Other long-term employee benefits

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

III. Post-employment benefit obligations

The company operates the following post-employment schemes:

a) defined contribution plans such as superannuation fund and provident fund (Ankleshwar upto May 29, 2020 (Refer Note 43) and Nepal), and

b) defined benefit plans such as gratuity, pension plan and provident fund other than (Ankleshwar upto May 29, 2020 (Refer note 43) and Nepal)

Defined contribution plans

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

All the above-mentioned schemes are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss, when an employee renders the related service.

Defined benefit plans

The company has defined benefit plans for post-employment benefits in the form of Provident Fund (treated as a defined benefit plan on account of guaranteed interest benefit), Gratuity and Pension Plan (treated as a defined benefit plan on account of guaranteed pension).

The Company has for all employees other than Ankleshwar and Nepal, defined benefit plans for post-employment benefits in the form of Provident Fund which is administered through trustees (treated as a defined benefit plan on account of guaranteed interest benefit). Further, the Company has defined benefit plan for post-retirement benefit in the form of Gratuity which is administered through trustees and LIC for all its employees and pension plan for certain employees.

Provident Fund and Gratuity fund are recognised by the Income-tax authorities and administered through trustees and/or LIC. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bond that have terms to maturity approximating to the terms of the related gratuity, pension plan and provident fund liabilities.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet.

xvii. Share based payments

Sanofi S.A. France, ultimate holding company being the Ultimate Holding Company has given restricted stock option plan to certain employees of the Company.

Pursuant to Ind AS 102 'Share-based Payment', the Company recognizes an expense based on the fair value of the stock options as at grant date. The expenses are amortised over the vesting period which is conditional on the provision of services by the plan participant during the vesting period. The corresponding credit is given to equity because the award represents in substance equity contribution by the Parent Company. The cumulative expense recognised for stock options at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

xviii. Exceptional Items

When items of income or expense are of such nature, size and incidence that their disclosure is necessary to explain the performance of the Company for the year, the company makes a disclosure of the nature and amount of such items separately under the head "exceptional items."

xix. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xx. Dividends distribution to equity holders

Provision is made for amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxi. Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

xxii. Cash flow statement

Cash flows are reported using the Indirect Method, as set out in Ind AS 7 'Statement of Cash Flow', whereby profit for the year is adjusted for the effects of transaction of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

xxiii. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell. Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

3. Recent Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 on 24 July 2020. The rules shall be effective from reporting periods beginning on or after April 1, 2020 amendments to Ind AS as per these rules are mentioned below:

1. Ind AS 116, Leases – Rent concessions/ modification
2. Ind AS 103, Business Combinations - Change in definition of a business
3. Ind AS 107, Financial Instruments: Disclosures and Ind AS 109, Financial Instruments - Interest rate benchmark reform
4. Ind AS 1, Presentation of Financial Statements, Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors and consequential amendments to other Ind AS - The amendments clarify the definition of material and make Ind AS more consistent.

The Company does not expect any material impact from above mentioned amendments.

4. Significant Judgements and Estimates

The preparation of the Company's financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, revenue, expenses, and the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when financial statements were prepared. These estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates and judgements are:

- Useful lives of Property, plant and equipment and intangibles [Refer Note 2.3 (xiii) and (xiv)]
- Measurement of defined benefit obligations (Refer Note 43)
- Provision for inventories (Refer Note 12)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer Notes 24, 40 ,45 and 47)
- Impairment of Goodwill [Refer Note 6 (a)]
- Impairment of trade receivables (Refer Note 13)
- Impairment of Non-current assets classified as held for sale (Refer note 19)
- Impact Assessment due to Covid-19 Pandemic (Refer Note 54)

Notes forming part of financial statements
as at and for the year ended December 31, 2020

5 (a) - Property, plant and equipment

(₹ in Million)

Particulars	Leasehold Lands	Buildings	Leasehold Improvements	Plant and Equipments	Furniture and Fixtures	Office Equipments	Computers	Motor Vehicles	Total
Year ended December 31, 2019									
Gross Carrying Amount									
As at January 1, 2019	382	2,747	27	3,304	325	77	383	19	**7,264**
Additions	-	36	-	572	6	15	101	-	**730**
Disposals	-	(*)	-	(48)	(2)	(1)	(33)	-	**(84)**
Assets classified as held for sale (Refer notes 19 & 50)	-	(497)	-	(2,342)	(42)	(24)	(112)	(*)	**(3,017)**
Closing Gross Carrying Amount	**382**	**2,286**	**27**	**1,486**	**287**	**67**	**339**	**19**	**4,893**
Accumulated Depreciation									
As at January 1, 2019	**2**	**352**	**9**	**1,027**	**108**	**33**	**250**	**4**	**1,785**
Depreciation charge during the year	*	108	3	355	38	16	74	3	**597**
Disposals	-	-	-	(27)	(1)	(*)	(32)	-	**(60)**
Assets classified as held for sale (Refer notes 19 & 50)	-	(112)	-	(755)	(17)	(9)	(63)	(*)	**(956)**
Closing Accumulated Depreciation	**2**	**348**	**12**	**600**	**128**	**40**	**229**	**7**	**1,366**
Net Carrying Amount as on December 31, 2019	**380**	**1,938**	**15**	**886**	**159**	**27**	**110**	**12**	**3,527**
Year ended December 31, 2020									
Gross Carrying Amount									
As at December 31, 2019	382	2,286	27	1,486	287	67	339	19	4,893
Reclassified to Right-of-use assets adjustments on account of adoption of Ind AS 116 [(Refer note 5 (c)]	(382)	-	-	-	-	-	-	-	(382)
Restated as at January 1, 2020	**-**	**2,286**	**27**	**1,486**	**287**	**67**	**339**	**19**	**4,511**
Additions	-	-	-	172	4	7	28	-	211
Disposals	-	(*)	-	(79)	(2)	(2)	(3)	(1)	(87)
Assets classified as held for sale (Refer note 19)	-	(2)	-	(*)	(*)	(*)	-	-	(2)
Closing Gross Carrying Amount	**-**	**2,284**	**27**	**1,579**	**289**	**72**	**364**	**18**	**4,633**
Accumulated Depreciation									
As at December 31, 2019	2	348	12	600	128	40	229	7	1,366
Reclassified to Right-of-use assets adjustments on account of adoption of Ind AS 116 [(Refer note 5 (c)]	(2)	-	-	-	-	-	-	-	(2)
Restated as at January 1, 2020	**-**	**348**	**12**	**600**	**128**	**40**	**229**	**7**	**1,364**
Depreciation charge during the year	-	80	3	181	33	8	59	3	367
Disposals	-	(*)	-	(65)	(1)	(1)	(3)	(1)	(71)
Assets classified as held for sale (Refer note 19)	-	(*)	-	(*)	(*)	(*)	-	-	(*)
Closing Accumulated Depreciation	**-**	**428**	**15**	**716**	**160**	**47**	**285**	**9**	**1,660**
Net Carrying Amount as on December 31, 2020	**-**	**1,856**	**12**	**863**	**129**	**25**	**79**	**9**	**2,973**

5 (b) - Capital work-in-progress (Refer note 19 & 50)

Capital work-in-progress of ₹ 63 million (December 31, 2019 : ₹ 127 million) mainly comprises of plant and equipment and building being constructed in India.

* denotes figure less than a million

(₹ in Million)

5 (c) - Leases

i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

a) Right-of-use Assets

The changes in the carrying value of Right-of-use assets for the year ended December 31, 2020 are as follows :

Particulars	December 31, 2020	December 31, 2019
Buildings	270	-
Land	382	-
Less: Accumulated depreciation	(59)	-
	593	**-**

Amounts recognised in balance sheet

Right-of-use assets:

Gross Block	Amount
Amount recognised as at January 1, 2020 on adoption of Ind AS 116	260
Add: Leasehold land re-classified as at January 1, 2020 on adoption of Ind AS 116	382
Add: Additions during the year	10
Less: Disposals	-
Balance as at December 31, 2020	**652**

Accumulated Depreciation	Amount
Amount recognised as at January 1, 2020 on adoption of Ind AS 116	-
Add: Accumulated depreciation on Leasehold land re-classified as at January 1, 2020 on adoption of Ind AS 116	2
Add: Depreciation for the year	57
Less: Disposals	-
Balance as at December 31, 2020	**59**
Net Carrying Amount as at December 31, 2020	**593**

b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year :

Particulars	Amount
Amount recognised as at January 1, 2020 on adoption of Ind AS 116	260
Add: Additions during the year	10
Add: Interest for the year	18
Less: Lease payments made during the year	(62)
Balance as at December 31, 2020	**226**

(₹ in Million)

Below represents net debt reconciliation as per requirements of Ind-AS 7 - Statement of Cash Flows :

Particulars	Cash and Cash Equivalents	Lease Liabilities	Net debt
Net Debt as at December 31, 2019	11,199	-	11,199
Recognised on adoption of Ind AS 116	-	(260)	(260)
Net Debt as at January 1, 2020	11,199	(260)	10,939
Cash flows	775	-	775
Movement in lease liabilities (Refer table above)	-	34	34
Net Debt as at December 31, 2020	**11,974**	**(226)**	**11,748**

The following is the break-up of current and non-current lease liabilities as at December 31, 2020:

Particulars	Amount
Current lease liabilities	47
Non-current lease liabilities	179
Total	**226**

ii) Amounts recognised in the statement of Profit & Loss

Particulars	December 31, 2020	December 31, 2019
Depreciation charge on right-of-use assets (Refer Note 34)	57	-
Interest expense (Refer Note 33)	18	-
Expenses relating to short term and low value leases [Refer Note 35 (a)]	54	-
	129	-

iii) Disclosure on Ind AS 116 adoption

This note explains the impact of the adoption of Ind AS 116, Leases on the company's financial statements.

Impact on the financial statements – lessee accounting

Effective January 1, 2020, the Company has adopted Indian Accounting Standard 116 – "Leases", applied to all lease contracts existing as on January 1, 2020 using modified retrospective approach. Accordingly, comparatives for the year ended December 31, 2019 have not been restated. On transition, the adoption of the new standard resulted in recognition of Right-of-Use Assets ('ROU') of ₹ 260 million and a lease liability of ₹ 260 million. There is no impact on retained earnings. Leasehold Land which was capitalized under Indian Accounting Standard 17 – "Leases", in Property, plant and equipment, has been reclassified to Right-of-Use Assets amounting to ₹ 380 million.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 01, 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities as January 1, 2020 ranges between 6.50 to 8.47 % p.a.

(₹ in Million)

The following adjustments were made to the amounts recognised in the balance sheet at the date of initial application, January 01, 2020:

Particulars	December 31, 2019	Reclassification	Remeasurement	January 01, 2020
Right-of-use Assets	-	380	260	640
Lease Liabilities	-	-	(260)	(260)
Property, plant and equipment	3,527	(380)	-	3,147

In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in corresponding years is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. The company only has operating leases.

Practical expedients applied - Transition

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review.
- accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2020 as short-term leases.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application.

6 (a) - Intangible assets

(₹ in Million)

Particulars	Brand	Software	Technical know-how	Total	Goodwill
Year ended December 31, 2019					
Gross Carrying Amount					
As at January 1, 2019	2,375	78	85	**2,538**	**731**
Additions	-	5	10	15	-
Assets classified as held for sale (Refer notes 19 & 50)	-	(6)	-	(6)	-
Closing Gross Carrying Amount	**2,375**	**77**	**95**	**2,547**	**731**
Accumulated amortisation					
As at January 1, 2019	1,288	51	81	**1,420**	**-**
Amortisation charge during the year	383	16	3	402	-
Assets classified as held for sale (Refer notes 19 & 50)	-	(4)	-	(4)	-
Closing Accumulated Amortisation	**1,671**	**63**	**84**	**1,818**	**-**
Net Carrying Amount as on December 31, 2019	**704**	**14**	**11**	**729**	**731**
Year ended December 31, 2020					
Gross Carrying Amount					
As at January 1, 2020	2,375	77	95	2,547	731
Additions	-	14	-	14	-
Disposals	-	(1)	-	(1)	-
Closing Gross Carrying Amount	**2,375**	**90**	**95**	**2,560**	**731**
Accumulated amortisation					
As at January 1, 2020	1,671	63	84	1,818	-
Amortisation charge during the year	383	12	3	398	-
Disposals	-	(*)	-	(*)	-
Closing Accumulated Amortisation	**2,054**	**75**	**87**	**2,216**	**-**
Net Carrying Amount as on December 31, 2020	**321**	**15**	**8**	**344**	**731**

* denotes figure less than a million

6 (b) - Intangible assets under development

Intangible assets under development of ₹ 37 million (December 31, 2019 : ₹ 47 million) mainly comprises of software and product development.

Note:

Impairment testing for goodwill:

The shareholders of the Company had approved the Scheme of Amalgamation ('Scheme') between the Company and erstwhile Universal Medicare Private Limited ("UMPL") with an appointed date of November 2011 whereby all the assets and liabilities of "UMPL" which were transferred to and vested in the Company were recorded at their fair values from the appointed date. The goodwill pertains to the excess of purchase consideration over the fair values of the net assets taken over from "UMPL".

For the purposes of impairment testing, carrying amount of goodwill has been allocated to the Cash Generating Unit (CGU) as follows:

(₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Business acquired pursuant to amalgamation of erstwhile "Universal Medicare Private Limited"	731	731

The Company tests goodwill for impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The cash flow projections are based on five years financial budgets approved by management.

Following key assumptions were considered while performing Impairment testing

Particulars	
Long term sustainable growth rates	**1.5%-10%**
Weighted Average Cost of Capital % (WACC) before tax (Discount rate)	**13.75%**

The projection covers a period of five years, management believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash- generating unit.

(₹ in Million)

7 - Non-current financial assets - Investments

Particulars	December 31, 2020	December 31, 2019
Unquoted		
Equity instrument in Others (at fair value through other comprehensive income)		
Bharuch Enviro Infrastructure Limited Number of shares as on December 31, 2020 : NIL. (December 31, 2019 : 2,188) of ₹ 10 /- each fully paid up	-	*
Narmada Clean Tech Limited (Formerly known as Bharuch Eco-Acqua Infrastructure Limited) Number of shares as on December 31, 2020 : NIL. (December 31, 2019 : 236,000) of ₹ 10 /- each fully paid up	-	2
Less : Assets classified as held for sale (Refer note 19 & 50)	-	(2)
Total	**-**	**-**

* denotes figure less than a million

8 - Non current financial assets - Loans

Particulars	December 31, 2020	December 31, 2019
Unsecured, considered good		
Loans to Fellow Subsidiaries [Given against corporate guarantee by Sanofi S.A France (ultimate holding company)] (Refer note 41)	4,450	4,450
Loans to employees	34	42
Security deposits	95	139
Less : Assets classified as held for sale (Refer notes 19 & 50)	-	(29)
Unsecured, considered doubtful		
Security deposits	22	13
Loans to employees	2	2
Less: Loss allowance	(24)	(15)
Total	**4,579**	**4,602**

9 - Non current financial assets - Other financial assets

Particulars	December 31, 2020	December 31, 2019
Unsecured, considered good		
Margin money deposits (Refer note 15)	3	4
Other receivables	16	16
Other deposits	13	12
Total	**32**	**32**

(₹ in Million)

10 (a) - Current tax assets (net)

Particulars	December 31, 2020	December 31, 2019
Advance income tax (net of provision of ₹ 11,676 million; December 31, 2019 : ₹ 10,254 million)	1,456	1,317
Total	**1,456**	**1,317**

10 (b) -Current tax liabilities (net)

Particulars	December 31, 2020	December 31, 2019
Income tax provision (net of advance tax ₹ 10,073 million; December 31, 2019 : ₹ 9,701 million)	901	585
Total	**901**	**585**

11 - Other non-current assets

Particulars	December 31, 2020	December 31, 2019
Capital advances	7	5
Prepaid rentals	37	52
Less : Assets classified as held for sale (Refer note 19 & 50)	-	(18)
Total	**44**	**39**

12 - Inventories

Particulars	December 31, 2020	December 31, 2019
Finished goods	727	842
Stock-in-trade (Including in transit ₹ 197 million; December 31, 2019 : ₹ 302 million)	1,422	1,045
Raw materials and packing materials (Including in transit ₹ 119 million; December 31, 2019 : ₹ 294 million)	1,431	1,872
Work-in-progress	100	937
Total	**3,680**	**4,696**

(₹ in Million)

13 - Trade receivables

Particulars	December 31, 2020	December 31, 2019
Trade receivables	522	520
Receivables from related parties (Refer Note 41)	1,008	1,766
Less: Loss allowance	(50)	(46)
Total	**1,480**	**2,240**

Breakup up of security details

Particulars	December 31, 2020	December 31, 2019
Secured, considered good	-	-
Unsecured, considered good	1,530	2,286
Which have significant increase in credit risk	-	-
Credit impaired	-	-
Total	**1,530**	**2,286**
Less: Allowance	(50)	(46)
Total	**1,480**	**2,240**

14 - Cash and cash equivalents

Particulars	December 31, 2020	December 31, 2019
Balances with banks		
- in current accounts	477	599
- in EEFC accounts	-	69
Deposits with banks with original maturity of less than 3 months	11,497	10,531
Total	**11,974**	**11,199**

15 - Other bank balances

Particulars	December 31, 2020	December 31, 2019
Margin money deposits (Refer Note below)	68	66
Unpaid dividend accounts	44	30
Total	**112**	**96**

Margin money deposit given as security

Margin money deposits with carrying amount of ₹ 71 million (December 31, 2019 : ₹ 70 million) are subject to first charge to secure bank guarantees issued by banks on behalf of the Company.

(₹ in Million)

16 - Current Loans

Particulars	December 31, 2020	December 31, 2019
Unsecured, considered good		
Loans to employees	53	15
Security deposits	4	-
Total	**57**	**15**

17 - Other current financial assets

Particulars	December 31, 2020	December 31, 2019
Other receivables (Refer Note 50)	273	-
Receivable from related parties (Refer Note 41)	8	-
Total	**281**	**-**

18 - Other current assets

Particulars	December 31, 2020	December 31, 2019
Advance payments to suppliers	33	55
Export benefits receivable	107	349
Balance with government authorities	481	936
Prepaid expenses	58	66
Other Advances	1	16
Others	28	23
Total	**708**	**1,445**

(₹ in Million)

19 - Assets classified as held for sale

Particulars	December 31, 2020	December 31, 2019
Pertaining to Mumbai - Mulund (Refer Note below):		
Buildings	3	3
Freehold land	36	36
Plant and equipment	*	*
Net Carrying Value (a)	**39**	**39**
Pertaining to Delhi		
Building	2	-
Net Carrying Value (b)	**2**	**-**
Pertaining to Mumbai - Pedder Road		
Building	*	-
Furniture and Fixtures	*	-
Office Equipment	*	-
Plant and Equipment	*	-
Net Carrying Value (c)	*	**-**
Pertaining to Ankleshwar (Refer Note 50) :		
Buildings	-	385
Plant and Equipment	-	1,587
Furniture and Fixtures	-	25
Office Equipment	-	15
Motor Vehicles	-	*
Computers	-	49
Capital work-in-progress	-	81
Software	-	2
Investments	-	2
Capital advances	-	3
Prepaid rentals	-	15
Security deposits	-	29
Employee benefit obligations	-	(51)
Gross Carrying Value	**-**	**2,142**
Impairment loss pertaining to non-current assets (Refer note 50)	-	(579)
Net Carrying Value (d)	**-**	**1,563**
Total asset held for sale (a) + (b) + (c) + (d)	**41**	**1,602**

In November 2018, the Company has entered into Memorandum of Understanding (MOU) with a party for sale of aforesaid assets located at Mulund location subject to the terms and conditions specified in the MOU. The Company has received an advance of ₹ 2.5 million from the purchaser in relation to this sale. Sale process is delayed as the purchaser is reviewing property documents and other approval processes with their legal experts.

* denotes figure less than a million

(₹ in Million)

20 - Share capital and other equity

20 (a) - Equity share capital

(i) Authorised share capital

Particulars	Number of shares	Amount
As at December 31, 2019	23,500,000	235
Increase during the year	-	-
As at December 31, 2020	**23,500,000**	**235**

Issued, Subscribed and Paid up :

(ii) Movements in equity share capital

Particulars	Number of shares	Amount
As at December 31, 2019	23,030,622	230
Issued during the year	-	-
As at December 31, 2020	**23,030,622**	**230**

(iii) Terms and rights attached to equity shares

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

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

(iv) Shares held by holding and ultimate holding Company

13,904,722 (December 31, 2019 : 13,904,722) equity shares of ₹ 10 each fully paid are held by Hoechst GmbH, Germany, holding Company and 4,865 (December 31, 2019 : 4,865) equity shares of ₹ 10 each fully paid are held by Sanofi S.A., France ultimate holding Company.

(v) Details of shareholders holding more than 5% shares in the Company

Particulars	December 31, 2020	December 31, 2019
Equity Shares of ₹ 10 each fully paid		
Hoechst GmbH, Germany		
- No of shares	13,904,722	13,904,722
- % of holding	60.37%	60.37%

(₹ in Million)

20 (b) - Reserves and surplus

Particulars	December 31, 2020	December 31, 2019
Securities premium	20	20
Retained earnings	16,946	20,296
General reserve	3,454	3,454
Share options outstanding account	540	423
Total	**20,960**	**24,193**

(i) Securities premium

Particulars	December 31, 2020	December 31, 2019
Opening balance	**20**	**20**
Movement during the year	-	-
Closing balance	**20**	**20**

(ii) Retained earnings

Particulars	December 31, 2020	December 31, 2019
Opening balance	**20,296**	**18,151**
Profit for the year	4,776	4,142
Other comprehensive income of the year	(88)	(165)
Final dividend paid [Refer note 53 (b)]	(8,038)	(1,520)
Dividend distribution tax paid	-	(312)
Closing balance	**16,946**	**20,296**

(iii) General reserve

Particulars	December 31, 2020	December 31, 2019
Opening balance	**3,454**	**3,454**
Movement during the year	-	-
Closing balance	**3,454**	**3,454**

(iv) Share options outstanding account

Particulars	December 31, 2020	December 31, 2019
Opening balance	**423**	**337**
Employee stock option expense (Refer note 42)	117	86
Closing balance	**540**	**423**

(₹ in Million)

Nature and purpose of reserves:

1) Securities premium

Securities premium is created when shares are issued at premium. This is utilised in accordance with the provisions of the Companies Act, 2013.

2) General reserve

General reserve is created out of profits of the Company. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

3) Share options outstanding account

The share options outstanding account is used to recognise the fair value of restricted stock units as at grant date issued by the Ultimate holding Company, Sanofi S.A to the Company's eligible employees.

21 - Non-current employee benefit obligations

Particulars	December 31, 2020	December 31, 2019
Pension (Refer Note 43)	1	1
Compensated absences	359	344
Long service awards	24	26
Gratuity (Refer Note 43)	262	216
Less: Liability related to assets classified as held for sale (Refer Notes 19 & 50)	-	(46)
Total	**646**	**541**

22 - Trade payables

Particulars	December 31, 2020	December 31, 2019
Outstanding dues of micro enterprises and small enterprises (Refer Note 48)	134	274
Outstanding dues of creditors other than micro enterprises and small enterprises:		
(i) Trade payables to related parties (Refer Note 41)	1,504	1,502
(ii)Trade payables-others	1,545	1,913
Total	**3,183**	**3,689**

23 - Other current financial liabilities

Particulars	December 31, 2020	December 31, 2019
Other payables	-	*
Other payables to related parties (Refer Note 41)	-	35
Unclaimed dividend #	44	30
Liability for capital goods	56	184
Total	**100**	**249**

* denotes figure less than a million

There are no amounts due for payment to the Investor Education and Protection Fund (IEPF) under Section 125 of the Companies Act, 2013 as at the year end.

(₹ in Million)

24 - Current provisions

Particulars	December 31, 2020	December 31, 2019
Provision for sales return (Refer Note 45)	730	618
Provision for indirect tax (Refer Note 45)	346	353
Others (Refer Note 45)	409	411
Total	**1,485**	**1,382**

25 - Current employee benefit obligations

Particulars	December 31, 2020	December 31, 2019
Employee related liabilities	844	816
Pension (Refer Note 43)	*	*
Compensated absences	40	39
Long service awards	2	3
Gratuity (Refer Note 43)	106	110
Less: Liability related to assets classified as held for sale (Refer note 19 & 50)	-	(5)
Total	**992**	**963**

* denotes figure less than a million

26 - Other current liabilities

Particulars	December 31, 2020	December 31, 2019
Contract liabilities	72	74
Statutory liabilities	77	81
Total	**149**	**155**

27 - Liabilities directly associated with assets classified as held for sale

Particulars	December 31, 2020	December 31, 2019
Other payables (Refer Note 19)	11	11
Total	**11**	**11**

(₹ in Million)

28 - Revenue from operations

Particulars	December 31, 2020	December 31, 2019
Revenue from contract with customers:		
Sale of products	27,225	28,427
Sale of services	1,455	1,676
	28,680	**30,103**
Other operating income:		
Scrap sale	10	15
Indirect taxes set off / refunds	8	35
Export incentives	91	300
Others	230	253
	339	**603**
Total	**29,019**	**30,706**

Disaggregation of revenue from contract with customers

The Company has determined the categories of disaggregation of revenue considering the types/ nature of contracts. The Company derives revenue from the transfer of goods and services.

Particulars	December 31, 2020	December 31, 2019
Revenue by location of customers		
- India	22,922	21,486
- Outside India	6,097	9,220
	29,019	**30,706**
Timing of revenue recognition		
- At a point in time	29,019	30,706
- Over a period of time	-	-
Total revenue from contract with customers.	**29,019**	**30,706**
Reconciliation of revenue recognised in the statement of profit and loss with contracted price		
- Contract price	30,532	32,079
- Less: Volume discount/ Cash discount	(1,513)	(1,373)
Total revenue from contract with customers	**29,019**	**30,706**

(₹ in Million)

29 - Other income

Particulars	December 31, 2020	December 31, 2019
Interest		
Bank deposits	393	481
Loan given to fellow subsidiaries (Refer Note 41)	370	428
Others	17	1
Rental income (Refer Note 41)	1	3
Exchange differences (net)	-	17
Miscellaneous Income	117	11
Total	**898**	**941**

30 - Cost of materials consumed

Particulars	December 31, 2020	December 31, 2019
Inventory at the beginning of the year	1,872	1,984
Add: Purchases	5,473	8,524
Less: Inventory at the end of the year	1,431	1,872
Total	**5,914**	**8,636**

31 - Changes in Inventories of Finished goods, Work-in-progress and Stock-in-trade

Particulars	December 31, 2020	December 31, 2019
Inventory at the end of the year		
Finished goods	727	842
Stock-in-trade	1,422	1,045
Work-in-progress	100	937
	2,249	2,824
Inventory at the beginning of the year		
Finished goods	842	1,001
Stock-in-trade	1,045	943
Work-in-progress	937	903
	2,824	2,847
Total	**575**	**23**

(₹ in Million)

32 - Employee benefit expense

Particulars	December 31, 2020	December 31, 2019
Salaries, wages and bonus	4,134	4,003
Contribution to provident fund and other funds	188	197
Gratuity (Refer Note 43)	81	68
Staff welfare expenses	88	143
Employee share based payment expense (Refer Note 42)	117	86
Total	**4,608**	**4,497**

33 - Finance costs

Particulars	December 31, 2020	December 31, 2019
Other interest (Refer Note 48)	*	3
Interest on lease liabilities	18	-
Total	**18**	**3**

* denotes figure less than a million

34 - Depreciation and amortisation expense

Particulars	December 31, 2020	December 31, 2019
Depreciation on property, plant and equipment [Refer Note 5 (a)]	367	597
Depreciation of right-of-use assets [Refer note 5 (c)]	57	-
Amortisation of intangible assets [Refer Note 6 (a)]	398	402
Total	**822**	**999**

(₹ in Million)

35 (a) - Other expenses

Particulars	December 31, 2020	December 31, 2019
Advertisement and sales promotion	502	798
Auxiliary and other materials	93	161
Auditors remuneration [(Refer Note 35(b)]	4	4
Expenditure towards Corporate Social Responsibility (CSR) activities (Refer Note 49)	120	107
Exchange differences net	*	-
Insurance	104	93
Legal and professional fees	642	720
Service charges	50	61
Power and fuel	236	423
Provision for bad and doubtful debts (net)	4	13
Provision for doubtful advances and deposits	9	1
Rates and taxes	111	164
Rent (Refer Note 44)	54	151
Repairs and maintenance - buildings	12	39
Repairs and maintenance - others	116	185
Repairs and maintenance - plant and machinery	126	89
Selling and distribution expenses	1,179	1,206
Stores and spares	51	56
Toll manufacturing charges	598	404
Trainings and meetings	96	158
Travelling and conveyance	326	983
Loss on sale / Write-off of property, plant and equipment / Intangible Asset (net)	28	19
Miscellaneous expenses	283	247
Total	**4,744**	**6,082**

* denotes figure less than a million

35 (b) - Auditors' Remuneration

Particulars	December 31, 2020	December 31, 2019
Payment to Auditors:		
As auditor:		
Audit fees	4	4
In other capacities:		
Other Services	*	*
Reimbursement of Expenses	*	*
Total Payments to Auditors	**4**	**4**

* denotes figure less than a million

(₹ in Million)

36 - Income Tax

36 (a) - Income tax expense

Particulars	December 31, 2020	December 31, 2019
Current tax		
Current tax on profits for the year	2,010	2,175
Adjustments for current tax of prior periods	100	101
Total current tax expense	**2,110**	**2,276**
Deferred tax		
Decrease in deferred tax assets	71	19
(Decrease) in deferred tax liabilities	(185)	(438)
Total Deferred tax (credit)	**(114)**	**(419)**
Income tax expense	**1,996**	**1,857**

36 (b) - Deferred tax assets for the year ended December 31, 2020 of ₹ 30 million (for the year ended December 31, 2019 : ₹ 56 million) has been recognised in other comprehensive income on account of actuarial remeasurements of defined benefit plan.

No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in net profit or loss or other comprehensive income but directly debited/ (credited) to equity.

36 (c) - Reconciliation of tax expense and the accounting profit multiplied by tax rate :

Particulars	December 31, 2020	December 31, 2019
Profit before tax	6,772	**5,999**
At statutory income tax rate of 25.168% (December 31, 2019 : 25.168%)	1,704	1,510
Expenses not deductible for tax purposes	192	340
Difference on account of change in tax rate	-	(94)
Adjustments in respect of current income tax of previous periods	100	101
Effective income tax	**1,996**	**1,857**

36 (d) - Deferred tax liabilities (net)

Particulars	December 31, 2020	December 31, 2019
The balance comprises temporary differences attributable to:		
Provision for doubtful debts and advances	(18)	(17)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	(115)	(164)
Employee retirement and other long term benefits	(240)	(225)
Lease liabilities	(57)	-
Total deferred tax assets	**(430)**	**(406)**
Depreciation	647	821
Reversal of goodwill amortisation	31	31
Right-of-Use Assets	54	-
Total deferred tax liabilities	**732**	**852**
Deferred tax liability (net)	**302**	**446**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

(₹ in Million)

36 (e) - Movement in deferred tax assets / liabilities

(i) Deferred Tax Assets / Liabilities in relation to the year ended December 31, 2020

Particulars	December 31, 2019	Adjustment on adoption of Ind AS 116 (Refer Note 5(c))	As at January 1, 2020 (restated)	Charged / (Credited) to Statement of Profit and Loss	Charged / (Credited) to Other Comprehen -sive Income	December 31, 2020
Deferred Tax Liability						
Depreciation and amortisation	821	-	821	(174)	-	647
Reversal of goodwill amortisation	31	-	31	-	-	31
Right-of-Use Assets	-	65	65	(11)	-	54
Total Deferred Tax Liability	**852**	**65**	**917**	**(185)**	**-**	**732**
Less : Deferred Tax Assets						
Provision for doubtful debts and advances	(17)	-	(17)	(1)	-	(18)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	(164)	-	(164)	49	-	(115)
Employee retirement and other long term benefits	(225)	-	(225)	15	(30)	(240)
Lease liabilities	-	(65)	(65)	8	-	(57)
Total Deferred Tax Assets	**(406)**	**(65)**	**(471)**	**71**	**(30)**	**(430)**
Net Deferred Tax Liabilities	**446**	**-**	**446**	**(114)**	**(30)**	**302**

(ii) Deferred Tax Assets / Liabilities in relation to the year ended December 31, 2019

Particulars	December 31, 2018	Charged/(Credited) to Statement of Profit and Loss	Charged/(Credited) to Other Comprehensive Income	December 31, 2019
Deferred Tax Liability				
Depreciation and amortisation	1,247	(426)	-	821
Reversal of goodwill amortisation	43	(12)	-	31
Total Deferred Tax Liability	**1,290**	**(438)**	**-**	**852**
Less : Deferred Tax Assets				
Provision for doubtful debts and advances	(16)	(1)	-	(17)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	(140)	(24)	-	(164)
Employee retirement and other long term benefits	(213)	44	(56)	(225)
Total Deferred Tax Assets	**(369)**	**19**	**(56)**	**(406)**
Net Deferred Tax Liabilities	**921**	**(419)**	**(56)**	**446**

Note : No DTA on impairment loss (Refer Note 50).

On the closure of transaction pertaining to sale of Ankleshwar manufacturing unit, the transactions is considered as slump sale transaction and resulted in a long term capital loss. Deferred tax has not been recognised on the same as on the balance sheet date probability of future taxable long term capital gain against which such long term capital loss can be set off is considered low.

37 Operating Segment

The operations of the Company are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

Operating segments are defined as components of a company for which discrete financial information is available that is evaluated regularly by Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assessing performance.

Geographical revenues are allocated based on the location of the customers. Information regarding geographical revenue is as follows :

Revenue from Operations : (₹ in Million)

Particulars	December 31, 2020	December 31, 2019
India	22,922	21,486
Singapore	5,508	8,182
Others	589	1,038
Total	**29,019**	**30,706**

Information about major customers

One single external customer (entities under common control) represented 10% or more of the Company's total revenue during the year ended December 31, 2020 amounting to ₹ 7,526 million (December 31, 2019: ₹ 10,370 million) (Refer Note 41).

38 Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 32 Million (December 31, 2019 : ₹ 161 Million).

39 Earnings per share

Particulars	December 31, 2020	December 31, 2019
Profit for the year (₹ in Million)	4,776	4,142
Weighted average number of shares	23,030,622	23,030,622
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	207.38	179.85

40 Contingent Liabilities

(₹ in Million)

a)

Particulars	December 31, 2020	December 31, 2019
Income Tax demands in respect of which*		
Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	876	876
Company's appeals are pending before appropriate authorities / the Company is in process of filing an appeal with appropriate authorities	1,769	1,869

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

b) Contingent liability relating to determination of provident fund liability, based on judgement from Hon'ble Supreme Court, is not determinable at present for the period prior to March 2019, due to uncertainty of the impact of the judgement in the absence of further clarification relating to applicability. The Company has paid Provident Fund to employees as applicable with effect from March 2019. The Company will continue to assess any further developments in this matter for its implication on the financial statements, if any.

41 Related Party Disclosures

i. Parties where control exists:

   a) Sanofi S.A. France, ultimate holding Company

   b) Hoechst GmbH, Germany, holding Company

ii. Other related parties in Sanofi Group where common control exists and with whom transactions have taken place during the reporting year.

Sanofi-Aventis Singapore Pte. Limited

Francopia S.A.R.L.

Sanofi-Aventis Deutschland GmbH

Sanofi-Aventis Groupe S.A.

Sanofi Lanka Limited

Sanofi Chimie S.A *

Sanofi-aventis Philippins Inc.

Sanofi Pasteur India Private Limited

Sanofi-Synthelabo (India) Private Limited

Sanofi Winthrop Industrie S.A.

Sanofi-Aventis Pakistan Limited

Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited)

Sanofi Aventis Arabia Co. Ltd. *

Sanofi India Limited Provident Fund

Sanofi US Services Inc. *

* No transactions during the year

iii. Key management personnel of the Company for the year

Mr. Rajaram Narayanan	-	Managing Director
Mr. Cherian Mathew	-	Whole Time Director (w.e.f July 29, 2019)
Mr. Vaibhav Karandikar	-	Chief Financial officer (w.e.f October 06, 2020) and Whole time director (w.e.f February 23, 2021)
Mr. Girish Tekchandani	-	Company Secretary
Mr. Charles Billard	-	Whole Time Director and CFO (till the closure of business of September 30, 2020)
Mr. Ashwani Sood	-	Whole Time Director (till the closure of business hours of May 31, 2019)

iv. Non-Executive Directors

Mr. Cyril Grandchamp-Desraux

Mr. Thomas Rouckout (till the closure of business of February 25, 2020)

Dr. Shailesh Ayyangar (till the closure of business of February 25, 2020)

Mr. Marc-Antoine Lucchini (w.e.f July 29, 2020)

Mr. Charles Billard (w.e.f October 01, 2020)

v. Independent Directors

Mr. Aditya Narayan

Mr. Rangaswamy Iyer (till the closure of business of March 30, 2020)

Mrs. Usha Thorat

Mr. Rahul Bhatnagar (w.e.f July 29, 2020)

vi. Transaction during the year (₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Ultimate Holding Company		
Dividend paid	2	*
Expenses recharged	26	-
Total	**28**	*
Holding Company		
Dividend paid	4,853	918
Other related Parties		
Sale of Products and Other Operating Income		
Sanofi-Aventis Singapore Pte. Limited	5,450	8,126
Others	621	568
Total	**6,071**	**8,694**
Purchase of Raw Materials and Stock-in-trade		
Sanofi-Aventis Singapore Pte. Limited	6,319	6,717
Francopia S.A.R.L.	980	669
Others	358	8
Total	**7,657**	**7,394**
Expenses recharged to other companies		
Sanofi-Aventis Groupe S.A.	7	9
Sanofi-Synthelabo (India) Private Limited	37	*
Sanofi-Aventis Singapore Pte. Limited	109	-
Sanofi Pasteur India Private Limited	8	*
Others	2	*
Total	**163**	**10**
Sale of Services		
Sanofi-Synthelabo (India) Private Limited	1,042	1,223
Sanofi Pasteur India Private Limited	274	211
Sanofi Winthrop Industrie S.A.	69	155
Sanofi-Aventis Singapore Pte. Limited	58	56
Others	12	31
Total	**1,455**	**1,676**
Sale of property, plant and equipment		
Sanofi-Synthelabo (India) Private Limited	*	*
Total	*	*
Rent Income		
Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited)	*	-
Sanofi-Synthelabo (India) Private Limited	1	3
Total	**1**	**3**
Rent Paid		
Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited)	1	1

* denotes figure less than a million

(₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Loans given		
Sanofi Pasteur India Private Limited	400	-
Total	**400**	**-**
Loans repaid		
Sanofi Pasteur India Private Limited	400	500
Total	**400**	**500**
Interest income on loans		
Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited)	360	423
Sanofi Pasteur India Private Limited	10	5
Total	**370**	**428**
Expenses recharged by other companies		
Sanofi-Synthelabo (India) Private Limited	79	53
Sanofi Winthrop Industrie S.A.	150	23
Sanofi Lanka Limited	81	40
Sanofi-Aventis Groupe S.A.	32	6
Others	12	9
Total	**354**	**131**
Contribution to In-house Trust for Post Employment Benefits - Provident Fund		
Sanofi India Limited Provident Fund #	297	289
Payment towards Intangibles under development		
Sanofi-Synthelabo (India) Private Limited	3	9
Key Management Personnel Remuneration ##		
Remuneration		
Mr. Rajaram Narayanan	41	38
Mr. Ashwani Sood	-	5
Mr. Charles Billard	16	19
Mr. Vaibhav Karandikar	5	-
Mr. Cherian Mathew	26	11
Mr. Girish Tekchandani	12	12
Total	**100**	**85**
Share based benefit		
Mr. Rajaram Narayanan	18	10
Mr. Vaibhav Karandikar	*	-
Mr. Charles Billard	-	3
Mr. Cherian Mathew	6	*
Total	**24**	**13**

Including contribution by employees.

Excludes Provision for Employee Benefits

* denotes figure less than a million

(₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Sitting Fees to Non - Executive Directors		
Mr. Aditya Narayan	1	*
Mr. Rangaswamy R. Iyer	*	*
Mrs. Usha Thorat	1	*
Dr. Shailesh Ayyangar ###	*	*
Mr. Rahul Bhatnagar	*	-
Total	**2**	**3**
Commission to Non - Executive Directors		
Mr. Aditya Narayan	2	2
Mr. Rangaswamy R. Iyer	*	*
Mrs. Usha Thorat	1	*
Dr. Shailesh Ayyangar ###	*	*
Mr. Rahul Bhatnagar	*	-
Total	**4**	**4**

* denotes figure less than a million

Ceased to be employee of Sanofi Group on 31st October 2019 and have become eligible for sitting fees and commission

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the year ended December 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

vii. Outstanding as at December 31, 2020 (₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Trade Receivables		
Sanofi-Aventis Singapore Pte. Limited	708	1,416
Sanofi-Synthelabo (India) Private Limited	185	157
Others	115	193
Total	**1,008**	**1,766**
Trade Payables		
Sanofi-Aventis Singapore Pte. Limited	805	1,305
Sanofi Winthrop Industrie S.A.	154	13
Francopia S.A.R.L.	303	72
Others	242	112
Total	**1,504**	**1,502**
Others Receivables		
Sanofi-Synthelabo (India) Private Limited	4	-
Sanofi Pasteur India Private Limited	4	-
Total	**8**	**-**
Others Payables		
Sanofi-Aventis Singapore Pte. Limited	-	35
Loans receivable		
Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited) (Refer Note 1 below)	4,450	4,450

1) Loans given to Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited) at the rate of interest of 7.5% p.a (9.5 % till April 14 , 2020).

Maximum balance outstanding during the year ₹ 4,450 Million (December 31, 2019 : ₹ 4,450 Million) from Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited).

The said loans have been proposed to be utilized by Sanofi Healthcare India Private Limited (Formerly Shantha Biotechnics Private Limited) for business purpose.

The Loans have been given against corporate guarantee by Sanofi S.A. France. The Maturity date of same is April 15, 2022.

42 Share Based Payments

Restricted Stock Units (RSU's)

The Company does not provide any equity based compensation to its employees. However, the ultimate holding company, Sanofi SA, France ("the grantor") maintains equity incentive plans that provide for award of restricted share plans to certain employees of the Company. The terms of those plans make the award contingent on the attainment of certain performance criteria which are defined grants. The vesting period of such plans is either three or four years.

The fair value of an equity instrument granted under a plan is the market price of the share at the grant date, adjusted for expected dividends during the vesting period.

Particulars	December 31, 2020		December 31, 2019	
	Weighted Average grant date fair value (in euro)	Number of of Units	Weighted Average grant date fair value (in euro)	Number of Units
Units outstanding at the beginning of the year	69	53,727	72	56,245
Units granted during the year	89	13,910	68	12,665
Exercised during the year	71	(28,079)	80	(14,300)
Forfeited/expired/lapsed during the year	79	(250)	82	(883)
Units outstanding at the end of the year	**75**	**39,308**	**69**	**53,727**

Weighted average remaining contractual life of RSUs outstanding at the end of the year

Particulars	Life in (years)
As at December 31, 2020	1
As at December 31, 2019	1

Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense are as follows:

(₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Employee share based payment expense	117	86
Total employee share based payment expense	**117**	**86**

43 Employee Benefits

Defined Contribution Plans

The Company makes contributions towards provident fund (Ankleshwar and Nepal), superannuation fund and pension scheme to a defined contribution retirement benefit plan for qualifying employees. The superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Company has recognised the following amounts in the statement of Profit and Loss for the year:

(₹ in Million)

Particulars	December 31, 2020	December 31, 2019
i) Contribution to Employees' Provident Fund (Ankleshwar and Nepal) *	3	5
ii) Contribution to Employees' Superannuation Fund	32	30
iii) Contribution to Employee's Pension Scheme, 1995	46	48

* Ankleshwar upto May 29, 2020

Defined Benefit Plans

I) Other long term employee benefits

Compensated absences (included as a part of salaries and wages in Note 32 - Employee benefits expense)
All eligible employees can carry forward and avail / encash leave as per Company's rules.

Long Service Award (included as a part of salaries and wages in Note 32 - Employee benefits expense)
Under this scheme, long service benefits accrues to the employees, while in service and is payable upon completion of stipulated services with the Company.

II) Post employment employee benefits plans

A. Gratuity

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

B. Pension plan

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity and pension plan. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity and Pension plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date:

Actuarial Assumptions

Particulars	Gratuity		Pension Plan	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Discount Rate (per annum)	6.66%	7.23%	6.66%	7.23%
Expected Rate of Return on Plan Assets	6.66%	7.23%	-	-
Salary Escalation rate / Pension Escalation rate	6.65% for the next 1 year, 7% for the next 2 years, and 6% thereafter	9% for the next 1 year, 7% for the next 2 years, and 6% thereafter	N/A	N/A
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employees attrition rate	For service 4 yrs & Below 10.00 % p.a. & For service 5 yrs and above 1.00 % p.a.	For service 4 yrs & Below 10.00 % p.a. & For service 5 yrs and above 1.00 % p.a.	1%	1%

Notes:

1) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.
2) The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance sheet date for the estimated term of the obligation.

i) Reconciliation of present value of obligations ('PVO') – defined benefit obligation: (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Liability at the beginning of the period	818	693	1	1
Interest Cost	60	54	*	*
Current Service Cost	57	46	-	-
Employees Contribution	-	-	-	-
Interest Guarantee	-	-	-	-
Benefits Paid	(35)	(92)	(*)	(*)
Transfer from previous employer's	-	-	-	-
Liability Transfer In	-	17	-	-
Liability Transfer Out / Divestments	(112)	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-
Actuarial (gain) / loss on Financial Assumption	31	41	*	*
Actuarial (gain) / loss on Demographic Assumption	-	-	-	-
Actuarial (gain) / loss on Experience	25	59	(*)	(*)
Liability at the end of the year	**844**	**818**	**1**	**1**

*denotes figure less than a million

ii) **Fair value of Plan Assets** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Fair Value of Plan Assets at the beginning of the year	492	410	-	-
Expected Return on Plan Assets	36	32	-	-
Interest Shortfall paid by the Company	-	-	-	-
Employer's Contributions	36	107	-	-
Employees Contribution	-	-	-	-
Benefits Paid	(29)	(59)	-	-
Assets Transferred Out/ Divestments	(59)	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-
Return on plan Asset, Excluding Interest	*	2	-	-
Fair Value of Plan Assets at the end of the year	**476**	**492**	**-**	**-**

*denotes figure less than a million

iii) **Amount Recognised in the Balance Sheet** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31 2019
Liability at the end of the year	844	818	1	1
Fair Value of Plan Assets at the end of the year	476	492	-	-
Amount Recognised in the Balance Sheet	**368**	**326**	**1**	**1**

iv) **Expenses Recognised in the Income Statement** (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Current Service Cost	57	46	-	-
Interest Cost on benefit obligation (net)	24	22	*	*
Past Service Cost	-	-	-	-
Expected Contribution	-	-	-	-
(Gain) / Losses on Curtailment and Settlement	-	-	-	-
Net Effect of Change in Foreign Exchange Rates	-	-	-	-
Expenses Recognised	**81**	**68**	*****	*****

*denotes figure less than a million

v) Expenses Recognised in Other Comprehensive Income (OCI) for current year (₹ in Million)

A)	Gratuity		Pension Plan	
Particulars	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Actuarial changes arising from changes in financial assumptions	31	41	*	*
Actuarial changes arising from changes in demographic assumptions	-	-	-	-
Actuarial changes arising from changes in experience adjustments	25	59	(*)	(*)
Return on Plan Asset, Excluding Interest Income	*	(2)	-	-
Change in Asset Ceiling	-	-	-	-
Net (Income) / Expense for the year	**56**	**98**	**(*)**	**(*)**

*denotes figure less than a million

B) Also refer note C below	Provident Fund	
Particulars	**December 31, 2020**	**December 31, 2019**
Re-measurement on account of Fair Value of Planned Assets	25	81
Interest Short Fall	37	42
Net Expense for the year	**62**	**123**

vi) Maturity profile of defined benefit obligations (non-discounted) (₹ in Million)

Projected Benefits Payable in Future Years	Gratuity		Pension Plan	
From the Date of Reporting	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
1 year (within next 12 months)	58	53	*	*
2 to 5 years	200	193	*	*
6 to 10 years	303	364	1	1

*denotes figure less than a million

vii) Sensitivity Analysis (₹ in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Benefit Obligation on Current Assumptions	844	818	1	1
Effect of +0.5% Change in Rate of Discounting	(41)	(39)	(*)	(*)
Effect of -0.5% Change in Rate of Discounting	45	42	*	*
Effect of +0.5% Change in Rate of Salary Increase	45	42	-	-
Effect of -0.5% Change in Rate of Salary Increase	(42)	(39)	-	-
Effect of +0.5% Change in Rate of Employee Turnover	2	4	-	-
Effect of -0.5% Change in Rate of Employee Turnover	(2)	(4)	-	-

*denotes figure less than a million

viii) Risk exposure :

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below :

Investment risk: If future investment returns on assets are lower than assumed in valuation, the scheme's assets will be lower and the funding level higher than expected.

Changes in bond yields: A decrease in yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Longevity risk: If improvements in life expectancy are greater than assumed, the cost of benefits will increase because pensions are paid for longer period than expected. This will mean the funding level will be higher than expected.

Inflation risk: If inflation is greater than assumed, the cost of benefits will increase as pension increases and deferred revaluations are linked to inflation.

ix) Broad category of Plan assets relating to Gratuity

Particulars	Gratuity	
	December 31, 2020	December 31, 2019
Fund managed by Life Insurance Corporation of India (unquoted)	100%	100%

Fund is Managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.

C. Provident Fund (other than Ankleshwar and Nepal)

The Company manages the provident fund through a Provident Fund Trust for its employees (except Staff and Workmen at Ankleshwar and Nepal unit) which are permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Trust equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government of India. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The Board of Trustees administers the contributions made by the Company to the schemes and also defines the investment strategy.

The Company has an obligation to service the shortfall on account of interest generated by the fund and on maturity of fund investments and hence the same has been classified as Defined Benefit Plan in accordance with Ind AS 19 "Employee Benefits". As per the Guidance Note from the Actuarial Society of India, the Company has obtained the actuarial valuation of principal loss and interest rate obligation in respect of Provident Fund as at December 31, 2020 and based on the same Loss of ₹ 62 million (Previous Year ₹ 123 million) on account of re-measurement of fair value of plan assets and on account of interest shortfall is recognised in Other Comprehensive Income.

44 Operating lease

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

From 1st January 2020, the Company has recognised right-of-use assets for these leases, except for short-term leases, see note 5 (c) for further information

Where Company is the lessee: (₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Charged to Statement of profit and loss#	-	3
Not later than one year	-	1
Later than one year but not later than five years	-	-
Later than five years	-	-

#Cars are obtained on operating lease for a period of five years. There are no restrictions imposed by lease arrangements. There are no subleases.

In respect of cancellable operating leases, lease charges charged to Statement of Profit and Loss

(₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Car Lease Charges**	-	40
Other Lease Charges**	-	108
Total	**-**	**148**

** Office, Residential Premises and Cars are obtained on operating lease. There is no provision for renewal. There are no restrictions imposed by leased arrangements. There are no subleases.

45 Other provisions:

Movements in provisions:

(₹ in Million)

Particulars		Class of provisions			
	Indirect tax	Provision for Sales Returns	Provision for DPCO matters	Others	Total
Balance as at January 1, 2020	353 (271)	618 (597)	367 (367)	44 (49)	1,382 (1,284)
Amount provided during the year	11 (90)	785 (494)	- (-)	2 (-)	798 (584)
Amount written back/paid during the year	18 (8)	673 (473)	- (-)	4 (5)	695 (486)
Balance as at December 31, 2020	346 (353)	730 (618)	367 (367)	42 (44)	1,485 (1,382)

Note: Figures in brackets are for the previous year.

1. Provision for indirect taxes represents differential excise duty, GST, sales tax and service tax in respect of which the claims are pending before various authorities for a considerable period of time and based on management's estimate of claims provision is made on prudent basis that possible outflow of resources may arise in future.
2. Provision for sales returns are on account of expected date expiry and breakages returns based on historical trends.
3. In respect of Provision for DPCO matters, based on the management assessment, the likelihood of any additional outflow is considered as remote.
4. Other provisions on prudent basis are towards possible outflow of resources in respect of legal cases pending against the Company or in respect of contractual obligations of the Company.

46 Derivative Instruments and Un-hedged Foreign Currency Exposure:

Particulars of Derivatives Instruments as at Balance sheet date

Particulars of Derivatives	Foreign Currency	December 31, 2020		December 31, 2019	
		Foreign Currency Value	₹ in Million	Foreign Currency Value	₹ in Million
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export of goods and services.	EUR	-	-	4,500,000	359

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

Particulars	Foreign Currency	December 31, 2020		December 31, 2019	
		Foreign Currency Value	₹ in Million	Foreign Currency Value	₹ in Million
Trade Payables	EUR	11,423,196	1,019	12,148,584	972
	USD	316,017	23	801,799	57
	JPY	1,187,700	1	-	-
	NPR	322,050	*	-	-
	GBP	15,800	2	-	-
Trade Receivables	EUR	7,972,688	712	18,042,601	1,444
	USD	642,935	47	1,242,411	89
Cash and Bank Balances	EUR	-	-	729,010	58
	USD	-	-	147,586	11

* denotes figure less than a million

47 (a) Consequent upon the decision of the Supreme Court in the matter of prices of certain bulk drugs fixed by the Government of India under the Drug (Prices Control) Order, 1979, the Company paid an amount of ₹ 31 Million in 1988 being the liability determined by the Special Team appointed by the Government. However, during 1990, fresh demands aggregating to ₹ 781 Million alleged to be payable into the Drug Prices Equalisation Account (DPEA) were made by the Government on account of alleged unintended benefit enjoyed by the Company. The Government has also made certain claims for applicable interest. On a Writ Petition filed by the Company in 1991, the Bombay High Court passed an order whereby the demands were to be treated as show cause notices. The High Court directed the Company and the Government to furnish relevant data to each other based on which the Government was to rework the figures. The Government did not furnish the requisite data to the Company. In 1995, a further demand of ₹ 80 Million was made by the Government.

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

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

(b) National Pharmaceutical Pricing Authority (NPPA) had raised demands on the Company for alleged overcharging of some of its products. The Company had contested the demands by filing writ petitions in the Delhi High Court. The Hon'ble Delhi High Court vide order dated 16th May 2019, without expressing any opinion on the matter, set aside the demands raised and the matter was remanded back to NPPA for considering them afresh in accordance with law.

As a matter of abundant precaution, an amount of ₹ 162 million which had been provided in the books of account in earlier years has been retained. The Company will continue to assess any further developments in this matter.

Based on the management assessment, the likelihood of any additional outflow is considered as remote in respect of above (a) and (b) matters.

48 Micro and Small Enterprises

The Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in Million)

Particulars	December 31, 2020	December 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
(i) Principal Amount	117	257
(ii) Interest thereon remaining unpaid	17	17
Total	**134**	**274**
Amount of interest paid in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	*	3
Amount of interest accrued and remaining unpaid at the end of each accounting year; and	*	3
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	17	17

*denotes figure less than a million

49 Disclosure on Corporate Social Responsibility as per the provisions of Section 135 of the Companies Act, 2013

a. Gross amount required to be spent by the Company during the year was ₹ 119 Million (December 31, 2019 : ₹ 107 Million)

b. Details of amount spent during the year

(₹ in Million)

Particulars	December 31, 2020			December 31, 2019		
	Paid	Yet to be Paid	Total	Paid	Yet to be Paid	Total
i) Construction / acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (i) above						
a) Public Private Partnership with the Government of Goa	11	-	11	2	-	2
b) Non communinable CD program with the Health Department of the Govt. of Maharashtra	11	-	11	1	2	3
c) Towards Counselling patients to manage their diabetes and create awareness on early detection	26	1	27	76	13	89
d) Allergy free program	2	16	18	-	-	-
e) Towards Employee volunteering - Joy in Outreach	*	2	2	3	-	3
f) Towards Grants / Donation	47	-	47	3	-	3
g) Towards skill development of youth skilled Labour	4	-	4	7	-	7
Total	**101**	**19**	**120**	**92**	**15**	**107**

* denotes figure less than a million

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

The Board of Directors of the Company at its meeting held on September 10, 2019, approved a transaction for the slump sale and transfer of the Ankleshwar manufacturing facility to Zentiva Private Limited for a consideration of ₹ 2,617 million subject to customary working capital adjustments. The members of the Company approved this transaction by way of a postal ballot on October 30, 2019. The products which are not part of the ""Zentiva portfolio"", will continue to remain with the Company.

As at December 31, 2019, Company has classified the relevant non-current assets of Ankleshwar manufacturing facility as 'Assets Held for Sale'.

On May 29, 2020, the Company closed this transaction. The final consideration after working capital adjustments has been fixed at ₹ 3,001 million, out of which an amount of ₹ 2,728 million has been received and the balance ₹ 273 million will be received within 10 business days of full transfer of the products which is expected during the year 2021.During the year ended December 31, 2020, the Company has accounted for an impairment charge and other incidental expenses aggregating ₹ 417 million (₹ 593 million - December 31, 2019) on account of the maintenance capital that was immediately impaired and information technology services costs, legal & professional services costs and government taxes, which have been disclosed as an exceptional item.

51 Fair value measurements

Financial instruments by category

(₹ in Million)

Particulars	December 31, 2020			December 31, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments	-	-	-	-	-	-
Loans	-	-	4,636	-	-	4,617
Trade receivables	-	-	1,480	-	-	2,240
Cash and cash equivalents	-	-	11,974	-	-	11,199
Bank balances other than cash and cash equivalents	-	-	112	-	-	96
Other financial assets	-	-	313	-	-	32
Total financial assets	**-**	**-**	**18,515**	**-**	**-**	**18,184**
Financial liabilities						
Lease Liabilities	-	-	226	-	-	-
Trade payables	-	-	3,183	-	-	3,689
Other financial liabilities	-	-	100	-	-	249
Total financial liabilities	**-**	**-**	**3,509**	**-**	**-**	**3,938**

Set out below, is a comparison by class of the carrying value and the fair value of the Company's financial assets/liabilities, other than those with the carrying amounts that are reasonable approximation of fair values mentioned in Note below.

The fair values mentioned below have been calculated based on discounted cash flows method. These are classified as Level 3 in the hierarchy due to the inclusion of unobservable inputs.

(₹ in Million)

Fair value of financial assets and liabilities measured at amortised cost	December 31, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortised cost				
Loans	4,579	4,579	4,602	4,602
Other receivables	16	16	16	16
Other deposits	13	13	12	12
Margin money deposits	3	3	4	4
	4,611	**4,611**	**4,634**	**4,634**

There have been no transfers of amount between Level 1, Level 2 and Level 3 during the year.

Fair value of financial assets/liabilities measured at amortised cost

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, current loans, other financial assets, trade payables, other financial iabilities are considered to be the same as their fair values, as they are current in nature.

The categories used are as follows :

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

52 Financial risk management

The Company's activities expose it to variety of financial risks namely market risk, credit risk and liquidity risk. The Company has various financial assets such as deposits, trade and other receivables and cash and bank balances directly related to their business operations. The Company's principal financial liabilities comprise of trade and other payables. The Company's senior management's focus is to foresee the unpredictability and minimize potential adverse effects on the Company's financial performance. The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows :

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management is carried out by the management in consultation with the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific risk areas.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and from its financing activities including deposits with banks and other financial instruments. The Company establishes an impairment allowance based on expected credit loss model that represents its estimate of incurred losses in respect of trade and other receivables.

(i) Trade and other receivables

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 1,480 million as at December 31, 2020 (December 31, 2019 - ₹ 2,240 million). Trade receivables are typically unsecured and are derived from revenue earned from customers located in India as well as outside India.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry, the country and the state in which the customer operates, also has an influence on credit risk assessment. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Further, significant sales of the Company are against advance payment/collection on delivery terms.

The management continuously monitors the credit exposure towards the customers outstanding at the end of each reporting period to determine incurred and expected credit losses.

The movement in the allowance for credit loss in respect of trade receivables was as follows: (₹ in Million)

	December 31, 2020	December 31, 2019
Opening balance	46	33
Changes in loss allowance	4	13
Closing balance	**50**	**46**

The management believes that no further provision is necessary in respect of trade receivables based on historical trends of these customers.

The aging of trade receivables at the reporting date was as follows :

(₹ in Million)

Particulars	December 31, 2020	December 31, 2019
Not yet due	1,307	1,948
Past due 1-90 days	95	221
Past due 90-180 days	26	49
Past due 180-270 days	25	8
Past due above 270 days	77	60
Gross trade receivables	**1,530**	**2,286**
Less: Loss Allowance	(50)	(46)
Net trade receivables	**1,480**	**2,240**

Concentration of credit risk arises when counter parties are engaged in similar business activities or have similar economic features that would cause the ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's exposure to customers is diversified and no single customer has significant contribution to trade receivable balances.

(ii) Cash and cash equivalents and bank balances

The Company held cash and cash equivalents of ₹ 11,974 million as at December 31, 2020 (December 31, 2019 : ₹ 11,199 million) and other bank balances of ₹ 112 million (December 31, 2019 : ₹ 96 mllion). Credit risk on cash and cash equivalents is limited as these are generally held or invested in deposits with banks and financial institutions with good credit ratings.

(iii) Loans

The Company has outstanding loan given to its fellow subsidiary amounting to ₹ 4,450 million as at December 31, 2020 (December 31, 2019: ₹ 4,450 million). These loans are guaranteed by group Company i.e. Sanofi S.A.

The Company's maximum exposure to credit risk as at December 31, 2020 and December 31, 2019 is the carrying value of each class of Financial Assets.

(B) Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended December 31, 2020 and December 31, 2019. Cash Flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The following table shows the maturity analysis of the Company's all non- derivative, contractual financial liabilities based on agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

(₹ in Million)

	Carrying amount	Undiscounted Amount		
		Payable within one year	Payable more than one year	Total
As at December 31, 2020				
Lease liabilities	(260)	63	207	270
Trade Payables	3,183	3,183	-	3,183
Unclaimed dividend	44	44	-	44
Liability of Capital Goods	56	56	-	56

(₹ in Million)

	Carrying amount	Undiscounted Amount		
		Payable within one year	Payable more than one year	Total
As at December 31, 2019				
Trade Payables	3,689	3,689	-	3,689
Unclaimed dividend	30	30	-	30
Liability of Capital Goods	184	184	-	184
Other Payables	35	35	-	35

(C) Management of Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks namely interest rate risk, currency risk and other price risk, such as commodity risk. The Company is not exposed to interest rate risk and other price risk whereas the exposure to currency risk is given below :

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates and arises where transactions are done in foreign currencies. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies including use of derivatives like foreign exchange forward contracts to hedge foreign currency risk (refer Note 46). The Company does not enter into financial instrument transactions for trading or speculative purposes. The Company's exposure to foreign currency risk at the end of reporting periods in ₹ as follows :

(₹ in Million)

Particulars	December 31, 2020				
	EUR	USD	GBP	JPY	NPR
Trade receivables	712	47	-	-	-
Cash and cash equivalents	-	-	-	-	-
Trade payables	(1,019)	(23)	(2)	(1)	*
Net exposure	**(307)**	**24**	**(2)**	**(1)**	*

(₹ in Million)

Particulars	December 31, 2019	
	EUR	USD
Trade receivables	1,444	89
Cash and cash equivalents	58	11
Trade payables	(972)	(57)
Forward Exchange contracts	(359)	-
Net exposure	**171**	**43**

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:

(₹ in Million)

Particulars	Impact on profit after tax	
	December 31, 2020	December 31, 2019
USD Sensitivity		
INR/USD increase by 1% (December 31, 2019 - 1%)#	*	*
INR/USD decrease by 1% (December 31, 2019 - 1%)#	(*)	(*)
EUR Sensitivity		
INR/EUR increase by 1% (December 31, 2019 - 1%)#	(2)	1
INR/EUR decrease by 1% (December 31, 2019 - 1%)#	2	(1)
GBP Sensitivity		
INR/GBP increase by 1% (December 31, 2019 - 1%)#	(*)	(*)
INR/GBP decrease by 1% (December 31, 2019 - 1%)#	*	*

Holding all other variables constant

* denotes figure less than a million

53 Capital management

(a) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The current capital structure of the Company is equity based with no financing through borrowings. The Company is not subject to any externally imposed capital requirement.

No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2020 and December 31, 2019.

(b) Dividend (₹ in Million)

Particulars	December 31, 2020	December 31, 2019
(i) Equity shares		
Final dividend for the year ended December 31, 2019 : ₹ 349 (December 31, 2018 : ₹ 66) per fully paid up share	8,038	1,520
Dividend Distribution Tax on final dividend.	-	312
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, subsequent to the year end the Board of Directors have recommended the payment of a final dividend of ₹ 365 per fully paid equity shares (December 31, 2019 : ₹ 349). This proposed dividend is subject to approval of shareholders in the ensuing annual general meeting.	8,406	8,038

54 Sales performance for the year ended December 31, 2020 has been negatively impacted due to COVID-19 pandemic.The impact assessment of COVID-19 pandemic is a continuing process given the uncertainties associated with its nature and duration.

55 Previous year comparative figures have been regrouped wherever necessary.

Signatures to Notes 1 to 55

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

Asha Ramanathan
Partner
Membership No : 202660
Place: Mumbai
Date: February 23, 2021

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 23, 2021

Usha Thorat
Director
DIN:00542778
Place: Kolhapur
Date : February 23, 2021

Vaibhav Karandikar
Whole Time Director & CFO
DIN:09049375
Place: Mumbai
Date: February 23, 2021

Girish Tekchandani
Company Secretary
Membership No :12602
Place: Mumbai
Date : February 23, 2021

NOTES

SANOFI

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