SANOFI

9th May 2018

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

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

Annual report for financial year ended 31st December 2017

Dear Sirs

Pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report for the financial year ended 31st December 2017.

The audited financial statements for the said financial year were approved and adopted at the Annual General Meeting of the Company held on 8th May 2018.

Thanking you,

Yours sincerely,
SANOFI INDIA LIMITED

GIRISH TEKCHANDANI
COMPANY SECRETARY

Encl.: a/a

Empowering Life

62nd Annual Report 2017

SANOFI INDIA LIMITED

SANOFI

Empowering Life

Life is a health journey. And like every journey, it has its ups and downs. During trying times, a right partner can make all the difference. Your Company has been a **trusted health journey partner for 62 years.**

Generations of Indians have turned to us whenever they faced health challenges. We work passionately, everyday, to understand and solve their healthcare needs. We enable and support people during their health challenges, so they can continue to live life to its complete potential.

Sanofi is about **Empowering Life.**

Empowering Life demonstrates our commitment to stand besides millions of people who face health challenges and dedicate ourselves **towards providing the best healthcare solutions.** For over six decades, your Company has strived to transform innovations into solutions that empower people to lead a healthier life, every day.

This 62nd Annual Report highlights how your Company has been a catalyst in **Empowering Life for millions of people** who rely on us for their healthcare needs by living and demonstrating the values of **Courage, Teamwork, Respect** and **Integrity**. Read on to find out more about your Company's highlights and performances in 2017.

Empowering Life

Empowering Life

Reducing the gap in public health

Two out of three Indians die of Non-Communicable Diseases (NCD) like diabetes, heart disorders and cancer.

To reduce this burden, the Indian government has established NCD cells across the country to counsel people and bring about a behavioral change. For a program of this magnitude to be truly effective, active participation from private sectors and civil society is essential.

As a health journey partner, Sanofi has entered into a public-private partnership with the Government of Maharashtra and has extended our **Saath 7** expertise to train doctors**, nurses and counselors at the NCD cells across all 35 districts of the State.

We have trained **over 400 healthcare personnel** till date. Additionally, **Sanofi is creating awareness about preventing NCDs through posters and hoardings in 6,500 State hospitals.**

*Saath7** India's one of the largest and longest-running diabetes patient support programs*

Making life better for kids with diabetes

Imagine for a second, the life of a child with type-1 diabetes - multiple insulin injections every day, a restricted diet, and monitoring blood glucose levels - all to lead a normal life! Add to this, most people are unable to understand the child's distressing condition, be it teachers and friends in schools or society at large, leading to social exclusion and psychological impact.

Today, India has over 149,000 children with type-1 diabetes.

As a health journey partner, Sanofi launched Kids and Diabetes in Schools (KiDS) through which **more than 1,400 teachers** and **10,000 students across India** have been trained on ways to support children with type-1 diabetes.

Fighting against allergies due to pollution

3 out of 10 people in India suffer from allergies that significantly impact their quality of life.

Air pollution is one of the leading causes of allergies. Exposure to pollution increases organ hyper-responsiveness and triggers episodes of allergies, resulting in more serious respiratory disorders.

As a health journey partner, Sanofi launched **#Resolutionagainstpollution**, an awareness campaign to educate people about how pollution triggers allergies, precautions to take to avoid it, and self-care advice for people suffering from allergies.

As part of the campaign, Sanofi developed an **action plan with over 10,000 doctors** to fight pollution and reduce cases of allergies. Through our partnership with the National Association of Otolaryngologists & Pulmonologists and media, we were able to **create awareness among millions of people in India.** Strengthening our resolution, we went a step further and **planted 7,500 non-allergenic trees across country.**

Managing Director's
MESSAGE

N. RAJARAM
Managing Director

N. Rajaram took over as the Managing Director of Sanofi India Limited with effect from January 1, 2018. He has over 20 years of diverse experience in consumer goods and services industries with organizations such as Hindustan Unilever and Bharti Airtel.

Under his leadership, Sanofi India has doubled the size of its diabetes business and established a foothold in the consumer healthcare sector, while significantly transforming its market operations.

N. Rajaram holds a Bachelor's degree in Engineering from the Birla Institute of Technology and Science, Pilani, and an MBA from the Indian Institute of Foreign Trade, New Delhi. He is also an alumnus of the Advanced Management Program at Harvard Business School.

Dear Shareholders,

I am honoured to reach out to you for the first time, via our annual report for 2017. Our aspiration is to be the most admired healthcare company in India, helping patients to receive high quality medicines and affordable healthcare solutions.

To realise our aspiration, we are committed to grow our business responsibly and ethically. We believe that we must continuously keep our patients at the centre of all that we do, bringing to them world class innovation and empowering lives in every area we touch.

Your Company had yet another year of good performance. We witnessed encouraging growth despite external challenges. Noteworthy amongst them, is the passing of the Goods and Services Tax (GST) bill and it being thrust into a 'less-cash' economy. Though a critical economic development for the country, it did cause transitory hardships. The domestic pharmaceutical sales growth dipped in 2017, as business was impacted by the GST (goods and services tax) roll-out, delayed product approvals and inclusion of more products under price caps. However, you would be proud to know that your Company has managed the arduous transition to the GST and sailed through these external challenges with minimal business disruption.

Overall, the pharmaceuticals market in India too showed encouraging trends. With a booming population of 1.3 billion, access to healthcare for all becomes crucial. The Government of India is taking initiatives to promote the pharmaceutical sector in India. The National Health Policy 2017, the Drug Price Control Order and the National Pharmaceutical Pricing Authority are all intended to improve affordability and availability of medicines. The newly-approved National Health Policy seeks to promote universal access to good quality healthcare services while ensuring that no one faces financial hardship, and to ensure that public hospitals provide universal access to a wide array of free drugs and diagnostics. It is indeed a laudable effort to improve accessibility and will help realize the vision of achieving universal health coverage and 'health for all' in India. India is amongst the fastest growing markets in the world and Sanofi India has made ambitious plans to capitalize on the opportunities. Your Company is likely to be in line with the market growth in its therapy areas and is committed to delivering high quality healthcare solutions for people across the country.

Your Company has a wide portfolio of therapeutic solutions across Diabetes & Cardiovascular diseases, Consumer Healthcare, Central Nervous System, Thrombosis, Anti-infectives, to name a few. You will be proud that four of our products feature amongst the top 100 pharmaceutical brands in the country – Lantus®, Combiflam®, Amaryl® and Allegra®. The products manufactured by the Company are distributed in India and exported to over 50 countries including Germany, Australia, UK, Russia and Italy.

I am delighted to share that in the area of CSR, your Company has developed several sustainable initiatives. Each year we further build upon our CSR commitment, through initiatives which are enthusiastically supported by our own employees. I am truly proud to share that for India's annual festival of giving – 'Daan Utsav', 730 employees dedicated 2880 hours towards building communities and engaged in activities with NGOs across 15 cities in India.

"Our aspiration is to be the most admired healthcare company in India, helping patients to receive high quality medicines and affordable healthcare solutions."

Given that diabetes is growing in epidemic proportions in India, Sanofi India has broadened the parameters of its long running Diabetes Patient Counseling Program, 'Saath7', with a Public Private Partnership to benefit 20 million people across Maharashtra threatened with diabetes and other non-communicable diseases.

Of course, a lot more needs to be done. As a future ready organisation with sustained growth and development, we are building an organisation with the best talent and an inclusive approach that encourages diversity and gender balance. After all, what is a Company if not an amalgamation of a group of people driven by a strong value system and working towards the same goal?

In the coming years, India's pharmaceutical industry is set to grow, and with your Company's healthcare solutions, we are poised to grow our business and growth. Your Company endeavors to help people as their health journey partner to support them during their health challenges, so that they can live life to its complete potential.

I take this opportunity to express my heartfelt gratitude to each one of you for your support and commitment at all times. I wish you and your families the very best for 2018.

Yours sincerely,

N. Rajaram

Contents


GLOBAL SHARE


Our company
Business Items

Celebrating Teamwork

Teamwork is the key that pushes the results from 'good' to 'great'. When a determined group of people come together, there is no stopping the magic that is unleashed from their collective effort. At Sanofi India, we are working with a single-minded focus of together empowering people's lives.

Joy in empowering our **communities**

Team spirit guides the social purpose at your Company. To tap onto the collective difference that employees in Sanofi India can make, your Company has designed many initiatives.

In 2016, your Company launched an employee volunteering platform named 'Joy In Outreach' (www. sanoficsr.in) connecting employees in 15 cities with 98 NGOs in the areas of environment, education, old age welfare, mentally challenged, among others. The unique aspect of the platform is that it bridges the Company's intent to support the communities with the personal preference of the employees. It also allows like-minded employees to form teams to serve the community in unison. In 2017, your Company's employees dedicated 2,880 hours working in communities through this platform.

Every October, 'Daan Utsav' - India's annual festival of giving, brings together people from all walks of life to celebrate and spread the joy of giving. This year, 730 employees volunteered to be a part of the tree plantation drive, and engaged in cricket and art and craft activities with children from 15 NGOs across the country. The success of our employee volunteering initiatives in the past few years has motivated a manifold jump in 2017, with 10 times more employees volunteering this year. You can well imagine the collective community service this has yielded.

In addition, 130 Sanofi India employees participated in the 14th edition of the Standard Chartered Mumbai Marathon held on January 15th, 2017, to raise funds for 'CHILDLINE 1098 Night & Day'. CHILDLINE is India's first 24-hour, free, emergency phone service for children in need of aid and assistance. As part of one team, the employees were collectively able to support CHILDLINE as more the number of people, the more funds can be raised for the NGO.

At Sanofi India, we have experienced that spreading joy gives us the strength to do more and to lead by example.

Conquering mountains, and diabetes

Given the urgency needed to tackle the raging epidemic that diabetes is turning out to be, your Company has launched another program to take the topic of Type-1 diabetes to even more people.

So that more people learn how important it is manage diabetes well, in order to lead to a good quality of life, your Company partnered with Diabetes India and Aurangabad-based NGO 'Udaan' (an NGO for people with T1D or type-1 diabetes) to initiate the 'OneUp' trek, India's first T1D Challenge. 23 young patients (aged 14 to 22 years) with T1D from 13 cities across India successfully scaled Maharashtra's highest peak at 5,400 feet!

The initiative helped demonstrate how people with T1D can be empowered to take on any challenge if they regularly monitor their blood sugar, have carefully regulated meals and follow scheduled insulin administration.

Educating about **diabetes**

Diabetes being a chronic disease, many patients, especially children and adolescents, find it difficult to cope emotionally with their condition. In fact, India has over 149,000 children with type-1 diabetes (T1D). In addition to the rigors of treatment, the disease needs support, counseling and understanding for the child to be able to manage it without complications. Given the magnitude of the problem, a collaborative approach is needed to create an environment that not only supports children with the condition but also fosters better understanding of a lifestyle that can help prevent diabetes in the future. And what better place to start than schools?

Your Company signed an agreement with the South Delhi Municipal Corporation (SDMC) to conduct programs in 16 municipal schools to raise awareness on diabetes, especially Type-1, and the importance of cultivating healthy habits that reduce the risk of chronic disease in later life. With the help of doctors, your Company will conduct the programs under the Kids and Diabetes in Schools (KiDS) initiative - a joint initiative of Sanofi, Public Health Foundation of India and the International Diabetes Federation.

Launched in 2014, the KiDS program, has trained over 10,000 students and 1,400 teachers in diabetes prevention and management till date. A first in India, this is an endeavor by your Company to work together with doctors and partner organisations in spreading awareness and empowering children to take charge of their health.

Partnerships that make an impact

GE Healthcare

Nearly 61% of deaths in India are attributed to non-communicable diseases including cardiovascular diseases and diabetes. Given the magnitude of this problem, it becomes vital that healthcare professionals are fully equipped in their knowledge to be able to provide best care to patients.

In order to address this issue, you will be proud to learn that in a first-of-its-kind initiative in the Country, your Company partnered with GE Healthcare to build a training program for doctors in Cardiology, Diabetes and Hypertension. The pilot program, which trained 376 students in Bengaluru, Chennai and Coimbatore, provided hands-on training in the basics of echocardiography– 2D as well as 3D. Echocardiography is an echo test that looks at a patient's heart structure and determines how well the heart is working. The training was accredited by the Indian Association of Echocardiography.

The four-month course consisted of eight days of face-to-face lectures followed by online learning. At the end of the program, candidates were certified by a panel of experts on their learning and understanding. Participants also needed to present cases treated after undergoing the training.

Recognizing Courage

It takes courage to innovate for the healthcare needs of today and tomorrow, so that life journeys are not halted because of lack of solutions. It takes courage to take risks involved in bringing out innovations, so that people can live life to its complete potential.

And where there is courage, the sky is the limit!

Fruits of innovation

In these times of severe climate and environmental concerns, having sustainable practices is vital for the well-being of an organisation. Your Company leverages innovation to continuously strive for the best in responsible manufacturing practices.

This fact was proven by your Company's Chemistry & Biotechnology Development Center (C&BD) in Ankleshwar. The C&BD took the top honours at the Industrial Affairs Global Innovation Awards 2017 for innovating a new process to manufacture Lasamide, a drug intermediate, which will help conserve potable water. Through this novel process, your Company saved water enough to produce 384 kg of rice, and potentially serve the drinking water needs of up to 25,000 people a day.

Putting pain to rest – **Combiflam® ICYHOT™** *‘ab har ghar mein’*

Pain is one of the most common health issues of today, and modern lifestyle demands a crucial need for self-care solutions.

For over 30 years, people across India have trusted and relied on Combiflam®, one of your Company’s flagship prescription brands. Understanding the need for a self-care solution to manage pain, your Company has developed and made in India ‘Combiflam® ICYHOT™’ a topical analgesic that produces an icy sensation to reduce pain and a hot action to relax stiff muscles.

Your Company is confident that this over-the-counter solution with its unique proposition will provide instant and long-lasting relief from muscle pains and sprains.

Embracing Respect

In the business of healthcare, respect forms the core of our being. Respect helps us empathize and understand what it means to be in the shoes of a patient; it makes us value our employees for who they are irrespective of their gender and background, and it helps us cater to the real needs of all our stakeholders.

Respect brings in emotion to our business, without which we will not succeed in truly serving the communities who require us for their well-being.

Going green to **reduce allergies** from **pollution!**

Environmental changes are thought to be the main factor in the rapid increase and worsening of allergic diseases. The root of each of these changes is simply mankind's disrespect and short-sightedness when it comes to 'taking' from the environment. Your Company, which has been at the forefront of fighting allergy through its flagship product Allegra®, understands this and has taken measures to curb environmental pollution resulting from industrial manufacturing.

Your Company's Ankleshwar site planted 500 trees that fight air pollutants. These include Saru (fights hydrochloric acid), Peelu (fights sulphur), Goras Amali (fights chlorine), Peepal, Jamun and Jackfruit (fight nitrous oxide and sulphur oxide), Tulsi (fight excess nitrogen and sulphur) and Nilgiri, Citrus & Banyan (fight particulate matter).

The site already has fully grown ~400 neem and several thousand other trees that absorb pollutants.

Winning accolades for **impactful contributions** to the **community**

Corporate Social Responsibility helps your Company achieve a positive impact on the society as a whole. Fulfilling our social commitment towards the society we operate in, is strategic to your Company's growth as it helps us maximize our goal of truly empowering the lives of people.

Your Company's short film on Sanofi's Corporate Social Responsibility initiatives bagged the best CSR film award at the World HR Congress. The award was organized by BBC Knowledge (Times Group) and International Management Film Festival (IMFF). The film showcases various programs undertaken by your Company for the welfare of underprivileged members of our society through the eyes of two of its employees.

Encouraging **gender diversity** – fulfilling our **potential together!**

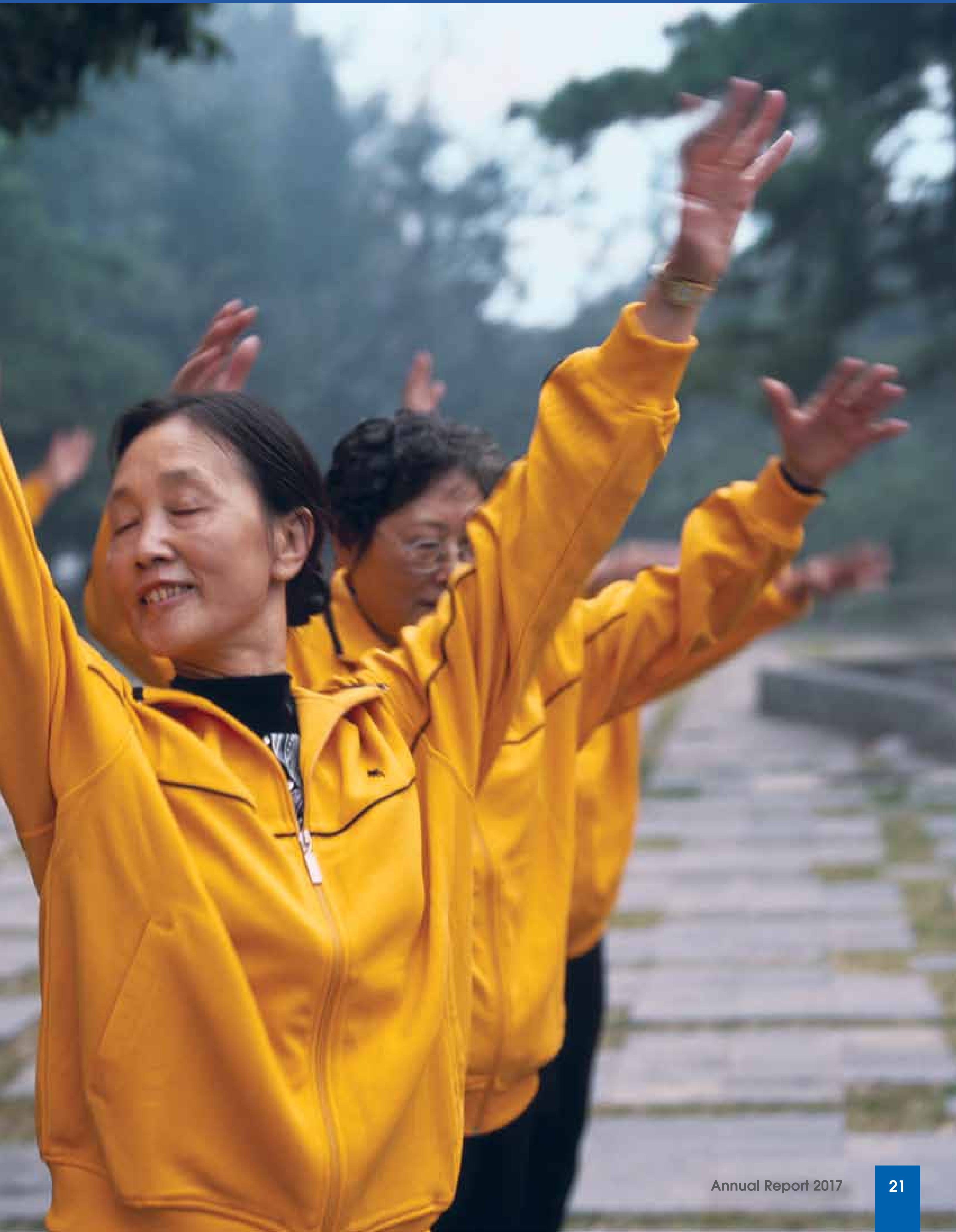
Over the years, your Company has showcased an unwavering commitment to create gender balance in order to make us an inclusive and diverse Company. Through various sensitisation initiatives, we have strived to instill gender diversity and parity in our culture by standing against stereotypes and gender bias.

Towards this goal, your Company celebrated International Women's Day with the global theme of 'Be bold for change'; it was a day dedicated to take bold, purposeful actions towards gender equality. Recognising that change can be fostered by equipping all our employees with tools to feel confident enough to embrace and address change, your Company undertook programs that addressed the immediate needs and challenges of its women employees and sensitised all employees about how their efforts could help your Company achieve its goal of creating an inclusive culture.

Some of the programs conducted were (a) Towards Gender Sensitization (b) Parenting Workshops (c) Conversation Corners and (d) Self Defense.

Ensuring Integrity

Trust is the most powerful currency one can have in the business of healthcare. Trust comes from Integrity - the foundation of everything we do at Sanofi India Limited. Working ethically, responsibly and compassionately, makes us stronger and much better at what we do.



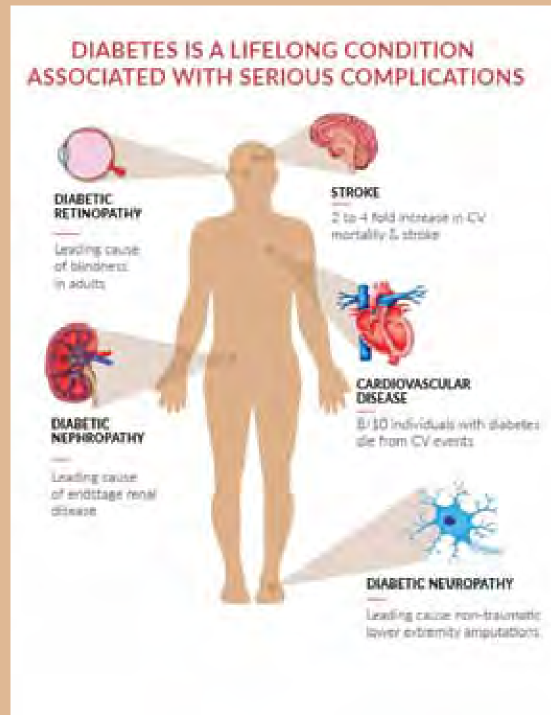
A less **‘complicated’** view

With ~73 million diabetes patients, India is home to the 2nd largest diabetic population in the world. The treatment expense for diabetes is often associated with the cost of diagnosis, monitoring, medicines, etc.

Your Company, at the forefront of diabetes study in India and globally, conducted ‘International Diabetes Management Practice Study’ (IDMPS) to assess the holistic cost burden of diabetes. The results of this study showed that the annual cost for managing a patient with complications is nearly twice that of a patient without complications.

Anyone with diabetes knows that managing this disease is a 24/7 job. Understanding the implications that health complications can have will not only help your Company but also other healthcare companies to serve the patients better. Your Company strongly believes that tackling diabetes needs a collaborative and integrated approach.

After all, what truly matters is better outcomes for patients.



Giving access to those who need it the most!

India is facing a tough challenge with the increasing prevalence of type-1 diabetes, often called ‘juvenile’ diabetes. A child with type-1 diabetes needs to take many insulin injections every day, follow a restricted diet, and monitor blood glucose levels - to simply get by. Without access to insulin, blood glucose monitoring or healthcare professionals, a child can face severe health complications.

Your Company understands the challenge of type-1 diabetes and has taken steps to combat it. To this end, your Company has partnered with Research Society for the Study of Diabetes in India (RSSDI) to take care of 200 children with no access to standard therapy in type-1 diabetes. Through this initiative, we will provide them with Lantus® and Apidra® along with support needed to manage the disease.

Uplifting the **quality of life,** despite **diabetes**

Diabetes is becoming more and more prevalent in the Country. The day is not far when India will become the diabetes capital of the world. While statistics get their fair share of limelight, it's also critical to understand what it takes to be a diabetes patient. Managing diabetes is a full time job. It takes medicines, understanding of the right diet, physical exercise and daily monitoring to live with diabetes. Failing to do so could lead to complications and sometimes, even prove fatal. Then, is it possible to lead a good quality of life with this disease? Very much so! If only a diabetes patient understood the simple but key role management of the disease played, they could lead a good quality of life just like other people who don't suffer from the disease. World diabetes day becomes an important platform to spread the message to patients – that they can lead full lives despite the disease!

Your Company strongly believes that it takes integrated care to live with diabetes and improve patient outcomes. Thus, we observed the day by creating awareness about the importance of integrated care that helped us reach out to ~26,000 patients and general public. In the days leading up to the World Diabetes Day, your Company conducted 235 activities involving 988 doctors through patient awareness programs, Walkathon, social media awareness and blood sugar screening programs.

Freeing families from the **bondage** of **epilepsy**

Almost 10 million Indians suffer from epilepsy. A life-restricting disorder, epilepsy impacts the entire family as it leaves them helpless and uncertain about when and where the next seizure may occur. Twice more common in rural areas than in urban India, epilepsy is often associated with evil spirits, thus attaching a stigma to it and delaying proper treatment. Lack of awareness, poverty, inadequate health infrastructure and a shortage of trained professionals further reduce access to treatment.

As a health journey partner, Sanofi has been actively tackling epilepsy and its social taboos. Since 2008, our 'Seizure-free India' campaign has provided access to treatment to over 500,000 patients. In 2017, Sanofi conducted more than 500 epilepsy awareness and education programs,>50 painting competitions were organized across India. YouTube was leveraged to promote awareness about epilepsy through "Epilepsy & you" animation video. We had reached out to more than 10 rural markets by partnering with Neurologists to improve access & awareness about epilepsy and its management during the daan utsav.

BOARD OF **DIRECTORS** AND **CORPORATE** INFORMATION

(DETAILS AS ON 22ND FEBRUARY 2018)

BOARD OF DIRECTORS

Mr. Aditya Narayan
Chairman

Mr. Rajaram Narayanan
Managing Director

Mr. Rangaswamy R. Iyer
Independent Director

Ms. Usha Thorat
Independent Director

Mr. Cyril Grandchamp-Desraux
Non-Executive Director

Dr. Shailesh Ayyangar
Non-Executive Director

Mr. Thomas Rouckout
Non-Executive Director

Mr. Ashwani Sood
Whole Time Director

Mr. Lionel Guerin
Whole Time Director & Chief Financial Officer

COMPANY SECRETARY

Mr. Girish Tekchandani

REGISTERED OFFICE

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

REGISTRAR AND TRANSFER AGENTS

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

MANUFACTURING SITES

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

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

AUDITORS

Price Waterhouse & Co Chartered Accountants LLP

62ND ANNUAL GENERAL MEETING

Tuesday, 8th May 2018
at 3.00 p.m.

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

FINANCIAL SUMMARY
FOR LAST 5 YEARS

(Rupees in Million)

SALES, PROFIT & DIVIDEND	2017[1]	2016[1]	2015[2]	2014[2]	2013[2]
Revenue from Operations (Gross)	24,914	24,197	22,429	20,255	18,549
Profit before Depreciation Finance Cost & Tax (PBDFT)	6,179	6,015	5,105	4,032	4,558
Profit before Finance Cost & Tax (PBFT)	5,157	4,827	3,975	3,065	3,635
Profit before Tax (PBT)	5,146	4,804	3,971	3,061	3,631
Profit after Tax (PAT)	3,260	3,042	2,377	1,971	2,398
Other Comprehensive Income net of Tax	3,247	2,984	—	—	—
Dividend (Amount)	1,636	1,567	1,497	1,036	1,036
Rs. Per Share	71	68	65[3]	45[4]	45

(Rupees in Million)

SHARE CAPITAL & CAPITAL EMPLOYED	2017[1]	2016[1]	2015[2]	2014[2]	2013[2]
Share Capital	230	230	230	230	230
Shareholder's Funds[5]	20,264	18,830	16,271	14,858	13,467
Capital Employed[5]	20,264	18,830	16,271	14,858	13,467
Represented by: Fixed Assets (Net) & Investments[5]	7,993	8,507	8,994	8,585	8,350
Net Current & Other Assets	12,271	10,323	7,277	6,273	5,117

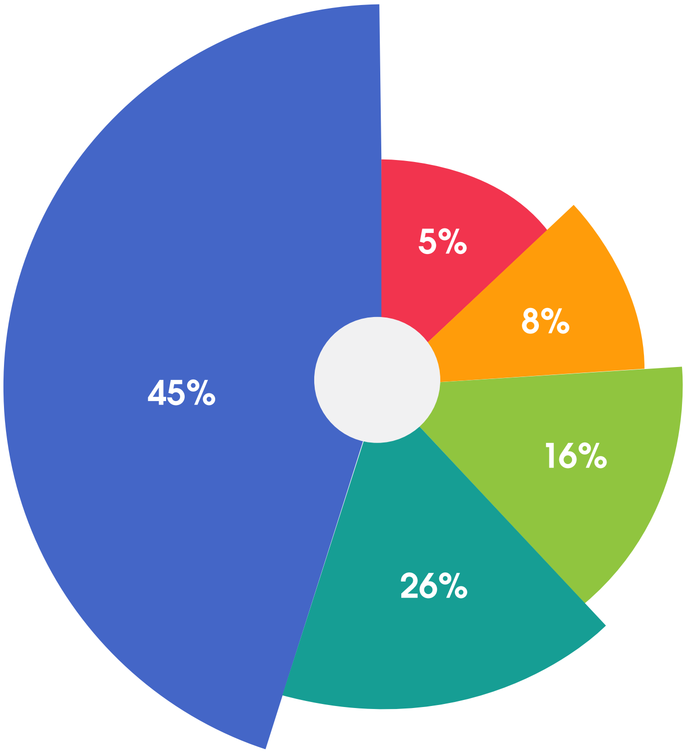
RETURN	2017(1)	2016(1)	2015(2)	2014(2)	2013(2)
On Sales (PBT) %	22.1%	21.3%	18.9%	15.9%	20.7%
On Capital Employed (PBFT) %	25.4%	25.6%	24.4%	20.6%	27.0%
On Shareholders Funds (PAT) %	16.1%	16.2%	14.6%	13.3%	17.8%
Per Share(PAT) Rs.	141.74	132.28	103.18	85.56	104.12
Personnel Cost.	3,685	3,553	3,333	2,882	2,421
No. of Employees	3,239	3,623	3,663	3,448	3,291

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

All above figures exclude the impact of exceptional item if any

DISTRIBUTION OF REVENUE FOR 2017

(Rupees in Million)



Materials
₹ 10,041

Depreciation
₹ 1,022

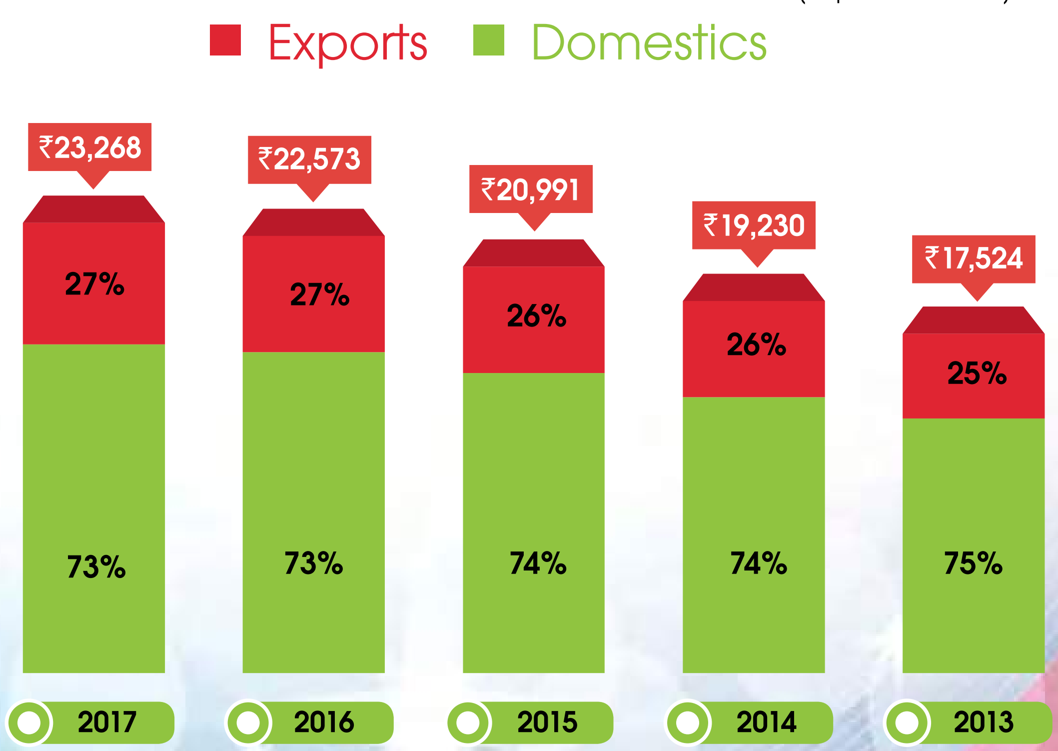
Corporate taxes
₹ 1,886

Staff Cost
₹ 3,685

General
₹ 5,816

SALES CHART 2017

(Rupees in Million)



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty-second Annual General Meeting of Sanofi India Limited will be held on Tuesday, 8th May 2018 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st December 2017 including the audited Balance Sheet as on 31st December 2017 and the statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To confirm the payment of Interim Dividend and to declare Final Dividend on equity shares for the financial year ended 31st December 2017.

3. To re-appoint Mr. Rajaram Narayanan (DIN 02977405), who retires by rotation and being eligible, offers himself for re-appointment.

4. To re-appoint Mr. Ashwani Sood (DIN 07272686), who retires by rotation and being eligible, offers himself for re-appointment.

5. To ratify appointment M/s. Price Waterhouse & Co Chartered Accountants LLP as Statutory Auditors

   "RESOLVED THAT pursuant to the provisions of Section 139 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(s) thereof for the time being in force) and pursuant to the resolution passed by the members of the Company at Sixty-first Annual General Meeting held on 5th May 2017 in respect of the appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants (Firm Registration Number 304026E / E300009) (PwC) till the conclusion of the Sixty-sixth Annual General Meeting, the Company hereby ratifies the appointment of PwC as the Statutory Auditors of the Company, to hold office from the conclusion of the Sixty-second Annual General Meeting till the conclusion of the Sixty-third Annual General Meeting of the Company.

   RESOLVED FURTHER THAT the Board of Directors or the Audit Committee thereof, be and are hereby authorized to decide and finalise the terms and conditions of appointment, including remuneration of the Statutory Auditors."

SPECIAL BUSINESS

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

   "RESOLVED THAT the Company hereby accords its approval under Sections 196 and 197 and all other applicable provisions of the Companies Act, 2013 read with Schedule V thereto, (including any statutory modification(s) or re-enactment thereof, for the time being in force) to the appointment of Mr. Rajaram Narayanan (DIN 02977405) as Managing Director of the Company for a period of five years with effect from 1st January 2018 and to his receiving remuneration, benefits and amenities as Managing Director of the Company as set out in the Explanatory Statement annexed to the Notice of this Meeting and upon the terms and conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. Rajaram Narayanan, a draft whereof is placed before the Meeting and which, for the purposes of identification, is initialed by the Chairman of the Meeting.

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

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

   "RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, M/s. D. C. Dave & Co., Cost Accountants, to conduct the audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations for the financial year ending 31st December 2018 be paid remuneration of Rs.372,000 plus service tax and out of pocket expenses, in performance of their duties.

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

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

"RESOLVED THAT pursuant to provisions of Section 94(1) and other applicable provisions of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014 and any other applicable Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded to keep the Register of Members of the Company, maintained under Section 88 of the Companies Act, 2013 together with the Index of Members and copies of Annual Returns of the Company filed under Section 92 of the Companies Act, 2013, at the new registered office of the Company's Registrars & Transfer Agents (R&T Agents), Link Intime India Private Limited, at C - 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400 083 and/or at such places within Mumbai where the R&T Agents may have their office from time to time and/or at the Registered Office of the Company at Sanofi House, C.T.S-117B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072.

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

By Order of the Board

GIRISH TEKCHANDANI
COMPANY SECRETARY

22nd February 2018

NOTES:

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

   Proxy form has been provided in the Annual Report.

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

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

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the Act) with respect to item nos. 6 to 8 of the Notice is annexed hereto and forms part of this Notice.

3. The Register of Members of the Company shall remain closed from the 1st May 2018 to the 8th May 2018 (both days inclusive).

4. Payment of dividend as recommended by the Board of Directors, if approved at the Meeting, will be made to those members whose names are on the Company's Register of Members on 8th May 2018 and those whose names appear as Beneficial Owners as at the close of the business hours on 30th April 2018 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

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

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

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

During the year 2017, the Company transferred unclaimed dividend amounts of Rs. 944,608 and Rs. 243,968 from the Final Dividend for the year 2009 and Interim Dividend for the year 2010 respectively, to the IEPF.

Members who have not encashed their dividend warrants towards the Final Dividend for the year ended 31st December 2010 or thereafter are requested to write to the Company's Registrars and Transfer Agents. The total amount of unclaimed dividend has been disclosed in the financial statements. Members are requested to note that the unclaimed dividends will be transferred to the IEPF on the below mentioned due dates:

Dividend and Year	Dividend per share (Rs.)	Date of declaration	Due date for transfer to IEPF
Final Dividend 2010	51	26-04-2011	25-05-2018
Interim Dividend 2011	4	28-07-2011	26-08-2018
Final Dividend 2011	29	03-05-2012	01-06-2019
Interim Dividend 2012	4	25-07-2012	23-08-2019
Final Dividend 2012	29	30-04-2013	29-05-2020
Interim Dividend 2013	10	30-07-2013	28-08-2020
Final Dividend 2013	35	29-04-2014	28-05-2021
Interim Dividend 2014	10	23-07-2014	21-08-2021
Final Dividend 2014	24	29-04-2015	28-05-2022
Interim Dividend 2015	18	21-07-2015	19-08-2022
Final Dividend 2015	47	29-04-2016	28-05-2023
Interim Dividend 2016	18	22-07-2016	20-08-2023
Final Dividend 2016	50	05-05-2017	03-06-2024
Interim Dividend 2017	18	19-07-2017	17-08-2024

6. Members seeking clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the date of the Meeting. This would enable the Company to compile the information and provide the replies at the Meeting.

7. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company is pleased to offer e-voting facility which will enable the members to cast their votes electronically on all the resolutions set out in the Notice. Please refer to the below instructions and general instructions relating to voting through electronic means which are being sent along with the Annual Report.

E-voting facility:

The instructions for members voting electronically are as under:

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

ii. Click on Shareholders / Members.

iii. Now Enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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

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

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

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

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

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

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

x. Click on the EVSN of Sanofi India Limited.

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

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

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

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

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

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

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

xviii. Note for Non - Individual Members and Custodians:

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

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

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

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

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

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

xx. For any grievances connected with facility for e-voting members may contact:

Mr. Girish Tekchandani, Company Secretary
Address: Sanofi House, CTS No.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400 072, India
Tel: (022) 28032000 Email: igrc.sil@sanofi.com

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

9. The Board of Directors has appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary (FCS 4206, CP 1774), or failing him, Ms. Malati Kumar, Practising Company Secretary (ACS 5508, CP 10980) as Scrutinizer for conducting the voting process in a fair and transparent manner.

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

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

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

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

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

a. Any change in their address

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

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

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

16. 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.

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

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

Agenda item No.	**3 and 6**
Name	Mr. Rajaram Narayanan
Age	49
Qualifications	B.E. (BITS, Pilani), MBA (Indian Institute of Foreign Trade) He is also an alumnus of the Advanced Managed Program of the Harvard Business School.
Brief profile including expertise	Mr. Rajaram Narayanan has over 25 years' experience across different industries. He joined Sanofi India in February 2014 and was appointed as Whole Time Director in October 2015. He started his career with Unilever and over a period of 19 years, held a variety of roles in sales and marketing in India and South East Asia. His last assignment at Hindustan Unilever was as Vice President responsible for a wide range of categories and brands in the personal care space. Mr. Rajaram Narayanan also worked for nearly 3 years as Chief Marketing Officer at Bharti Airtel Limited responsible for the Consumer Business.
Directorships in other listed companies in India	None
Committee memberships	He is member of Corporate Social Responsibility Committee and Stakeholders Relationship Committee of Sanofi India Limited.
Relationship with other Directors and KMP	None
Shareholding in Sanofi India Limited	Nil
Attendance in the meetings in the last financial year	Disclosed in the Corporate Governance section.

Agenda item No.	**4**
Name	Mr. Ashwani Sood
Age	56
Qualifications	B.Sc. (University of Kanpur), M.Pharm (Panjab University)
Brief profile including expertise	Mr. Sood started his career in E.Merck and was in its Injectables Unit for 2½ years. He joined the Company in October 1988 as Officer Production in the Company's then manufacturing unit in Mulund, Mumbai. From July 1999 to March 2014 he held various positions in the Ankleshwar factory including as Senior Director - Ankleshwar. He was designated Senior Director - Industrial Affairs in April 2014. He was appointed as Whole Time Director of the Company with effect from 21st October 2015.
Directorships in other listed companies in India	None
Committee memberships	None
Relationship with other Directors and KMP	None
Shareholding in Sanofi India Limited	Nil
Attendance in the meetings in the last financial year	Disclosed in the Corporate Governance section.

EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 102 (1) of the Act, sets out all material facts relating to the business mentioned in item nos. 6 to 8 in the accompanying Notice of the Annual General Meeting.

Item No. 6

Mr. Rajaram Narayanan was appointed as Whole Time Director with effect from 21st October 2015 at the sixtieth Annual General Meeting of the Company held on 29th April 2016. The Board of Directors of the Company at its meeting held on 15th December 2017, subject to the approval of the members of the Company, approved the appointment of Mr. Rajaram Narayanan as Managing Director of the Company for a period of 5 years commencing from 1st January 2018.

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

The remuneration proposed to be paid to Mr. Rajaram Narayanan is set out below:

1. Salary - Rs.12,966,360 per annum.
2. Flexi Compensation Plan (FCP) Allowance of Rs.8,997,147 per annum and such higher amount as may be decided by the Board from time to time. The Fixed compensation components (allowances) will be as per the Company guidelines / policies applicable to the management levels and includes housing, leave travel allowance and other special allowances.
3. Provident Fund - Company's contribution not to exceed 12% of salary.
4. Gratuity - Gratuity benefits as applicable to Officers of the Company and shall be subject to the maximum amount as may be permitted under the Company's rules in relation to gratuity prevailing from time to time.
5. All the above compensation elements viz. Basic, Provident Fund, Gratuity and FCP form the basis of Annual Fixed Compensation (AFC). AFC will qualify as base for determining Annual Merit Increase and Performance Bonus.
6. The Target Performance Bonus is calculated as a percentage of AFC. Performance Bonus percentage is linked to level of responsibility and position in the organization. Performance Bonus is based upon performance of both the Company results and employees own achievement of individual priorities that contributes to the Company's success.

   Accordingly, Target Performance Bonus is fixed at 40% of his AFC with a target payout of Rs.9,840,000 per annum for the financial year ending 31st December 2018 and a payout range of 0% to 200% of target amount to be paid at the end of the financial year, as may be determined by the Board of Directors.
7. Increments - such increments as may be fixed by the Board of Directors from time to time, in the range of 0% to 100% per annum.
8. Medical Domiciliary - Medical domiciliary aid benefits as per rules of the Company for self and family, as applicable to the Officers of the Company.
9. Medical Hospitalisation - Coverage under Company's Mediclaim Hospitalization Policy for a floater coverage which provides for reimbursement of claims only for hospitalization treatment as per rules of the Company. The floater insurance covers the employee and his immediate family (i.e. Self, Spouse and dependent children).
10. Free use of the Company's car and fuel expenses for use on the Company's business as well as for own use, in line with the position of Managing Director.
11. Reimbursement of salary of personal driver as per rules of the Company and Income Tax rules.
12. Reimbursement of gas, water and electricity bills, the monetary value of which may be evaluated as per the Income-tax Rules, 1962.
13. Payment of premium for the Personal Accident Insurance Policy taken along with other Officers of the Company with a coverage limit of 24 times Basic + FCP.
14. Payment of premium for the Group Insurance Policy taken as per rules of the Company with a coverage limit of 24 times Basic + FCP.
15. Payment of fees for one Club (including admission or entrance fees and monthly or annual subscriptions).
16. 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.

17. 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.

18. Reimbursement of expenses on mobile phone and landline phone at residence as per rules of the Company.

19. Interest subsidy @ Rs.4,500 per lakh per annum towards interest on loan taken by him for purchase of house subject to a maximum loan amount of Rs.25,00,000.

20. Stock Linked Incentive Plans whether existing or declared by the holding company, and the cost thereof will be borne by the Company.

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

Minimum Remuneration:

In any financial year, if the Company has no profits or its profits are inadequate, the Company shall pay the remuneration to the Managing 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.

Other Terms and Conditions:

a) He shall not be paid any sitting fees for attending Board / Committee Meetings.

b) He shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency without prior approval of the Central Government.

c) The appointment may be terminated by the Company or by Mr. Rajaram Narayanan by giving not less than three months' prior notice in writing.

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

Mr. Rajaram Narayanan 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 Managing Director of the Company.

The Board of Directors is of the opinion that Mr. Narayanan's knowledge and experience will be of immense value to the Company. The Board, therefore, recommends the approval of the resolution set out at Item No. 6 of the Notice convening the Meeting.

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

Item No. 7

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s. D. C. Dave & Co., Cost Accountants, as Cost Auditors to conduct the audit of the cost accounts maintained by the Company in respect of bulk drugs and formulations for the financial year ending 31st December 2018.

In accordance with the provisions of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st December 2018.

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

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

Item No. 8

Pursuant to Section 94(1) of the Act, Registers and copies of the returns may be kept at any other place in India other than at the Registered Office of the Company, in which more than one-tenth of the total number of members entered in the Register of Members reside, if approved by a Special Resolution by the members of the Company.

The Company maintains the Register of Members of the Company under Section 88 of the Companies Act, 2013 together with the Index of Members and copies of Annual Returns of the Company filed under Section 92 of the Companies Act, 2013 at the office of Link Intime India Private Limited, Company's Registrar & Transfer Agents (R&T Agents) and / or at the registered office of the Company.

Due to the change in the Registered Office of R&T Agents, the resolution authorises the Company to keep these documents at the new registered office of R&T Agents at C - 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400 083 and/or at such places within Mumbai where the R&T Agents may have their office from time to time and/or at the Registered Office of the Company at Sanofi House, C.T.S-117B, L&T Business Park, Saki Vihar Road, Powai, Mumbai - 400 072.

The Board recommends the resolution at Item No. 8 of the Notice for approval by the members.

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

22nd February 2018

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 2017.

FINANCIAL RESULTS

	Rs. in million	
	2017	2016
Revenue from Operations	24,914	24,197
Other Income	807	664
Total Income	25,721	24,861
Profit before Tax	5,146	4,804
Tax expense	1,886	1,762
Profit for the year	3,260	3,042
Other comprehensive income (Net of tax)	(13)	(58)
Total comprehensive income for the year	3,247	2,984

DIVIDEND

An interim dividend of Rs.18 per equity share of Rs.10 was declared by the Board of Directors and paid in August 2017.

Your Directors recommend payment of a final dividend of Rs. 53 per equity share of Rs.10.

If approved by the members at the Annual General Meeting (AGM) to be held on 8th May 2018, the interim dividend and proposed final dividend will result in cash outflow of Rs.1,636 million (excluding Dividend Distribution tax) for the year 2017.

The dividends were 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 Listing Regulations, a Management Discussion and Analysis Report is part of this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Mr. Jerome Silvestre and Mr. Patrick Chocat resigned as Directors of the Company with effect from close of business hours on 26th February 2017. Mr. Cyril Grandchamp-Desraux and Mr. Thomas Rouckout were appointed as Additional Directors on the Board with effect from 27th February 2017. The members approved their appointment as Non-Executive Directors of the Company at the AGM held on 5th May 2017.

Mr. Francois Briens retired as Non-Executive Director of the Company with effect from 5th May 2017. The members passed a resolution at the last AGM of the Company held on 5th May 2017 for not filling the vacancy caused by this retirement.

As on 31st December, 2017, Dr. Shailesh Ayyangar, Managing Director; Mr. Lionel Guerin, Whole Time Director and Chief Financial Officer; Mr. Rajaram Narayanan, Whole Time Director; Mr. Ashwani Sood, Whole Time Director and Mr. Girish Tekchandani, Company Secretary were designated as Key Managerial Personnel (KMP).

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

Dr. Shailesh Ayyangar informed the Board at its meeting held on 15th December 2017 that he will be taking up a regional role within Sanofi group and offered to step down as the Managing Director of the Company with effect from the close of the day on 31st December 2017, while continuing as a Non-Executive Director. This was duly approved by the Board on 15th December 2017.

The Board of Directors at its meeting held on 15th December 2017, appointed Mr. Rajaram Narayanan as Managing Director of the Company for a period of 5 years with effect from 1st January 2018. This appointment is subject to the approval of members at the General Meeting. The necessary resolution for appointment of Mr. Rajaram Narayanan as Managing Director has been included in the Notice of the forthcoming AGM for the approval of the members.

Mr. Subhash R. Gupte vide his letter dated 11th December 2017 informed the Company that he would like to retire from corporate life and resign as Independent Director with effect from 1st January 2018. The Board noted this resignation on 15th December 2017.

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

Mr. Rajaram Narayanan and Mr. Ashwani Sood retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

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

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

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

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

As 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 Auditors is part of this Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for the year ended 31st December 2017, as stipulated under Regulation 34 of the Listing Regulations is given in Annexure - B to this Report.

MEETINGS OF THE BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The Directors are regularly informed during meetings of the Board and Committees on the activities of the Company, its operations and issues facing the pharmaceutical industry. During the year, the Company organized a visit for the Directors to the manufacturing facility of the Company situated at Verna, Goa for familiarization of the manufacturing processes.

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

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

RELATED PARTY TRANSACTIONS

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

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

The 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 2017, as per the Policy on dealing with Related Parties adopted of the Company are disclosed in Annexure - D to this Report.

DEPOSITS FROM PUBLIC

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

LOANS, GUARANTEES OR INVESTMENTS

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

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

RISK MANAGEMENT

Your Company has implemented a mechanism for risk management and formulated a Risk Management Policy. The policy provides for creation of a Risk Register, identification of risks and formulating mitigation plans. The Board of Directors reviews the risk assessment and minimization procedures.

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 2017 all the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
3. your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the said accounts have been prepared on a going concern basis;
5. internal financial controls to be followed by the Company have been laid down and that internal controls are adequate and were operating effectively; and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

COST AUDIT

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the cost records maintained by the Company in respect of bulk drugs and formulations are required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. D. C. Dave & Co., Cost Accountants to audit the cost accounts maintained by the Company for bulk drugs and formulations for the financial year ending 31st December 2018.

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

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. Pursuant to Section 139(1) of the Act, a resolution for ratification of this appointment has been included in the Notice convening Sixty-second AGM.

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) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report. However, the reports and accounts are being sent to the shareholders excluding the aforesaid remuneration. Any shareholder interested in inspection of the documents pertaining to the above information or desiring a copy thereof may write to the Company Secretary.

PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2017, the Company received four complaints of alleged sexual harassment, all of which were dealt with by taking appropriate actions.

SECRETARIAL AUDIT

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

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

EXTRACT OF ANNUAL RETURN

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

ACKNOWLEDGEMENTS

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

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

22nd February 2018

ANNEXURE - A TO THE REPORT OF THE DIRECTORS

Statement containing particulars pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors for the year ended 31st December 2017.

A. CONSERVATION OF ENERGY

Energy Conservation measures undertaken in 2017:

Ankleshwar factory

- Co-generation: Heat recovery boiler and vapor absorption machines were commissioned to generate additional steam and chilled water by using waste heat. During 2017, additional 3,178 tons steam and 345,937 m^3 chilled water was generated that led to reduction of 249,504 SCM of natural gas consumption and 202,483 kWh power consumption.
- Power consumption reduction initiatives of Rs. 1 million were undertaken to save approx. 135,000 kWh power consumption viz. auto tube cleaning system for condensers of two brine plants, electric motorized valves in cooling water line of both brine plants, wet parts coating with resin bonded fiber glass in brine circulation pump, solar lighting system installed in API warehouse, replacement of CFL lamps with LED lamps etc.
- Sustained power factor > 0.95 of grid power led to rebate of Rs. 1.13 million from Dakshin Gujarat Vij Company Limited.

Goa factory

- More than 2 million litre of rainwater harvested and used for cooling tower.
- Compressed air conservation and leakage identification and rectification program implemented.
- Implementation of LED lights for all new light fittings, replacement of light fittings.
- Powder transfer system oil ring vacuum pump replaced with dry type vacuum pumps for lower power consumption.

Energy conservation measures proposed to be taken in 2018:

Ankleshwar factory

- Commission second co-generation to generate power, steam and hot water. Direct use of hot water will reduce steam consumption of process. It will also serve as backup power for site.
- Incorporate auto tube brushing system in screw chiller condenser to obtain highest efficiency.
- Replacement of 2000 KVA old transformer with new OLTC type 2000 KVA transformer to maintain constant output voltage, reduce power consumption and serve as standby.

Goa factory

- Optimization of electricity consumption by implementing opticlim software.
- Feasibility study for 1 Megawatts onsite solar panels for electricity generation.
- Energy audit for finding potential savings from operational & technological improvements.

Requisite data in respect of energy consumption is given below:

		Power & Fuel Consumption	Unit of Production	Year Ended 31.12.2017	Year Ended 31.12.2016	Reasons for Variation
1.		**ELECTRICITY**				
	(a)	Purchased				
		Units	million kWh	23.446	22.969	Change in product mix impacting consumption
		Total Amount	Rs. million	160.764	152.122	
		Rate/Unit	Rs.	6.857	6.623	
	(b)	Own Generation				
	(i)	Through Diesel Generator				
		Units	million kWh	0.704	0.682	
		Units per litre of				
		Diesel Oil	kWh	4.268	4.132	
		Cost/Unit	Rs.	12.597	13.014	
	(ii)	Through Steam Turbine / Generator		Nil	Nil	
2.		**COAL**		Nil	Nil	
3.		**FURNACE OIL / LSHS**		Nil	Nil	
4.		**NATURAL GAS**				
		Quantity	M3	3,138,929	3,094,441	
		Total Amount	Rs. million	102.01	94.59	
		Average Rate	Rs.	32.50	30.57	
5.		**BIOMASS**				
		Quantity	Tons	2,560	2,619	
		Total amount	Rs. million	16.26	14.88	
		Average Rate	Rs.	6.353	5.680	

Consumption per unit of production

	Product	Unit of Production	Standards (if any)	Year ended 31.12.2017	Year ended 31.12.2016	Reasons for Variation
1	**ELECTRICITY - kWh**					
	Bulk drugs	Tonnes	None	10,676	8,703	Consumption depends upon product mix
	Bulk drugs	K.Litre	None	Nil	Nil	
	Formulations	Million units	None	1,715	1,821	
2	**FURNACE OIL/LSHS (K.LIT)**					
	Bulk drugs	Tonnes	None	Nil	Nil	
	Bulk drugs	K.Litre	None	Nil	Nil	
	Formulations	Million units	None	Nil	Nil	
3	**NATURAL GAS IN THOUSAND M3**					
	Bulk drugs	Tonnes	None	0.580	0.539	Consumption depends upon product mix
	Bulk drugs	K.Litre	None	Nil	Nil	
	Formulations	Million units	None	0.009	0.009	

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

Specific areas in which R&D carried out:

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

Expenditure on R&D

a) Capital — Rs. 11.04 million

b) Revenue — Rs. 77.52 million

c) Total — Rs. 88.56 million

d) Total R&D expenditure as a percentage of total turnover: 0.38%

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. 5,257 million

b) Total Foreign Exchange earned — Rs. 6,306 million

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

22nd February 2018

ANNEXURE - B TO THE REPORT OF THE DIRECTORS

BUSINESS RESPONSIBILITY REPORT

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

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

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

SECTION A - GENERAL INFORMATION

1	Corporate Identity Number (CIN) of the Company	L24239MH1956PLC009794
2	Name of the Company	Sanofi India Limited
3	Registered address	Sanofi House, CTS NO.117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai 400072
4	Website	www.sanofiindialtd.com
5	E-mail id	igrc.sil@sanofi.com
6	Financial Year reported	1st January 2017 to 31st December 2017
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	None
	b) Number of National Locations	Head Office at Mumbai and two factories at Goa and Ankleshwar
10	Markets served by the Company	India and 51 countries for exports for the year ended 31st December 2017

SECTION B - FINANCIAL DETAILS

1	Paid up Capital (Rs.)	230.3 million
2	Total Turnover (Rs.) net of Excise	23,268 million
3	Total profit after taxes (Rs.)	3,260 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years (Rs.)	82.9 million
5	List of activities in which expenditure in 4 above has been incurred	Healthcare education and healthcare access (Refer CSR Report for details on CSR programs)

SECTION C - OTHER DETAILS

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

SECTION D - BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for Business Responsibility

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

DIN Number	00268076
Name	Dr. Shailesh Ayyangar (For FY 2017)
Designation	Managing Director up to 31st December 2017 [Non-executive Director with effect from 1st January 2018]

b) Details of the Business Responsibility Head

DIN Number	00268076
Name	Dr. Shailesh Ayyangar (For FY 2017)
Designation	Managing Director up to 31st December 2017 [Non-executive Director with effect from 1st January 2018]
Telephone number	(022) 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 being approved by the Board. If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
5.	Does the Company have a specified Committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	(3)	(5)	(13)	(7)	(3)	(10)	(3)	(6)	(13)
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

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

(3) http://www.sanofiindialtd.com/l/pw/en/layout.jsp?scat=B939A1F2-2772-4FC2-8701-710B3DAC0610

(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) http://suppliers.sanofi.com/web/documents-links/documents

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

(7) http://www.sanofiindialtd.com/l/pw/en/layout.jsp?scat=13614F0E-9BE0-4AA0-885C-7DB6522F7D64

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

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

(10) http://hse-fr.sanofi-aventis.com/Home/Welcome_en_US.aspx

(11) As per the requirements of the Act.

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

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

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

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

3. Governance related to Business Responsibility

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

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

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

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

The Code of Ethics defines the Company's expectations when conducting the Sanofi business. It is provided as a resource to guide employees in dealing with issues, both inside and outside the Group that employees may encounter as part of their day to day functional responsibilities.

The Code sets forth the responsibilities of Sanofi to its employees and to industry as under:

1. Employees:

   The Company ensures diversity, equality of opportunity, health and safety, and respect in the workplace for its employees.

2. Stakeholders:

   - Patients and consumers: Sanofi is committed to product safety and quality and to ensure that it complies with all legal, regulatory and internal requirements, so that it can meet the obligation to act with integrity.
   - Healthcare professionals: The Company is committed to follow applicable legislations regarding the promotion of medicines, and adhere to all relevant rules in all countries.

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

These commitments depend on the engagement and ethical conduct of each of the employees in all circumstances.

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

If an employee of the Company believes in good faith that a rule or one of the principles laid down in this Code of Ethics has been or is about to be violated, he or she may inform his or her superior or Ethics & Business Integrity of his or her concerns regarding possible illegal practices or ethical violations. Ethics & Business Integrity investigates the allegations reported, with support from other functions when 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 is committed to protect health, enhance patient life, provide hope and respond to the potential healthcare needs of people around the world. Sanofi works tirelessly to make a difference to patient's lives every day and transform scientific innovations into therapeutic solutions for patients.

As part of Sanofi Group, the Company has a strong set of values that serve as the foundation for its individual and Group performance. Upheld daily by everyone in Sanofi, through involvement, actions and initiatives, all in Sanofi are working for what really matters - Health.

The products manufactured at Sanofi's manufacturing site are approved by the regulatory agencies like Medicines and Healthcare Products Regulatory Agency (MHRA) - United Kingdom, Regierungspräsidium Darmstadt (Germany), Medicines Control Council (MCC) -South Africa, Taiwan Food & Drug Administration (TFDA) - Taiwan, State Administration of Ukraine on Medicinal Products (SAUMP) - Ukraine, Therapeutic Goods Administration (TGA) - Australia, Health Authority - Canada, Pharmaceuticals and Medical Devices Agency (PDMA) - Japan, Agência Nacional de Vigilância Sanitária (ANVISA) - Brazil and Pharmacy & Poisons Board (PPB) - Kenya followed by many regulatory approvals as per Indian Legislation; which endorse the quality and safety of the products manufactured.

Sanofi's Quality Management Organizational structure is established to ensure compliance with Sanofi Quality policy & applicable Good Practices (GxP) for all processes and activities that result in manufacture of world class healthcare products.

In addition, GxP-related materials and equipment are purchased from approved suppliers using pre-defined acceptance criteria, including compliance with technical specifications and quality requirements. The quality awareness of suppliers and subcontractors is critical and is ensured throughout the product lifecycle by implementing Sanofi Quality Management System.

As a commitment towards environmental protection Sanofi discourages the use of Ozone Depletion substances. Industrial sites are free from Chlorofluorocarbons (CFC) compounds in all refrigeration units. All the CFC units are replaced by non-CFC compounds in phased manner. In 2017, the Company implemented rainwater harvesting project, collected more than 2 million litres of water and used in cooling tower as part of water conservation measure. More than 350 meters of Sanofi industrial sites border is developed with trees and drip irrigation is installed for survival of these trees. Also, Ankleshwar site has upgraded Building Management System (BMS) to include all Heating, Ventilation and Air Conditioning (HVAC) under BMS control and thereby optimizing use of steam and chilled water for HVAC application. Solar lights are installed in warehouse thereby reducing electrical requirement to the tune of 33,000 kWh per annum.

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

Sanofi continuously evaluates local and small vendors for different products and services some of whom have become suppliers to Sanofi.

The Company also works on recycling of products and waste. The Ankleshwar site now has a zero discharge waste water treatment facility.

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

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

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

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

The Company has also constituted a 'SAY' Forum (Sanofi & You) with an objective of driving greater engagement with its field force.

As on 31st December 2017, the Company had 3,239 employees. The Company also had 175 people hired on temporary / contractual / casual basis. The women employees constituted about 8% of the Company's total employees.

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

There were no complaints relating to child labour, forced labour or involuntary labour in the financial year ended 31st December 2017.

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 is part of the Directors' Report.

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

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

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

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

Sanofi also engages with Government (for non-communicable diseases) and Not for Profit Organizations to implement programs around the manufacturing sites in Goa (for health check-ups of children). For further details on the projects, please refer the CSR Report for the year 2017 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 takes a multifaceted approach to environmental protection, particularly for energy conservation, water management, 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. As a pharmaceutical Company, it views as important, efforts to both reduce the environmental and health impacts of waste as well as improving resource efficiency.

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

Sanofi has a detailed Health, Safety and Environment policy and program that cover the Company's employees and external partners. These policies and programs focus on water conservation, water recycling, water reuse, indoor air quality, noise protection, energy efficient installations and has ongoing programs on these topics.

Sanofi has identified the potential environment risks and implemented a long term environment strategy which includes water conservation, waste reduction, use of solar energy, wind energy. In 2017, Sanofi has published a long term environment strategy, namely, 'Planet Mobilization', including renewable energy, CO_2 emission reduction, reduction in GHG emission, reduction in water consumption by recycling treated waste water, biodiversity, eco-design and manufacturing, PIE proper use and elimination. All sites celebrated Sanofi World Environment Day during October 2017 with a slogan 'Many Individuals can make a Big Impact'.

Sanofi has a program in place on Clean Development Mechanism. All manufacturing sites of Sanofi in India have Zero Liquid Discharge facility and are reusing treated waste water. The Ankleshwar site also has provision for solar panels and wind mill. As per the directives of State Pollution Control Board (SPCB), sites submit the report regularly. No show cause / legal notices received from Central Pollution Control Board / SPCB are pending (i.e. not resolved to satisfaction) as at the end of the financial year ended 31st December 2017.

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

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

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

The Company is member of the following trade associations:

a) Organization of Pharmaceuticals Producers of India (OPPI)
b) Federation of Indian Chambers of Commerce and Industry (FICCI)
c) Confederation of Indian Industry (CII)
d) Indo French Chamber of Commerce and Industry (IFCCI)

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

a) Access to healthcare

b) Capacity building & Awareness

c) Employee volunteering

The key initiatives under CSR program were:

1. Public Private Partnerships -

   a) KiDS (Kids with Diabetes in Schools) was launched in 2014, with International Diabetes Federation and Public Health Foundation of India. 59,000 children, their parents and 5,000 teachers have been trained through the kit.

   b) In October 2014, Sanofi initiated its 5-year partnership with the Government of Maharashtra to train medical officers, counselors and nurses across its entire Non Communicable Disease cell, to help improve health outcomes for people with Diabetes, Hypertension and Cancer. Posters and hoardings on awareness about Diabetes and Hypertension in the local language help with the Do's and Dont's. Diabetes with dignity, a model for improved Diabetes care in rural communities near Baramati in Pune district in partnership with Chellaram Diabetes Institute and the Public Health Foundation of India.

2. Sustained programs at manufacturing sites to reduce health inequalities -

   Verna, Goa - Annual medical check-ups to monitor the health for children in 12 schools and maintain their medical records.

3. Fun Centers - in three Pediatric wards across India to help children cope with the rigors of treatment.

4. Awareness initiatives on Diabetes, Cardiovascular diseases and training on critical healthcare. The key program of the Company for creating awareness is 'Saath 7' which provides patients with educational material and other resources to teach them how to cope with Diabetes and adapt to the lifestyle that will help them better manage their condition and lead a good quality of life.

5. Employees of Sanofi show solidarity by contributing their time and effort for the development of the communities. Sanofi encourages employees by making 10 hours per year available for volunteering.

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

The direct contribution of the Company to these projects was Rs. 82.9 million in 2017.

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 providing 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

22nd February 2018

ANNEXURE - C TO THE REPORT OF THE DIRECTORS

REPORT ON CORPORATE SOCIAL REPONSIBILITY ACTIVITIES

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

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

The Company will leverage its scientific and operational expertise and resources to improve access to quality healthcare for people. Our CSR strategy aims to address a wide range of access barriers that negatively impact patients' lives.

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

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

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

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

Non-communicable Diseases (NCDs) account for 53% of deaths in India. Treatment cost is almost double for NCDs as compared to other conditions and illnesses. Burden of non-communicable diseases 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 NCD 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.

Currently implemented programs that address NCDs have not been able to reduce the burden due to limited scale of implementation. 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.

The Company has developed programs to address NCDs:

i) **Public Private Partnership (PPP) with the Government of Maharashtra:** The Company has broadened the parameters of its long running Diabetes Patient Counseling Program, 'Saath7'. Under this umbrella, the Company is additionally conducting a PPP in the area of NCDs.

   a. **PPP Launch:** October 2014

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

   c. **Commitment:** Over the next 2 years, the Company will support the Maharashtra State Government in training medical officers, counselors and nurses from NCD cells across all the 35 districts and impact the lives of 103 million people (excluding Mumbai) across Maharashtra; install 6,500 hoardings and posters on patient information in the area of Diabetes and Hypertension in government hospitals across 35 districts.

   d. **PPP impact till December 2017:** Completed training in Module 1 for 311 counselors and nurses in 11 districtsand Module 2 and 3 in 6 districts. Completed training of medical officers in 5 districts. Installed 1,211 hoardings and posters in 255 hospitals / Community Health Centers in 17 districts. Reached out to approx. 20 million people through awareness posters.

ii) **Diabetes with Dignity:** This program is to pilot feasibility and effectiveness of a model for enhanced care of Diabetes Mellitus in adults in a rural community of district Pune, Maharashtra.

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

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

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

It is creating awareness in the community and educates people with diabetes and their caregivers on management of Diabetes and its complications.

It involves community-based organizations in raising awareness of Diabetes and its complications.

The pilot is being conducted in two areas near Baramati. In one area, with the support of ASHAs and the second in an area where ASHA workers do not visit. A clinical assessment of the project at both locations was done at the end of six months. The report for which will be released by April 2018.

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

Impact: Approximately 10,000 children and 1,400 teachers have been trained through the kit in 2017.

iv) **Saath 7**: The aim of the program is to understand the needs of the patients and then communicate relevant information to them and their caregivers using the medium they prefer. After enrolling patients for the six-month program, they are equipped with knowledge, skills, confidence and motivation to take charge of their health. The program, through three home visits and three tele-counseling sessions, covers basics of Diabetes and Hypoglycemia, blood sugar monitoring and review, diet, customized meal planning, exercise and sick day management and foot care advice.

Saath 7 provides patients with educational material and other resources to teach them how to cope with Diabetes and adapt to the lifestyle that will help them manage their condition better and lead a good quality of life.

The education is provided by Diabetes educators.

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

Impact: Counseled approximately 85,000 patients in 2017.

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

Impact: 376 students trained in 2017.

Another area of focus is improving maternal and children health:

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

Reducing health inequalities in Goa:

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

Impact: 4,316 children benefitted in 2017.

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

Impact: 3,000 children benefitted in 2017.

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

Joy in Outreach: www.sanoficsr.in

The Company launched a portal to connect employees and 98 NGOs in Maharashtra. The portal was launched in 2016 as a pilot in Maharashtra and was scaled to other states in 2017.

The Company also supported organizations in their endeavor for advancement of science like basic research, fellowships andphysician education via e-portals.

Composition of the CSR Committee:

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

Average net profit before tax of the Company for the last three financial years: Rs. 3,898 million.

Prescribed CSR expenditure (2% of the amount as above): Rs. 78.0 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 program 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
Non Communicable Diseases						
Public Private Partnership with the Government of Maharashtra	Health	17 districts of Maharashtra	3.0	3.4	13.5	Implementing agencies: Project HOPE, Conexus
Diabetes with Dignity	Health	Pune - Baramati	10.0	8.4	11.4	PHFI (Public Health Foundation of India) and Chellara Diabetes Institute
Saath 7	Health	Pan India	45.1	48.6	132.4	Implementing agencies - Saarthi, Alps
Action Against Diabetes	Health	Pan India	–	–	8.9	Direct
Enhancing skills of students of Cardiology / Cardio-thoracic surgery	Health Education	Pan India	10.0	10.7	15.7	GE Healthcare
Improving maternal and children health						
Reducing health inequalities around Goa and Ankleshwar	Health	Goa	1.0	0.5	3.2	Implementing agencies: SEWA Rural (NGO) Voluntary Health Association of Goa (NGO)

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 program 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
Misc. - Fun Centers, meetings, CSR Film, Award entries, AURED	Health	Chennai	0.5	0.7	4.0	Implementing agencies - OPPI, Bai Jerbai Wadia Hospital
Employee volunteering - Joy in Outreach	Multiple	Pan India	1.0	2.1	6.0	Project Heena
Grants	Health Research	Pan India	10.0	8.5	17.5	Direct
Responding to Humanitarian Emergencies	Others	Supported Nepal and J&K floods in 2015	–	–	4.8	
Total			80.6	82.9	217.4	

Shortfall in CSR spend, if any

There has been no shortfall in the CSR spend. For the financial year ended 31st December 2017, the prescribed CSR expenditure was Rs. 78.0 million and the actual CSR spend was Rs. 82.9 million.

Responsibility statement:

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

For and on behalf of the CSR Committee

RANGASWAMY R. IYER
CHAIRMAN, CSR COMMITTEE
DIN: 00474407

RAJARAM NARAYANAN
MANAGING DIRECTOR
DIN: 02977405

21st February 2018

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 2017:

None

B. Details of material contracts or arrangements or transactions at arm's length basis during the year ended 31st December 2017:

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

Sr. No.	Particulars	Details of Transaction - 1	Details of Transaction - 2
1	Name(s) of the related party & nature of relationship	sanofi-aventis Singapore Pte. Ltd.	Shantha Biotechnics Private Limited (SBPL)
2	Nature of contracts / Arrangements / transaction	Purchase, sale, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services or other obligations, if any, for an amount not exceeding in aggregate Rs.20,000 million in each financial year.	Loan up to Rs.4,450 million
3	Duration of the contracts / Arrangements / transaction	Ongoing	Up to 15th April 2019
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. 10,027 million	Loan to be given to SBPL at interest rate of 9.5% per annum payable quarterly or at such rate of interest as may be mutually decided by the Board of Directors (on the approval of the Audit Committee) and SBPL but not lower than the prevailing yield of Government security closest to the tenure of the loan. The total amount outstanding as on 31st December 2017 was Rs. 4,000 million.
5	Date of approval by the Board	27th February 2017	5th May 2017
6	Amount paid as advances, if any	None	None

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

22nd February 2018

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 December 31, 2017 and forming part of the Directors' Report for the said financial year.

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

Name of Director / KMP	**Designation**	**Ratio of remuneration of each Executive Director / CFO / Company Secretary to median of remuneration of Employees**	**Percentage increase in remuneration (%)**
Dr. Shailesh Ayyangar	Managing Director	24:1	6.0
Mr. Ashwani Sood	Whole Time Director	24:1	12.0
Mr. Rajaram Narayanan	Whole Time Director	57:1	6.0
Mr. Lionel Guerin	Whole Time Director and Chief Financial Officer	12:1	6.0
Mr. Girish Tekchandani	Company Secretary	20:1	8.9

The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Independent Directors' remuneration is therefore not considered for the purpose above.

Non-Executive Directors who are employees of Sanofi group do not receive any sitting fees or commissions.

B. **The percentage increase in the median remuneration of employees in the financial year:** 10%

C. **The number of permanent employees on the rolls of the Company as on 31st December 2017:** 3,239

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 10%.

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

22nd February 2018

ANNEXURE - F TO THE REPORT OF THE DIRECTORS

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

Our Secretarial Audit Report for the Financial Year ended 31st December, 2017, of even date, is to be read along with this letter.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Disclaimer

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

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

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries

S.N.Ananthasubramanian
Partner
FCS No. 4206
C.P No. 1774

14th February 2018
Thane

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st December, 2017

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st December 2017**, 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, 2017** according to the provisions of:

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

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

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

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **To the extent applicable**.

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, 2009 - **Not Applicable as the Company has not issued any securities during the year under review;**

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

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

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

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

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable as the Company has not bought back / proposed to buy-back any of its securities, during the year under review;**

vi. The Company has identified the following laws as specifically applicable to the Company:
   1. Drugs and Cosmetics Act, 1940 & Rules thereto
   2. Drugs and Magic Remedies Act, 1954
   3. Drugs Price Control Order, 2013
   4. Pharmacy Act, 1948
   5. Narcotic Drugs and Psychotropic Substances Act, 1985
   6. Food Safety And Standards Act, 2006

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

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

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

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

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent seven days in advance, 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 the decisions of the Board and Committees thereof were carried through with requisite majority.

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

➢ As informed, the Company has responded to notices for demand, claims, etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever found necessary.

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

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

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries

S.N. Ananthasubramanian
Partner
FCS No. 4206
C.P No. 1774

14th February, 2018
Thane

ANNEXURE - G TO THE REPORT OF THE DIRECTORS

FORM MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST DECEMBER 2017

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Manufacture and sale of pharmaceutical products	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i) Category-wise Share Holding

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	**Indian**									
(a)	Individuals / Hindu Undivided Family	-	-	-	-	-	-	-	-	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)									
	Sub Total (A)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	Bodies Corporate	**13,909,587**	**-**	**13,909,587**	**60.40**	**13,909,587**	**-**	**13,909,587**	**60.40**	**-**
	Sub Total (A)(2)	**13,909,587**	**-**	**13,909,587**	**60.40**	**13,909,587**	**-**	**13,909,587**	**60.40**	**-**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**13,909,587**	**-**	**13,909,587**	**60.40**	**13,909,587**	**-**	**13,909,587**	**60.40**	**-**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	2,749,853	50	2,749,903	11.94	2,873,237	50	2,873,287	12.48	0.54
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	3,352,349	500	3,352,849	14.56	3,091,482	500	3,091,982	13.43	-1.13
(f)	Financial Institutions / Banks	55,898	700	56,598	0.25	64,324	700	65,024	0.28	0.04
(g)	Insurance Companies	508,742	-	508,742	2.21	508,742	-	508,742	2.21	-
(h)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)									
	Sub Total (B)(1)	**6,666,842**	**1,250**	**6,668,092**	**28.95**	**6,537,785**	**1,250**	**6,539,035**	**28.39**	**-0.56**
[2]	**Central Government / State Government(s) / President of India**	**-**	**-**	**-**	**-**	**11,938**	**-**	**11,938**		
	Sub Total (B)(2)	**-**	**-**	**-**	**-**	**11,938**	**-**	**11,938**	**-**	**-**
[3]	**Non-Institutions**									
(a)	**Individuals**									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	969,175	209,840	1,179,015	5.12	974,569	188,342	1,162,911	5.10	-0.02
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	24,373	-	24,373	0.11	61,264	-	61,264	0.27	0.16
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding Drs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	Trusts	392	100	492	-	689	-	689	0.00	-
	Hindu Undivided Family	33,740	100	33,840	0.15	30,855	100	30,955	0.13	-0.01
	Non Resident Indians (Non Repat)	203,293	230	203,523	0.88	203,523	230	203,753	0.88	0.00
	Non Resident Indians (Repat)	19,047	50	19,097	0.08	23,228	50	23,278	0.10	0.02
	Directors Relatives PAC	-	-	-	-	-	-	-	-	-

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Overseas Bodies Corporates	500	-	500	-	500	-	500	-	-
	Clearing Member	3,906	-	3906	0.02	4,550	-	4,550	0.02	-
	Bodies Corporate	986,945	1252	988,197	4.29	1,081,010	1,152	1,082,162	4.70	0.41
	Sub Total (B)(3)	**2,241,371**	**211,572**	**2,452,943**	**10.65**	**2,380,188**	**189,874**	**2,570,062**	**11.21**	**0.56**
	Total Public Shareholding (B) = (B)(1) + (B)(2) + (B)(3)	**8,908,213**	**212,822**	**9,121,035**	**39.60**	**8,929,911**	**191,124**	**9,121,035**	**39.60**	**-**
	Total (A)+(B)	**22,817,800**	**212,822**	**23,030,622**	**100.00**	**22,839,498**	**191,124**	**2,3030,622**	**100.00**	**-**
(C)	**Non Promoter - Non Public**									
[1]	Custodian / DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**22,817,800**	**212,822**	**23,030,622**	**100.00**	**22,839,498**	**191,124**	**2,3030,622**	**100.00**	**-**

ii) Shareholding of Promoters

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

iii) Change in Promoters' Shareholding

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

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

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	**BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE FRONTLINE EQUITY FUND**	**578,800**	**2.5132**			**578,800**	**2.5132**
	Transfer			31/12/2016	57,000	635,800	2.7607
	Transfer			20/01/2017	-4,900	630,900	2.7394
	Transfer			03/02/2017	-517	630,383	2.7372
	Transfer			10/02/2017	-250	630,133	2.7361
	Transfer			17/02/2017	-495	629,638	2.7339
	Transfer			17/03/2017	-2,476	627,162	2.7232
	Transfer			24/03/2017	-2,524	624,638	2.7122
	Transfer			14/04/2017	-11,697	612,941	2.6614
	Transfer			21/04/2017	11,800	624,741	2.7127
	Transfer			28/04/2017	-418	624,323	2.7108
	Transfer			12/05/2017	-11,289	613,034	2.6618
	Transfer			19/05/2017	-1,280	611,754	2.6563
	Transfer			26/05/2017	-1,555	610,199	2.6495
	Transfer			02/06/2017	-2,096	608,103	2.6404
	Transfer			09/06/2017	-4,269	603,834	2.6219
	Transfer			14/07/2017	-5,000	598,834	2.6002
	Transfer			11/08/2017	-829	598,005	2.5966
	Transfer			01/09/2017	50,000	648,005	2.8137
	Transfer			08/09/2017	-276	647,729	2.8125
	Transfer			15/09/2017	2,076	649,805	2.8215
	Transfer			24/11/2017	20,130	669,935	2.9089
	Transfer			01/12/2017	10,000	679,935	2.9523
	Transfer			08/12/2017	45,000	724,935	3.1477
	Transfer			15/12/2017	25,000	749,935	3.2563
	Transfer			29/12/2017	4,000	753,935	3.2736
	AT THE END OF THE YEAR					**753,935**	**3.2736**
2	**ABERDEEN GLOBAL INDIAN EQUITY LIMITED**	**964,584**	**4.1883**			**964,584**	**4.1883**
	Transfer			11/08/2017	-14,407	950,177	4.1257
	Transfer			18/08/2017	-229	949,948	4.1247
	Transfer			29/09/2017	-89,898	860,050	3.7344
	Transfer			08/12/2017	-97,766	762,284	3.3099
	Transfer			15/12/2017	-52,234	710,050	3.0831
	Transfer			22/12/2017	-13,280	696,770	3.0254
	Transfer			29/12/2017	-5,508	691,262	3.0015
	AT THE END OF THE YEAR					**691,262**	**3.0015**

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
3	**UTI-MASTERSHARE UNIT SCHEME**	**612,430**	**2.6592**			**612,430**	**2.6592**
	Transfer			20/01/2017	4,878	617,308	2.6804
	Transfer			03/03/2017	-164	617,144	2.6797
	Transfer			10/03/2017	8,408	625,552	2.7162
	Transfer			17/03/2017	8,643	634,195	2.7537
	Transfer			24/03/2017	-2,899	631,296	2.7411
	Transfer			31/03/2017	-86	631,210	2.7407
	Transfer			07/04/2017	-1,800	629,410	2.7329
	Transfer			21/04/2017	-1,518	627,892	2.7263
	Transfer			21/07/2017	313	628,205	2.7277
	Transfer			28/07/2017	1,450	629,655	2.7340
	Transfer			15/09/2017	3,762	633,417	2.7503
	Transfer			06/10/2017	-822	632,595	2.7468
	Transfer			13/10/2017	2,965	635,560	2.7596
	Transfer			20/10/2017	35	635,595	2.7598
	Transfer			22/12/2017	-50	635,545	2.7596
	AT THE END OF THE YEAR					**635,545**	**2.7596**
4	**PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED**	**603,427**	**2.6201**			**603,427**	**2.6201**
	AT THE END OF THE YEAR					**603,427**	**2.6201**
5	**FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA HIGH GROWTH COMPANIES FUND**	**325,000**	**1.4112**			**325,000**	**1.4112**
	Transfer			13/01/2017	100,000	425,000	1.8454
	Transfer			20/01/2017	25,000	450,000	1.9539
	Transfer			10/02/2017	30,000	480,000	2.0842
	Transfer			31/03/2017	-5,000	475,000	2.0625
	Transfer			07/04/2017	-264	474,736	2.0613
	Transfer			28/04/2017	7,532	482,268	2.0940
	Transfer			05/05/2017	232	482,500	2.0950
	Transfer			07/07/2017	25,001	507,501	2.2036
	Transfer			21/07/2017	4,999	512,500	2.2253
	Transfer			11/08/2017	5,000	517,500	2.2470
	Transfer			18/08/2017	332	517,832	2.2484
	Transfer			25/08/2017	2,168	520,000	2.2579
	Transfer			01/09/2017	10,000	530,000	2.3013
	Transfer			15/09/2017	85	530,085	2.3017
	Transfer			20/10/2017	212	530,297	2.3026
	Transfer			27/10/2017	3,203	533,500	2.3165
	Transfer			03/11/2017	19,000	552,500	2.3990

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			15/12/2017	32,500	585,000	2.5401
	AT THE END OF THE YEAR					**585,000**	**2.5401**
6	**HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**	**268,035**	**1.1638**			**268,035**	**1.1638**
	Transfer			06/01/2017	-18	268,017	1.1637
	Transfer			13/01/2017	7,408	275,425	1.1959
	Transfer			20/01/2017	199	275,624	1.1968
	Transfer			03/02/2017	10,000	285,624	1.2402
	Transfer			10/02/2017	70,383	356,007	1.5458
	Transfer			17/02/2017	-780	355,227	1.5424
	Transfer			24/02/2017	71,325	426,552	1.8521
	Transfer			03/03/2017	4,205	430,757	1.8704
	Transfer			10/03/2017	11	430,768	1.8704
	Transfer			17/03/2017	28,570	459,338	1.9945
	Transfer			24/03/2017	4,000	463,338	2.0118
	Transfer			31/03/2017	6,073	469,411	2.0382
	Transfer			07/04/2017	18,879	488,290	2.1202
	Transfer			19/05/2017	-702	487,588	2.1171
	Transfer			16/06/2017	-430	487,158	2.1153
	Transfer			23/06/2017	-988	486,170	2.1110
	Transfer			30/06/2017	574	486,744	2.1135
	Transfer			07/07/2017	-12	486,732	2.1134
	Transfer			14/07/2017	-47	486,685	2.1132
	Transfer			21/07/2017	-1,291	485,394	2.1076
	Transfer			28/07/2017	858	486,252	2.1113
	Transfer			04/08/2017	-52	486,200	2.1111
	Transfer			11/08/2017	-1,583	484,617	2.1042
	Transfer			22/09/2017	26	484,643	2.1043
	Transfer			06/10/2017	443	485,086	2.1063
	Transfer			13/10/2017	5,200	490,286	2.1288
	Transfer			20/10/2017	64	490,350	2.1291
	Transfer			03/11/2017	-72	490,278	2.1288
	Transfer			17/11/2017	103	490,381	2.1293
	Transfer			01/12/2017	29	490,410	2.1294
	Transfer			08/12/2017	-889	489,521	2.1255
	Transfer			15/12/2017	-1,363	488,158	2.1196
	Transfer			22/12/2017	-576	487,582	2.1171
	Transfer			29/12/2017	-2,987	484,595	2.1041
	Transfer			31/12/2017	-15,184	469,411	2.0382
	AT THE END OF THE YEAR					**484,595**	**2.1041**

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
7	**RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCEPHARMA FUND**	**454,421**	**1.9731**			**454,421**	**1.9731**
	Transfer			13/01/2017	-190,510	263,911	1.1459
	Transfer			17/02/2017	10,512	274,423	1.1916
	Transfer			03/03/2017	-10,000	264,423	1.1481
	Transfer			10/03/2017	-2,000	262,423	1.1395
	Transfer			17/03/2017	-4,000	258,423	1.1221
	Transfer			31/03/2017	-5,216	253,207	1.0994
	Transfer			23/06/2017	15,000	268,207	1.1646
	Transfer			14/07/2017	1,270	269,477	1.1701
	Transfer			28/07/2017	2,350	271,827	1.1803
	Transfer			04/08/2017	4,454	276,281	1.1996
	Transfer			11/08/2017	20,538	296,819	1.2888
	Transfer			18/08/2017	5,000	301,819	1.3105
	Transfer			15/09/2017	3,220	305,039	1.3245
	Transfer			29/09/2017	96,179	401,218	1.7421
	Transfer			06/10/2017	68,000	469,218	2.0374
	Transfer			08/12/2017	10,000	479,218	2.0808
	AT THE END OF THE YEAR					**479,218**	**2.0808**
8	**ABERDEEN GLOBAL-ASIAN SMALLER COMPANIES FUND**	**360,163**	**1.5638**			**360,163**	**1.5638**
	Transfer			05/05/2017	48,559	408,722	1.7747
	Transfer			12/05/2017	11,441	420,163	1.8244
	Transfer			15/12/2017	-4,298	415,865	1.8057
	Transfer			22/12/2017	-7,554	408,311	1.7729
	Transfer			29/12/2017	-389	407,922	1.7712
	AT THE END OF THE YEAR					**407,922**	**1.7712**
9	**LIFE INSURANCE CORPORATION OF INDIA**	**403,230**	**1.7508**			**403,230**	**1.7508**
	AT THE END OF THE YEAR					**403,230**	**1.7508**
10	**SBI MAGNUM MIDCAP FUND**	**210,000**	**0.9118**			**210,000**	**0.9118**
	Transfer			04/08/2017	10,818	220,818	0.9588
	Transfer			11/08/2017	4,182	225,000	0.9770
	Transfer			15/12/2017	44,915	269,915	1.1720
	AT THE END OF THE YEAR					**269,915**	**1.1720**
11	**THE INDIA FUND INC**	**260,000**	**1.1289**			**260,000**	**1.1289**
	Transfer			06/01/2017	-52,030	207,970	0.9030
	Transfer			29/12/2017	-5,113	202,857	0.8808
	AT THE END OF THE YEAR					**202,857**	**0.8808**

v) Shareholding of Directors and Key Managerial Personnel

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

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In Rs. million)

Particulars of Remuneration	Name of the Director				Total Amount
	Dr. Shailesh Ayyangar **Managing Director**	**Mr. Lionel Guerin** **Chief Financial Officer and Whole Time Director**	**Mr. Rajaram Narayanan** **Whole Time Director**	**Mr. Ashwani Sood** **Whole Time Director**	
Gross salary Salary as per provisions contained in Section17(1) of the Income-tax Act, 1961	14.7	6.8	29.9	12.5	63.9
Value of perquisites under section 17(2) Income-tax Act, 1961	13.0	10.3	13.9	4.0	41.2
Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-	-	-	-
Stock Option	-	-	-	-	-
Sweat Equity	-	-	-	-	-
Commission - as % of profit - others, specify	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (A)	**27.7**	**17.1**	**43.8**	**16.5**	**105.1**
Ceiling as per the Act	Rs. 514.6 million being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013				

B. Remuneration to other directors

Independent Directors

(In Rs. million)

Particulars of Remuneration	Name of the Director					Total Amount
	Mr. Aditya Narayan	**Mr. Subhash R. Gupte**	**Mr. A.K.R. Nedungadi**	**Mr. Rangaswamy R. Iyer**	**Ms. Usha Thorat**	
Fee for attending Board / Committee meetings	0.3	0.7	0.5	0.8	0.6	2.9
Commission	*	*	*	*	*	*
Others, please specify	-	-	-	-	-	-
Total B(1)	**0.3**	**0.7**	**0.5**	**0.8**	**0.6**	**2.9**

* Pursuant to the approval of the shareholders at the AGM of the Company held on 29th April 2014, the Independent Directors also receive commission on the net profits of the Company as may be determined by the Board of Directors from time to time, subject to a ceiling of one per cent of the net profits of the Company. The commission payable for the year 2017 has not yet been approved by the Board.

Other Non-Executive Directors

(In Rs. million)

Particulars of Remuneration	Name of the Director					Total Amount
	Mr. Cyril Grandchamp-Desraux	**Mr. Jerome Silvestre**	**Mr. Francois Briens**	**Mr. Patrick Chocat**	**Mr. Thomas Rouckout**	
Fee for attending Board / Committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-
Total B(2)	-	-	-	-	-	-
Total(B)=(B1+B2)						**2.9**
Total Managerial Remuneration						**108.0**
Overall Ceiling as per the Act	Rs. 566.1 million (being 11% of the Net Profit of the Company as calculated as per Section 198 of the Companies Act, 2013)					

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

(In Rs. million)

Particulars of Remuneration	Key Managerial Personnel Mr. Girish Tekchandani Company Secretary
Gross salary Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961 Value of perquisites under section 17(2) Income-tax Act,1961 Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	 11.2 0.8 -
Stock Option	-
Sweat Equity	-
Commission - as % of profit - others, specify	 -
Others, please specify	-
Total	**12.0**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

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

By Authority of the Board

ADITYA NARAYAN
CHAIRMAN
DIN: 00012084

22nd February 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The Indian Pharmaceutical Market has been witnessing double digit growth over the last five years. However, the growth showed down last year to adjust for interventions such as demonetization and the introduction of the new GST structure. For the year ended 31st December 2017 IMS estimates that the Indian Pharmaceutical Market size is at nearly Rs. 1,200 billion growing at 5.4% over the previous year. The market is expected to return to higher growth and the IMS Prognosis Report September 2017 projects the market growth at ~9% (+/-3%) per annum over the next five years. This growth will be driven by factors such as improving healthcare access, increasing awareness around non-communicable diseases, rapid urbanization and expansion of insurance coverage.

Branded generics which constitute over 80% of the market in value terms will continue to play a significant role. However traditional business models will be challenged in the content of price controls, stricter regulations on marketing practices and emergence of digital alternatives.

The leading Indian companies are increasing their Research and Development (R&D) spend, although for most of the industry, R&D will continue to focus on expanding traditional generic portfolios. A small number of companies are conducting innovative research, while others are developing bio-similars and added-value products. Multinationals are also investing in Indian R&D.

In March 2017, the Government of India approved the National Health Policy 2017. It aims at achieving universal health coverage and delivering affordable and quality healthcare services to all. The policy advocates a positive and proactive engagement with the private sector to fill critical gaps in achieving national goals. It envisages private sector collaboration for strategic purchasing, capacity building, skill development programs, awareness generation, developing sustainable networks for the community to strengthen mental health services and disaster management. The policy proposes to raise public health expenditure to 2.5% of the GDP in a time-bound manner. Upon its implementation, the policy is likely to boost the pharmaceutical industry in India and bring essential healthcare to more and more people in India.

In August 2017, Government of India issued a draft Pharmaceutical Policy 2017, for stakeholder opinion. The draft pharma policy makes an attempt to streamline the system of manufacturing and marketing of medicines to achieve the primary goals of the health policy - universal health coverage and delivery of quality health care services to all at affordable costs. Various companies and industry associations have given their suggestions to the Government of India on implementation of those proposals.

The industry continues to face challenges on account of price controls, which were expanded significantly with the implementation of the Drug Price Control Order 2013 (DPCO), and their scope was increased further following the updates of the National List of Essential Medicines (NLEM).

In one of India's biggest tax reforms, a comprehensive Goods and Services Tax (GST) has replaced the complex multiple indirect tax structure from 1st July 2017. During the implementation of GST, the operations of the Company were temporarily impacted due to down stocking in the trade channels in anticipation of GST regime. The introduction of GST is also expected to bring changes in pharmaceutical distribution. The outcome is likely to result in some consolidation of distribution points and emergence of large distributors and warehouses catering to multiple states.

The Uniform Code of Pharmaceutical Medical Practices (UCPMP), which is currently a voluntary code promulgated by the Department of Pharmaceuticals to implement ethical marketing practices, is expected to become mandatory. Your Company is already following strict guidelines with regard to ethical dealings with Healthcare Professionals (HCPs), and welcomes this initiative in the overall interest of the image of your industry and for the benefit of patients.

Financial Performance

During the year ended 31st December 2017, your Company registered Revenue from Operations of Rs. 24,914 million as against Rs. 24,197 million in the previous year, representing a growth of 3.0%.

Net revenue from India, which constituted 74% of Net Revenue from Operations, increased from Rs.17,796 million in 2016 to Rs.18,345 million in 2017, reflecting a growth of 3.1%.

Exports revenue, which contributed 26% of Net Revenue from Operations, increased from Rs. 6,401 million in 2016 to Rs. 6,569 million in 2017, representing a growth of 2.6%.

Profit before Tax increased from Rs. 4,804 million to Rs. 5,146 million, a growth of 7%.

The Profit after Tax increased from Rs. 3,042 million to Rs. 3,260 million, a growth of 7% for the year ended 31st December 2017.

Beginning 1st January 2017, the Company has for the first time adopted Ind AS with transition date of 1st January 2016. Financial statements for the year ended 31st December 2016 have been restated to give comparative figures to the financial statements for the year ended 31st December 2017.

Operating Performance

Indian Pharmaceuticals Market

Your Company is amongst the leading multinational companies in the Indian Pharmaceutical Market. It offers a wide array of medicines for therapy areas such as Diabetes, Cardiology, Thrombosis, Central Nervous System and Antihistamines.

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

In Indian markets, your Company ranks at number 18 as per IMS TSA MAT December 2017 and enjoys a market share of over 1.7%. Four products of your Company viz. Lantus®, Combiflam®, Amaryl® and Allegra® feature in the top 100 pharmaceutical brands in India.

Given below are the key operational highlights of key therapeutic areas in India. The value and volume growths mentioned are as per IMS TSA MAT December 2017.

Diabetes

As per the latest International Diabetes Federation estimation, India ranks second in terms of patient load with 73 million adults with Diabetes. Your Company strives to improve lives of patients with Diabetes, by offering a range of quality medicines and patient support. Your Company is among the leading companies in Diabetes care with a significant presence in Insulins and oral anti diabetic drugs. Our flagship brands like Lantus® and Amaryl®, touch lives of nearly 2 million people in India, who are diagnosed with Diabetes.

The insulin portfolio has continued to grow double digits with its presence in Basal and Premix categories. The oral anti-diabetic drug portfolio has continued to grow with an established brand like Amaryl® aided by the strong performance of the line extensions like Amaryl® M and Amaryl® MV.

Sanofi has always focused on high quality scientific interactions with HCPs, sharing the latest updates in the management of Diabetes, and driving awareness & diagnosis through meetings, symposia and national conferences. A series of medical education programs aimed at informing physicians on appropriate and early Basal insulin initiation were conducted. A series of symposia were also conducted on building conviction on the superiority and safety of modern Sulphonylureas and their continued relevance in the treatment of Diabetes.

Lantus® grew by 24% in value terms. It continues to be the number 1 brand in the Basal analog insulins market. Lantus® won the prestigious AWACS AIOCD 'Unbroken Winning Streak award' for consistently winning 'Brand of the year' Marketing Excellence award for 3rd time in a row.

Insuman® cartridges grew at 19% in value terms and Apidra® grew at 23% in value terms.

Allstar™ pens, indigenously manufactured by your Company, have helped initiation of patients on the insulin portfolio. Around 240,000 pens have been given free of cost to help initiation and reduce overall cost of therapy to the patient.

Amaryl® group continued to grow in value terms by 17%, strongly supported by Amaryl M (21%), Amaryl MV (40%).

Cardiology

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

In 2017, your Company conceptualized and executed key initiatives like 'The Month of Measurement' in collaboration with Indian Society of Hypertension along with skill building workshops for DM Cardiology students in collaboration with GE. In addition to the earlier modules (ECG / ECHO / TEE workshops) advance ECHO and Fetal ECHO were also introduced.

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

Hospitals

Your Company is present in Thrombosis and high-end injectable anti-infective categories.

Clexane® continues to be the trusted brand of Anticoagulants by retaining the number 1 position in Indian market despite 2017 being a highly challenging year due to the full year impact of price cuts imposed by DPCO. Your Company has been continuously working towards the key strategic objective of improving the awareness for risk of Deep Vein Thrombosis (DVT) and adherence to guideline based practices, via the SEAD initiative (Sharing Expertise in mAnaging Thrombotic Disorders).

SEAD is primarily aimed at improving patient care in the country by bridging gaps in current clinical practices by partnering with subject matter experts from India and Royal College of Physicians, London. As part of the SEAD initiative, your Company is engaged with key thought leaders from leading hospitals across the country to come together and deliberate upon the regional challenges faced by them and their peers in implementing DVT protocols. This platform was enriched by participation from global experts to disseminate globally adopted best practices in managing the menace of DVT and its associated complications. Your Company is also working towards releasing guidance document basis learnings from SEAD platform over the last few years to help establish DVT protocols among Indian hospitals. Your Company also conducted a series of other scientific medical symposia to improve the awareness for risk of DVT.

Targocid® is a high end antibiotic used in critically ill patients with resistant gram positive infections and is the number 1 brand in this category. Your Company has been promoting the appropriate usage of antibiotics as per the guidelines of World Health Organisation through its platform IDEAS (right Initiation, Duration and Expertise for AntimicrobialS). Through this platform, your Company reached out to almost 150 hospitals with over 5,000 interfaces both face-to-face and digitally.

CNS

In the anti-epilepsy market, Frisium® grew 12% in volumes post the DPCO mandated price cut in 2016. Add-on registry was rolled out in 40 centers across India to generate long-term Indian data on Frisium® in epilepsy. One of the successful initiatives of your Company is 'Seizure Free India' campaign, running successfully for over nine years. It aims at increasing awareness of epilepsy at patient level and its management with the support of HCPs. Your Company has also conducted a number of scientific programs aimed at bringing latest updates on recent advances in the management of epilepsy to neurologists.

Consumer Healthcare

Your Company acquired the Nutraceutical portfolio of Universal Medicare in 2011. In 2017, your Company restructured this business and created four verticals i.e. Vitamins, Minerals & Supplements (VMS); Pain relief; and Allergy, Cough & Cold in order to have strategic focus on key brands like Collaflex®, FreeFlex™, DePURA by Sanofi™, E Cod Plus®, Multivite Gold® in VMS, Combiflam® in Pain relief, Allegra® group in Allergy, Cough and Cold.

Collaflex Pro® has grown 23% in value terms by driving the concept of long term joint health through scientific programs such as Knee Academy.

Your Company conducted an International Speaker Program (ISP) webcast on recent advances in tocotrienols in association with American Association of Physicians of Indian Origin (AAPI). Webcast saw eminent panelists from areas of Orthopedics, Cardiology and Endocrinology discussing the role of tocotrienols (E Cod Plus®) in different clinical scenarios.

Primosa® registered a value growth of 4% by driving disease awareness programs called Speak-Up around premenstrual syndrome in clinics.

DePura by Sanofi™ registered a value growth of 49% and saw an important trial published in Journal of Pediatric endocrinology and metabolism. The trial proved that DePura by Sanofi™ consumption resulted in 34% higher rise in serum Vitamin D3 levels and 100% subjects on DePura by Sanofi™ achieved sufficiency. Your Company conducted D-conclave panel discussions throughout India for roll out of this study. DePura by Sanofi™ is ranked 5th in the plain Vitamin D market.

In August 2017, the first OTC extension of the iconic brand Combiflam® was launched in the topical pain care space with the name Combiflam Icy Hot™. In order to capture consumer mind share in the self-medication space, Combiflam Icy Hot™ was also promoted on TV, digital media, print media and outdoors. The brand has already started to show a positive trend in the market from trade as well as consumers.

Combiflam® group declined 5% in value terms and is now the third largest brand in the Non-steroidal Anti-inflammatory Drugs (NSAID) market.

Allegra® is the number 1 antihistamine brand in the Indian pharmaceuticals market. In the year 2017, Allegra® group grew in value terms by 10%.

As a developing economy, India continues to witness increasing allergies due to various reasons and there are diverse specialties of doctors working to treat and manage allergies - ENTs, Chest Physicians, Dermatologists, Pediatricians, Consulting Physicians, General Practitioners. As a leader, your Company took charge to establish Indian consensus on managing allergic rhinitis and urticaria. Your Company partnered with global health experts and organizations to conduct multi-city scientific symposia to disseminate latest research and global guidelines in allergy management. More than 5,000 doctors were a part of this initiative and got updated with latest guidelines.

Pollution is one of the leading causes of increasing allergies. 10 out of the top 20 most polluted cities of world are in India. Your Company stepped up to address this larger cause and launched #ReSolutionAgainstPollution - a strong, multi-touchpoint campaign aimed at doctors, pharmacists and patients. To increase awareness, two walkathons were organized in the National conference of ENT and Chest specialty - attended by more than 6,000 doctors. Your Company further highlighted its commitment towards the cause of pollution by partnering with doctors and an NGO to plant over 7,500 non-allergic trees. In order to highlight the subject of pollution and its impact on allergies to consumers, your Company partnered with the national TV news channel Times Now and conducted an expert panel discussion reaching to ~1 million viewers.

Exports

During the year ended 31st December 2017, the Company exported its products to 51 countries, with Germany, Australia, UK, Russia, Czech Republic and Italy ranking as the main markets.

The key products exported by the Company in terms of formulations are, Paracetamol and Codeine tablets, Metformin tablets, Festal Dragees, and API's namely Pentoxyfylline and Articaine HCL.

During the year ended 31st December 2017, exports revenue contributed 26% of Net Revenue from Operations.

Manufacturing Operations

In 2017, Sanofi continued to upgrade and strengthen manufacturing capacities and operations supporting Indian and global markets. More than 900 employees working at Ankleshwar and Goa plants ensured compliance with High Quality standards. Capacity was increased through automated system for granulation, compression, packaging lines as well as upgradation was done by replacement of existing machinery with state of art and high-speed lines. Dual sourcing strategy was implemented in order to leverage the industrial footprint in India across sites and strategically allow sites to be back-ups for each other. Such robust site network will provide the additional flexibility for domestic volumes as well as higher exports volumes. To compliment higher volumes, warehouse and quality building remodeling are currently ongoing at Ankleshwar facility. Manufacturing sites have been gearing up for the serialization of packaging for European markets in 2019. The necessary investments have been initiated and the project will be implemented by end of the year 2018.

Sanofi sites manufacture products with the stringent global quality guidelines. The site holds various GMP accreditations as well as was recertified for important regulatory agencies viz. US-FDA (for Chemistry), MHRA, Australia - TGA, state FDA, Russian MOH, NAFDAC, ANSM and EDQM. Successful Japanese Inspection (PDMA) and Russian Inspection were completed at Ankleshwar Chemistry site.

In Chemistry & Bio-Chemistry Development center at Ankleshwar, pilot plant was upgraded with new infrastructure, technologies and equipment. The site is now better equipped, with resources in lab scale synthesis, pilot plant scale production of intermediates which is required for new chemical entities / new molecular entities.

Sanofi's manufacturing capabilities have delivered combine volumes of 10.5 billion galenic units of tablets and other dosage forms. Approx. 300 tons of API and intermediates were delivered in 2017. As a part of Sanofi Manufacturing System (SMS), Fit4future productivity initiatives were launched, successfully implemented and extended at Ankleshwar site. Manufacturing facilities have successfully embraced SMS and Fit4future principles to integrate the productivity into their way of working. Ankleshwar and Goa sites have also launched Quality focused improvement programs.

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

Medical Affairs

In 2017, the Medical Affairs team, in collaboration with the Clinical Study Unit, Publications, Quality, and Marketing and Sales teams, undertook several initiatives that successfully enhanced the scientific reputation of the organization.

The Medical Affairs team coordinated with experts in preparing simple modules to educate physicians on 'Insulin initiation through LINK' advisory board and train the trainer meets. The team has also initiated a large epidemiology study called LANDMARC to generate evidence on the prevalence, and progression of Diabetes and impact of glycemic control on occurrence of complications.

There were several prelaunch initiatives conducted along with the team of field based regional medical team in preparation for a successful launch of the next generation insulin glargine - Toujeo™ in India including international speaker programs, advisory meets and one on one interactions by medical team with more than 600 doctors.

The Medical Affairs team conducted high quality scientific activity to enhance your Company's image in 5 major therapy areas viz. Thrombosis, Cardiology, Neurology, Transplantation and Orthopedics.

The Medical Affairs team also conducted educational programs for Kidney Transplant physicians through CMEs and International Speaker Programs. The medical team during the national congress ISNCON 2017 released a book, published by springer and edited and authored by international and national physicians on 'Defining Risk of Acute Rejection in Renal Transplantation'. A registry was conceptualized and initiated by your Company in 2017 (RISE Registry). This will generate long-term, real-world outcome data in patients undergoing kidney transplantation in India.

Human Resources

Your Company had 3,239 employees as on 31st December 2017.

The overall industrial relations atmosphere continued to be cordial.

Negotiations are continuing with internal Union representing the Medical Representatives on their Charter of Demands as the earlier settlement had expired in March 2016. Negotiations are continuing with the Union representing the workmen in the Goa factory on their Charter of Demands as the earlier settlement had expired in March 2014. The Charter of Demands has been signed with the Union representing the workmen in the Ankleshwar factory in 2017. The wage settlement will be in force till 30th June 2019.

Internal Audit and Control

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

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

Opportunities and Risks

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

1. Increasing affordability among the fast growing middle class coupled with improving medical infrastructure and rising insurance penetration
2. Better diagnosis of chronic, non-communicable diseases (like cardiovascular diseases, respiratory diseases and type-2 Diabetes).
3. New product launches
4. Growth in the hospital segment with continuing expansion of the corporate hospitals groups, especially in the metro cities.

On operational side, there is large opportunity to have more efficiency in the distribution and supply chain management after implementation and stabilization of GST.

The business of your Company is also exposed to few risks.

In past few years, the Government of India has made frequent changes in the drug pricing and other laws impacting the operations of the Company. Further adverse changes in government policies with respect to essential medicines and pricing with respect to the products may reduce margins of the Company.

The proposed Pharmaceutical Policy, 2017 has stricter requirements and compliances which will require the Company to change some of its processes. This may enhance the cost of operations.

The proposal on prescription of products only by generic name, without mentioning the brand name may change the way the pharmaceutical products are promoted in India. In case of implementation of this proposal, the Company will have to rework its promotional strategies.

Outlook

Due to the price cuts on various products, and temporary impact of demonetization & GST, the growth of Indian Pharmaceutical Market was muted in the year 2017. The markets research reports indicate that that the Indian Pharmaceuticals Market will continue to grow at ~9% (+/-3%) per annum over the next 5 years.

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

Your Company will continue to work on productivity enhancement and efficiencies in supply chain management.

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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations).

Board of Directors

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

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

The details of the Directors during the financial year ended 31st December 2017 are given below:

Name	Category	No. of Directorships / Committee Memberships / Chairmanships (Including Sanofi India Limited) as on 31st December, 2017				
		Directorships[1] under Section 165			Committee Memberships[2]	Committee Chairmanships[2]
		Public Companies		Private and Section 8 Companies		
		Listed	Unlisted			
Mr. Aditya Narayan	Independent Director and Chairman	4	-	-	4	2
Dr. Shailesh Ayyangar	Managing Director [Non-Executive Director from 1st January 2018]	1	1	5	2	-
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	Independent Director	3	-	-	3	1
Mr. Rangaswamy R. Iyer	Independent Director	1	1	3	2	-
Mr. Subhash R. Gupte [Up to 31st December 2017]	Independent Director	1	1	2	2	2
Ms. Usha Thorat	Independent Director	1	2	1	3	-
Mr. Cyril Grandchamp-Desraux [From 27th February 2017]	Non-Executive Director	1	-	-	-	-
Mr. Francois Briens [Up to 5th May 2017]	Non-Executive Director	Note 3	Note 3	Note 3	Note 3	Note 3
Mr. Jerome Silvestre [Up to 26th February 2017]	Non-Executive Director	Note 3	Note 3	Note 3	Note 3	Note 3
Mr. Patrick Chocat [Up to 26th February 2017]	Non-Executive Director	Note 3	Note 3	Note 3	Note 3	Note 3
Mr. Thomas Rouckout [From 27th February 2017]	Non-Executive Director	1	-	-	-	-
Mr. Ashwani Sood	Whole Time Director	1	-	-	-	-

Name	Category	No. of Directorships / Committee Memberships / Chairmanships (Including Sanofi India Limited) as on 31st December, 2017				
		Directorships[1] under Section 165			Committee Memberships[2]	Committee Chairmanships[2]
		Public Companies		Private and Section 8 Companies		
		Listed	Unlisted			
Mr. Lionel Guerin	Whole Time Director and CFO	1	-	3	1	-
Mr. Rajaram Narayanan	Whole Time Director [Managing Director from 1st January 2018]	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 2017, whether listed or not, including Sanofi India Limited.
3. Ceased to be Directors during the year. Year-end disclosure was not required.

As of 31st December 2017, none of the Directors of the Company hold shares in the Company.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act) and Listing Regulations.

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

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

Board Meetings

During the year ended 31st December 2017, five Board Meetings were held on 27th February 2017, 5th May 2017, 19th July 2017, 31st October 2017 and 15th December 2017.

Attendance details of each Director at the Board Meetings during the financial year ended 31st December 2017 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 5th May 2017
Mr. Aditya Narayan	5	5	Yes
Dr. Shailesh Ayyangar	5	5	Yes
Mr. A. K. R. Nedungadi	5	4	Yes
Mr. Rangaswamy R. Iyer	5	5	Yes
Mr. Subhash R. Gupte	5	5	Yes
Ms. Usha Thorat	5	4	Yes
Mr. Cyril Grandchamp-Desraux	4	3	Yes
Mr. Francois Briens	2	1	No
Mr. Thomas Rouckout	4	1	No
Mr. Ashwani Sood	5	5	Yes
Mr. Lionel Guerin	5	5	Yes
Mr. Rajaram Narayanan	5	4	No

Mr. Subhash R. Gupte was the Chairman of the Audit Committee and Stakeholders Relationship Committee till 31st December 2017. He was present at the last Annual General Meeting of the Company.

Audit Committee

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

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

During the year ended 31st December 2017, four Audit Committee Meetings were held on 27th February 2017, 3rd May 2017, 19th July 2017 and 30th October 2017.

The constitution of the Audit Committee and attendance details during the financial year ended 31st December 2017, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Subhash R. Gupte [Up to 31st December 2017]	Chairman of the Committee; Independent Director	4	4
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	Member, Independent Director	4	3
Mr. Rangaswamy R. Iyer	Member, Independent Director	4	4
Ms. Usha Thorat	Member, Independent Director [Chairperson from 1st January 2018]	4	2
Dr. Shailesh Ayyangar	Member, Managing Director [Non-Executive Director from 1st January 2018]	4	4

The Company Secretary acts as Secretary to the Committee.

Nomination & Remuneration Committee

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

The terms of reference of the Committee include:

1. Formulation of the remuneration policy, for the Directors, Key Managerial Personnel and other employees

2. Formulation of criteria for evaluation of Independent Directors and the Board

3. Devising a policy on Board diversity

4. Identifying persons for Board and senior management positions.

During the year ended 31st December 2017, five Nomination and Remuneration Committee Meetings were held on 16th February 2017, 3rd May 2017, 19th July 2017, 30th October 2017 and 15th December 2017.

Constitution of the Nomination and Remuneration Committee and attendance details during the financial year ended 31st December 2017, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Subhash R. Gupte [Up to 31st December 2017]	Chairman of the Committee; Independent Director	5	5
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	Member, Independent Director	5	3
Mr. Rangaswamy R. Iyer	Member, Independent Director	5	5
Ms. Usha Thorat	Member, Independent Director [Chairperson from 1st January 2018]	5	3

Mr. Cyril Grandchamp-Desraux, Non-Executive Director joined the Nomination and Remuneration Committee from 1st January 2018.

The Company Secretary acts as Secretary to the Committee.

Remuneration Policy

The 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.

<u>Selection Criteria for Directors</u>

The Nomination and Remuneration Committee shall discuss and consider the following aspects while recommending appointment of a person to the Board as a Director:

1. The candidate shall have appropriate skills and experience in one or more fields of management, sales, marketing, medical, finance, HR, law, public administrative services, research, corporate governance, technical operations or any other disciplines related to the Company's business. The Committee shall keep Board diversity policy in mind while recommending a candidate for appointment as Director.
2. The number of companies in which the candidate holds directorship should not exceed the number prescribed under Companies Act, 2013 and under the Listing Regulations.
3. The candidate should not hold Directorship in any of the competitors companies, and should not have any conflict of interest with the Company.
4. The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under Companies Act, 2013 and under the Listing Regulations.
5. The candidate should also have:
   (a) The ability to exercise sound business judgment
   (b) A position of leadership or prominence in a specified field
   (c) A willingness to devote the required time
   (d) Integrity and moral reputation

The appointment shall be subject to:

i. Approvals of the Board and / or Shareholders of the Company in accordance with the Companies Act, 2013; and

ii. The Articles of Association of the Company.

The Company shall appoint or re-appoint any person as its Managing Director or Whole Time Director for a term not exceeding five years at a time.

An Independent Director shall be appointed for a term up to five years and will be eligible for re-appointment on passing of a special resolution by the members and disclosures in the Board's report on such re-appointment.

Selection Criteria for Senior Management

The qualification, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

The selection shall be based on the merit of each candidate as evaluated by the Company against the written job description.

The candidates will also be evaluated on LEAD competencies for employees:

Act for Change	Embrace change and innovation and initiate new and improved ways of working
Cooperate transversally	Collaborate effectively with peers, stakeholders and partners across the organization to positively impact business results
Strive for Results	Seek ongoing improvement of performance quality to create sustainable added value
Commit to Customers	Understand, meet and exceed internal and external customer expectations to create positive impact
Think Strategically	Think and plan broadly and long term to inspire excellence in execution
Develop People	Take responsibility for developing one's self and others in anticipation of future business needs
Make Decisions	Make timely decisions based on the information available
Lead Teams	Build, manage, motivate and empower teams and workgroups

The appointments of the Key Managerial Personnel shall be decided and approved by the Board on the recommendation of the Nomination and Remuneration Committee.

The appointments of the other Senior Management members shall be decided and approved by the Board on the recommendation of the Nomination and Remuneration Committee or the person(s) authorized by the Board.

Senior Management for the purpose of this policy shall mean the following employees: Managing Director, Whole Time Directors, CFO, Head Pharma Business, Head Consumer Health Business, Head Industrial Affairs, Head HR, Head Legal, Head Public Affairs, Head Medical, Head Communications, Head Security, Head Regulatory and Company Secretary.

Head HR shall discuss the organogram of the Company with the Nomination and Remuneration Committee highlighting the appointments / proposed appointments of employees in senior management category and how the above criteria have been fulfilled. He will also discuss succession policies and plans for senior management with the Committee at least once in a year.

Remuneration for Directors, Key Managerial Personnel and other Employees

The remuneration of Directors, Key Managerial Personnel and other employees shall be based on following key principles:

1. A balance will be created between fixed and incentive pay reflecting short and long term performance objectives and Company's goals.

2. Reasonable and sufficient remuneration to attract, retain and motivate the Directors and employees of the Company and encourage behavior that is aligned with sustainable value creation.

3. Comparable to peer companies in the healthcare industry and commensurate to the qualifications and experience of the concerned individual.

4. Based on ethical business conduct and decision making as per policies of the Company.

Remuneration to Independent Directors / Non-Executive Directors

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of Committees of which they may be members) and commission within regulatory limits.

Quantum of sitting fees may be subject to review on a periodic basis, as required. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee and approved by the Board.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his / her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board Committee meetings, general meetings, court convened meetings, meetings with shareholders / creditors / management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a Director.

Remuneration to Executive Directors and senior management and other employees

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee. The breakup of the pay into variable and fixed, quantum of perquisites including employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board / the Person authorized by the Board.

Head HR shall discuss the remuneration philosophy of the organization with the Nomination and Remuneration Committee at least once in a year.

Remuneration to Directors

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

Annual increments are decided by the Board of Directors 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 of Directors 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 2017 are given below:

Names of Director	Salary, Allowances and PLI (Rs. Million)	Perquisites and Retirement Benefits as per Income Tax Rules (Rs. Million)	Total (Rs. Million)
Dr. Shailesh Ayyangar	14.7	13.0	27.7
Mr. Lionel Guerin	6.8	10.3	17.1
Mr. Rajaram Narayanan	29.9	13.9	43.8
Mr. Ashwani Sood	12.5	4.0	16.5

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

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

The Company does not have a scheme for grant of stock options. However, the Managing Director and the Whole Time Directors and some Senior Executives of the Company are granted stock options / performance shares of the ultimate holding company, Sanofi SA.

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.

The sitting fees paid to such Directors for the financial year ended 31st December 2017 is given below:

Names of Director	Sitting Fees paid (Rs. Million)
Mr. Aditya Narayan	0.3
Mr. Subhash R. Gupte	0.7
Mr. A. K. R. Nedungadi	0.5
Mr. Rangaswamy R. Iyer	0.8
Ms. Usha Thorat	0.6

Pursuant to the approval of the shareholders at the Annual General Meeting of the Company held on 29th April 2014, the Independent Directors also receive commission on the net profits of the Company as may be determined by the Board of Directors from time to time, subject to a ceiling of one per cent of the net profits of the Company. The commission payable for the year 2017 has not yet been approved by the Board.

Performance Evaluation

Keeping in view the guidance note dated 5th January 2017 issued by SEBI on Board evaluation, the Nomination and Remuneration Committee approved the revised performance evaluation process elaborating various aspects of Board evaluation that helps the Board to derive the best possible benefit and achieve the objective of the entire process.

The process 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 Board evaluation for the year 2017 was completed by the Board as per the revised process as explained above.

Stakeholders' Relationship Committee

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

During the year ended 31st December 2017, one Stakeholders' Relationship Committee Meeting was held on 30th October 2017.

Constitution of the Stakeholders' Relationship Committee and attendance details during the financial year ended 31st December 2017, are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Subhash R. Gupte [Up to 31st December 2017]	Chairman of the Committee; Independent Director	1	1
Mr. A. K. R. Nedungadi [Up to 15th January 2018]	Member, Independent Director	1	-
Mr. Lionel Guerin	Member, Whole Time Director and CFO	1	1

Mr. Rangaswamy R. Iyer and Mr. Rajaram Narayanan joined the Stakeholders Relationship Committee from 1st January 2018. Mr. Rangaswamy R. Iyer was appointed as Chairman of the Committee.

The Company Secretary acts as Secretary to the Committee.

During the financial year, 15 complaints were received from shareholders. All these were attended / resolved. There were no complaints from shareholders pending as on 31st December 2017.

Corporate Social Responsibility (CSR) Committee

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

The terms of reference for the CSR Committee include:

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

During the year ended 31st December 2017, two CSR Committee Meetings were held on 16th February 2017 and 30th October 2017.

The constitution of the CSR Committee and attendance details during the financial year ended 31st December 2017 are given below:

Name of Director	Category	No. of Committee Meetings held during the tenure of the Director	No. of Committee Meetings attended
Mr. Rangaswamy R. Iyer	Chairman, Independent Director	2	2
Ms. Usha Thorat	Member, Independent Director	2	2
Dr. Shailesh Ayyangar	Member, Managing Director [Non-Executive Director from 1st January 2018]	2	2

Mr. Rajaram Narayanan joined the CSR Committee from 1st January 2018.

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.

Separate meetings of Independent Directors

As required under Listing Regulations, the Independent Directors held one separate meeting on 31st October 2017. All Independent Directors except Mr. A. K. R. Nedungadi attended this 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 2017. A certificate from the Managing Director to this effect is attached to this Report.

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

Whistleblower Policy

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

No personnel have been denied access to the Audit Committee.

Code of Conduct for Prevention of Insider Trading

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

General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
January - December 2014	29.04.2015	2.30 p.m.	Y.B. Chavan Centre - Auditorium, Mumbai
January - December 2015	29.04.2016	2.45 p.m.	Y.B. Chavan Centre - Auditorium, Mumbai
January - December 2016	05.05.2017	3.00 p.m	Y.B. Chavan Centre - Auditorium, Mumbai

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

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

AGM Date	Special Resolutions
29th April 2015	1. Approval of the Related Party Transactions with sanofi-aventis Singapore Pte. Ltd.
29th April 2016	1. Appointment of Dr. Shailesh Ayyangar as Managing Director 2. Appointment of Mr. Rajaram Narayanan as Whole Time Director 3. Appointment of Mr. Lionel Guerin as Whole Time Director 4. Appointment of Mr. Ashwani Sood as Whole Time Director 5. Adoption of new Articles of Association
5th May 2017	None

No special resolutions were passed through postal ballot during the financial year ended 31st December 2017.

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

Disclosures

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

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

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

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

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

d) As required by Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer have submitted a Certificate to the Board of Directors in the prescribed format for the financial year ended 31st December 2017. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

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

Means of Communication

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

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

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

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

General Shareholder Information

AGM Date, Time and Venue:	Tuesday, 8th May 2018 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018
Financial Year	January to December
First Quarter Results	1st Fortnight of May 2018
Half Yearly Results	2nd Fortnight of July 2018
Third Quarter Results	2nd Fortnight of October 2018
Fourth Quarter and Annual Results	2nd Fortnight of February 2019
Dates of Book Closure:	1st May 2018 to 8th May 2018 (both days inclusive)
Dividend payment date:	On or after 14th May 2018, if declared at Annual General Meeting on 8th May 2018
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 2017-18. BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The National Stock Exchange of India (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
Stock Code:	500674 on BSE and SANOFI on NSE
ISIN Number for NSDL & CDSL:	INE058A01010

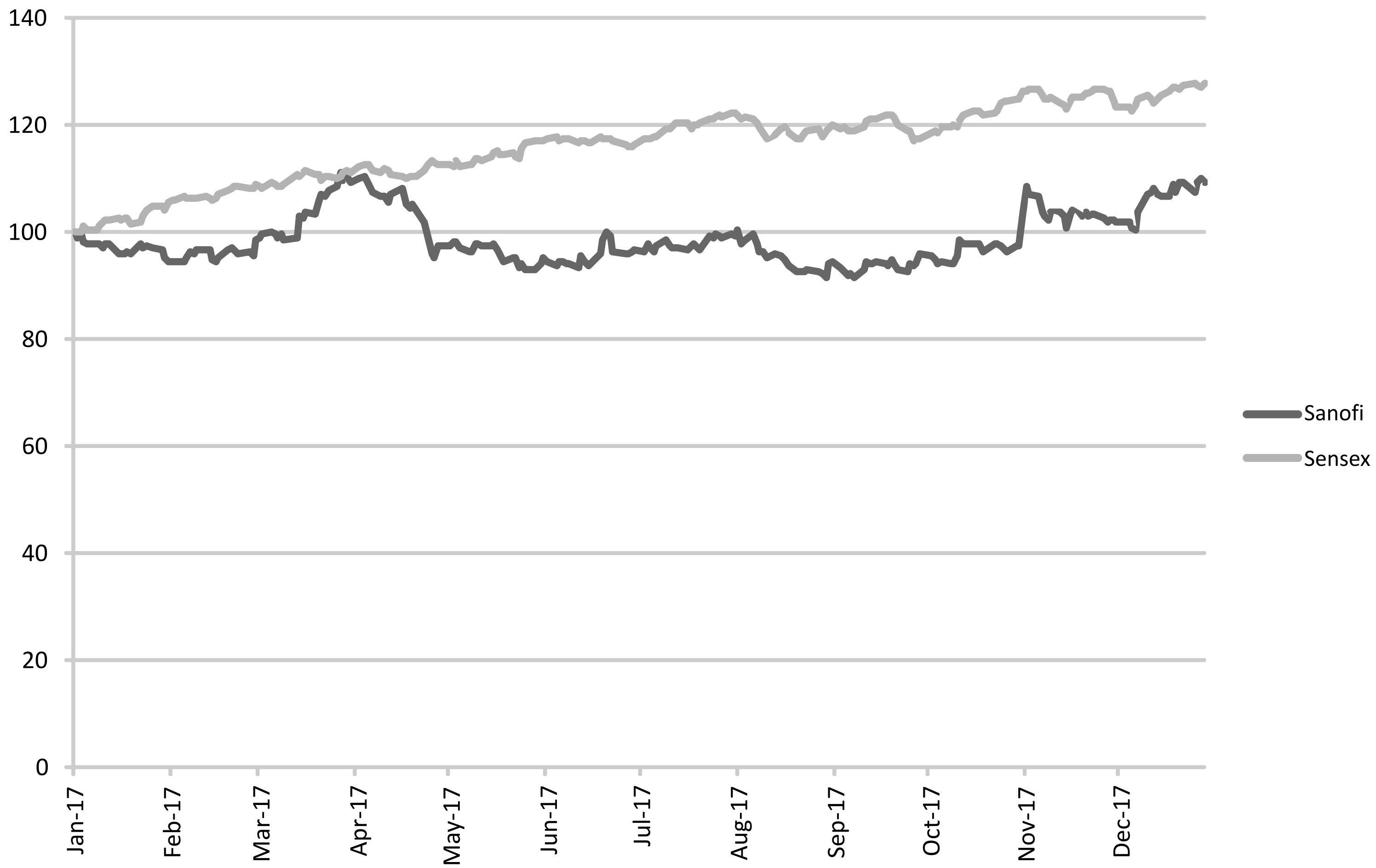
Market Price Data

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

Months	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
Jan-17	4,343.00	4,091.00	4,346.95	4,076.00
Feb-17	4,210.00	4,005.00	4,238.75	4,035.00
Mar-17	4,930.00	4,130.05	4,950.00	4,100.00
Apr-17	4,825.15	4,050.00	4,843.95	4,070.00
May-17	4,250.00	3,990.00	4,259.75	4,000.00
Jun-17	4,344.00	4,006.65	4,410.05	4,021.05
Jul-17	4,321.00	4,131.55	4,349.95	4,132.30
Aug-17	4,350.00	3,931.00	4,361.00	3,940.00
Sep-17	4,210.00	3,901.00	4,262.75	3,940.00
Oct-17	4,344.00	4,022.00	4,299.90	4,026.10
Nov-17	4,785.00	4,271.15	4,798.00	4,272.05
Dec-17	4,945.00	4,250.00	4,980.00	4,276.00

(Source: Websites of BSE and NSE)

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



Note: The monthly closing prices of the Sensex and Sanofi equity shares have been indexed to 100 as on 1st January 2017.

Registrars & Transfer Agents

Link Intime India Private Limited (formerly called Intime Spectrum Registry Limited), C - 101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai 400 083.

Contact person: Ms. Aishani Shetty

Telephone No.: (022) 49186270

Fax No.: (022) 49186060

Email: rnt.helpdesk@linkintime.co.in

Share Transfer System

The Board of Directors at its meeting held on 5th May 2017 decided to form a Share Transfer Committee. With effect from 1st June 2017 all share transfer, transmission, issue of duplicate shares, name deletion and such other related matters are approved by any two members of this Committee. There is no set frequency of the Share Transfer Committee meetings and transfers are approved as and when received.

Distribution of Shareholding as on 31st December 2017

Distribution of Shareholding (Shares)				
Shareholding	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
1 to 100	18,227	91.81	751,510	3.26
101 to 200	819	4.13	137,885	0.60
201 to 300	264	1.33	68,614	0.30
301 to 400	118	0.59	43,124	0.19
401 to 500	83	0.42	39,962	0.17
501 to 1000	135	0.68	102,287	0.44
1001 to 2000	66	0.33	93,357	0.41
2001 to 3000	24	0.12	62,403	0.27
3001 to 4000	10	0.05	34,975	0.15
4001 to 5000	14	0.07	62,393	0.27
5001 to 6000	4	0.02	22,799	0.10
6001 to 7000	6	0.03	38,423	0.17
7001 to 8000	4	0.02	30,910	0.13
8001 to 9000	4	0.02	34,823	0.15
9001 to10000	4	0.02	38,741	0.17
10001 & Above	72	0.36	21,468,416	93.22
Total	**19,854**	**100.00**	**23,030,622**	**100.00**

Shareholding Pattern as on 31st December 2017

Category	No. of shares held	% of shares held
Promoters	13,909,587	60.40
Mutual Funds	2,873,287	12.48
Financial Institutions / Banks	65,024	0.28
Insurance Companies	508,742	2.21
Foreign Institutional Investors	3,091,982	13.43
Bodies Corporate	1,082,162	4.70
Overseas Corporate Bodies	500	-
Trusts	689	-
Clearing Members	4,550	0.02
Hindu Undivided Family	30,955	0.13
Resident Individuals	1,224,175	5.31
Non-Resident Indians	227,031	0.99
Central Government (IEPF share account and Court receiver account)	11,938	0.05
Total	**23,030,622**	**100.00**

Dematerialization of shares and liquidity

As on 31st December 2017, 99.17% 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.

Plant locations

3501 - 15, 6310, B - 14, GIDC Estate, Ankleshwar, Gujarat.
GIDC, Plot No. L - 121, Phase III, Verna Industrial Estate, Verna, Goa.

Address for correspondence

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

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

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

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 2017.

For Sanofi India Limited

RAJARAM NARAYANAN
MANAGING DIRECTOR

9th February 2018

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, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

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

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

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

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

Himanshu Goradia
Partner
Membership Number: 45668

Mumbai, February 22, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SANOFI INDIA LIMITED

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

1. We have audited the accompanying Ind AS financial statements of Sanofi India Limited (the "company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at December 31, 2017, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The comparative financial information of the company for the year ended December 31, 2016 and the transition date opening Balance Sheet as at January 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory

financial statements for the years ended December 31, 2016 and December 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated February 27, 2017 and February 4, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

    (e) On the basis of the written representations received from the directors as on December 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017 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 over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

        (i) The company has disclosed the impact, if any, of pending litigations as at December 31, 2017 on its financial position in its Ind AS financial statements - Refer Notes 22, 37 and 45;

        (ii) The company has long-term contracts as at December 31, 2017 for which there were no material foreseeable losses. The company did not have any derivative contracts as at December 31, 2017; and

        (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended December 31, 2017.

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

Himanshu Goradia
Partner
Membership Number: 45668

Mumbai, February 22, 2018

Annexure A to Independent Auditors' Report

[Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Sanofi India Limited on the Ind AS financial statements as of and for the year ended December 31, 2017]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Sanofi India Limited (the "company") as of December 31, 2017 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 over financial reporting 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 specified 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Himanshu Goradia
Partner
Membership Number: 45668

Mumbai, February 22, 2018

Annexure B to Independent Auditors' Report

[Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Sanofi India Limited on the Ind AS financial statements as of and for the year ended December 31, 2017]

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

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

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

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

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

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

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

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

4. The company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of Clause 3(iv) of the Order are not applicable to the company.

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

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

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

   (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of duty of customs and value added tax which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales tax, service tax and duty of excise as at December 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount Rupees in million	Period to which the amount relates	Forum where the dispute is pending
The Income-tax Act, 1961	Income-tax including interest as applicable	149.40	Assessment Years 2010-2011 and 2011-2012	Income Tax Appellate Tribunal
		817.40	Assessment Years 2012-2013 to 2014-2015	Appellate Authority - up to Commissioner's level
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales tax	1.70	1999-2000	Sales Tax Appellate Tribunal
		1.09	2006-2007 and 2008-2009	Appellate Authority - up to Commissioner's level
The Finance Act, 1994	Service tax	0.10	2011-2012	Commissioner of Customs, Central Excise and Service Tax
The Central Excise Act, 1944	Export Obligation	4.10	2012-2014	Additional Director General of Foreign Trade
	Excise Duty on Samples	0.50	1994-1999	Customs, Excise and Service Tax Appellate Tribunal
	Disallowance of MODVAT	1.70	1993	Commissioner of Appeals, Surat
	Excise Duty including interest and penalty, as applicable	1.30	2005-2007	Assistant Commissioner Central Excise, Service Tax and Customs, Division-II, Ankleshwar
Medicinal and Toilet Preparation (Levy of Excise Duty) Act,1955	Dispute whether Central or State Excise Duty	23.20	1990-1997	Central Board of Excise and Customs
		13.20	1996-1999	Commissioner of State Excise duty, Maharashtra

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

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

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

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

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

13. The company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended).

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

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

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

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

Himanshu Goradia
Partner
Membership Number: 45668

Mumbai, February 22, 2018

Balance sheet
as at December 31, 2017

(Rupees in Million)

Particulars	Notes	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	5	5,461	5,557	5,520
Capital work-in-progress	5	244	294	178
Goodwill	6	731	731	731
Other intangible assets	6	1,498	1,881	2,465
Intangible assets under development	6	57	42	43
Financial assets				
i. Investments	7	2	2	2
ii. Loans	8	4,055	56	1,706
iii. Other financial assets	9	132	151	157
Income tax assets (net)		1,086	868	710
Other non-current assets	10	72	77	97
Total non-current assets		**13,338**	**9,659**	**11,609**
Current assets				
Inventories	11	4,156	4,931	4,792
Financial assets				
i. Trade receivables	12	1,944	1,448	1,440
ii. Cash and cash equivalents	13	7,215	5,535	5,666
iii. Bank balances other than (ii) above	14	84	75	56
iv. Loans	15	33	3,139	39
v. Other financial assets	16	-	43	21
Other current assets	17	1,000	582	491
Total current assets		**14,432**	**15,753**	**12,505**
Total assets		**27,770**	**25,412**	**24,114**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18 (a)	230	230	230
Other equity				
Share options outstanding account	18 (b)	256	185	122
Reserves and surplus	18 (c)	19,778	18,415	17,233
Total equity		**20,264**	**18,830**	**17,585**
LIABILITIES				
Non-current liabilities				
Employee benefit obligations	19	465	548	374
Deferred tax liabilities	33	1,031	1,013	1,210
Total non-current liabilities		**1,496**	**1,561**	**1,584**

Balance sheet
as at December 31, 2017

(Rupees in Million)

Particulars	Notes	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Current liabilities				
Financial liabilities				
i. Trade payables	20	3,269	2,308	2,175
ii. Other financial liabilities	21	102	161	110
Provisions	22	1,249	1,147	1,113
Employee benefit obligations	23	848	725	785
Current tax liabilities		393	340	488
Other current liabilities	24	149	340	274
Total current liabilities		**6,010**	**5,021**	**4,945**
Total liabilities		**7,506**	**6,582**	**6,529**
Total equity and liabilities		**27,770**	**25,412**	**24,114**

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

As per our report of even date

For and on behalf of the Board of Directors

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 22,2018

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 22, 2018

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 22, 2018

Lionel Guerin
Whole Time Director & CFO
DIN:07232453
Place: Mumbai
Date: February 22, 2018

Girish Tekchandani
Company Secretary
Membership No :10602
Place: Mumbai
Date : February 22, 2018

Statement of Profit and Loss
for the year ended December 31, 2017

(Rupees in Million)

Particulars	Notes	Year ended December 31, 2017	Year ended December 31, 2016
Income			
Revenue from operations	25	24,914	24,197
Other income	26	807	664
Total income		**25,721**	**24,861**
Expenses			
Cost of materials consumed	27	6,152	6,177
Purchases of stock-in-trade		2,912	4,825
Changes in Inventories of finished goods, work in progress and traded goods	28	977	(352)
Employee benefit expenses	29	3,685	3,553
Depreciation and amortisation expense	30	1,022	1,188
Finance costs	31	11	23
Other expenses	32	5,816	4,643
Total expenses		**20,575**	**20,057**
Profit before tax		**5,146**	**4,804**
Tax expense	33(a)		
- Current tax		1,861	1,928
- Deferred tax		25	(166)
Total tax expense/(credit)		**1,886**	**1,762**
Profit for the year after tax		**3,260**	**3,042**
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of post-employments benefit obligations		(20)	(89)
Tax relating to above		7	31
Other comprehensive income for the year, net of tax		**(13)**	**(58)**
Total comprehensive income for the year		**3,247**	**2,984**
Earnings per Share – Basic and Diluted [per Equity Share of Rs. 10 each] [Refer Note 36]		141.74	132.28

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

As per our report of even date

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 22,2018

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Managing Director
DIN:02977405
Place: Mumbai
Date : February 22, 2018

Usha Thorat
Director
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Place: Mumbai
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DIN:07232453
Place: Mumbai
Date: February 22, 2018

Girish Tekchandani
Company Secretary
Membership No :10602
Place: Mumbai
Date : February 22, 2018

Cash Flow Statement

for the year ended December 31, 2017

(Rupees in Million)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Cash flow From operating activities		
Profit before tax	**5,146**	**4,804**
Adjustment for :		
Depreciation and amortization	1,022	1,188
Unrealised exchange gain /Loss (net)	1	(5)
(Profit)/ Loss on sale of fixed assets (net)	13	(2)
Finance costs	11	23
Interest income	(721)	(605)
Share based payment	71	63
Provision for doubtful debt and advances	-	6
Provision no longer required written back	(11)	(61)
Operating profit before working capital changes	**5,532**	**5,411**
Adjustments for (increase) / decrease in operating assets		
Trade receivables	(495)	(9)
Current financial assets	40	(41)
Other current assets	(419)	(92)
Non-current financial assets	19	6
Other non-current assets	(16)	1
Inventories	775	(139)
Adjustments for increase / (decrease) in operating liabilities		
Employee benefit payables	20	25
Trade payables	961	133
Current financial liabilities	7	3
Other current liabilities	(89)	101
Cash generated from operations	**6,335**	**5,399**
Taxes paid (net of refunds)	(1,984)	(2,178)
Net Cash flow from operating activities (A)	**4,351**	**3,221**
Cash flow from Investment activities		
Sale proceeds of property, plant and equipment	5	6
Interest received	678	587
Inter corporate deposits given	(1,250)	(1,450)
Inter corporate deposits repaid	350	-
Purchase of property, plant and equipment & Intangibles	(570)	(693)
Net cash used in investing activities (B)	**(787)**	**(1,550)**

Cash Flow Statement
for the year ended December 31, 2017

(Rupees in Million)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Cash flow from financing activities		
Interim and final dividend paid	(1,568)	(1,497)
Dividend Distribution tax paid thereon	(316)	(305)
Net cash used in financing activities (C)	**(1,884)**	**(1,802)**
Net (decrease)/increase in cash & cash equivalents (A+B+C)	**1,680**	**(131)**
Effect of Exchange differences on cash & cash equivalents held in foreign currency	*	*
Cash and Cash Equivalents at the beginning of the year	5,535	5,666
Cash and Cash Equivalents at the end of the year	**7,215**	**5,535**
Components of Cash and Cash Equivalents		
Cash and Cash Equivalents (as per Note 13)	**7,215**	**5,535**

* denotes figure less than a million

Notes:

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

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

As per our report of even date

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 22,2018

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 22, 2018

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 22, 2018

Lionel Guerin
Whole Time Director & CFO
DIN:07232453
Place: Mumbai
Date: February 22, 2018

Girish Tekchandani
Company Secretary
Membership No :10602
Place: Mumbai
Date : February 22, 2018

Statement of changes in equity
for the year ended December 31, 2017

A. Equity share capital (Rupees in Million)

Particulars	Amount
As at January 01, 2016	**230**
Changes in equity share capital	-
As at December 31, 2016	**230**
Changes in equity share capital	-
As at December 31, 2017	**230**

B. Other equity (Rupees in Million)

Particulars	Attributable to owners of the Company				
	Share options outstanding account	Reserves and surplus			Total
		Securities premium reserve	Retained earnings	General reserve	
As at January 01, 2016	**122**	**20**	**13,759**	**3,454**	**17,355**
Profit for the year	-	-	3,042	-	3,042
Other comprehensive income	-	-	(58)	-	(58)
Total comprehensive income for the year	**-**	**-**	**2,984**	**-**	**2,984**
Transactions with owners in their capacity as owners:	-	-	-	-	-
Interim dividend paid	-	-	(415)	-	(415)
Final Dividend paid	-	-	(1,082)	-	(1,082)
Dividends distribution tax paid	-	-	(305)	-	(305)
Employee stock options expense	63	-	-	-	63
As at December 31, 2016	**185**	**20**	**14,941**	**3,454**	**18,600**
Profit for the year	-	-	3,260	-	3,260
Other comprehensive income	-	-	(13)	-	(13)
Total comprehensive income for the year	**-**	**-**	**3,247**	**-**	**3,247**
Transactions with owners in their capacity as owners:	-	-	-	-	-
Interim dividend paid	-	-	(415)	-	(415)
Final Dividend paid	-	-	(1,152)	-	(1,152)
Dividends distribution tax paid	-	-	(317)	-	(317)
Employee stock options expense	71	-	-	-	71
As at December 31, 2017	**256**	**20**	**16,304**	**3,454**	**20,034**

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

As per our report of even date

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

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 22,2018

For and on behalf of the Board of Directors

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 22, 2018

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Director
DIN:00542778
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Date : February 22, 2018

Lionel Guerin
Whole Time Director & CFO
DIN:07232453
Place: Mumbai
Date: February 22, 2018

Girish Tekchandani
Company Secretary
Membership No :10602
Place: Mumbai
Date : February 22, 2018

1. Significant Accounting Policies

1.1 Corporate Information

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

These financial statements were authorised for issue by the Board of Directors on February 22, 2018.

1.2 Basis of preparation

a) Compliance with Ind AS

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) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended December 2016, the Company prepared its financial statements in accordance with Accounting Standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Financial statements for the year ended December 31, 2016 have been restated to give comparative figures to the financial statements for the year ended December 31, 2017, being the first year for preparation of financial statements in accordance with Ind AS. The Company has adopted all the applicable Ind AS notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

As these are the first financial statements prepared in accordance with Ind AS the adoption was carried out in accordance with Ind AS 101 'First-time adoption of Indian Accounting Standards' (Refer Note 4 on first- time adoption of Ind AS including reconciliation and description of the effect of the transition).

b) Historical cost convention

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

- certain financial assets and liabilities that are measured at fair value,
- Share based payments; and
- defined benefit plans - plan assets measured at fair value

1.3 Summary of significant accounting policies

i. Current and non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non -current.

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

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

ii. Fair value measurement

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

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

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

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

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

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

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

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

The Company recognizes transfers between levels of fair value hierarchy at the end of reporting period during which 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 34 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 Rupees (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 Statement of Profit and Loss.

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

v. **Revenue recognition**

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

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

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

Sale of goods

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

Sale of services

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

Interest income

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

vi. **Government grants**

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

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

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

vii. Income tax

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

Current income tax

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

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

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

Deferred tax

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

viii. Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease except where payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

As a lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases or another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The respective leased assets are included in the Balance Sheet based on their nature. Costs, including depreciation, on such leased assets are recognised as an expense in the Statement of Profit and Loss.

ix. **Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets except inventories to ascertain whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets excluding goodwill with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Goodwill is tested for impairment annually and when circumstances indicate that the caring 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 cost.

Cost of raw materials and packing materials includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

Cost of work-in-progress and finished goods includes direct materials, labour and proportion of manufacturing overheads based on the normal operating capacity, wherever applicable. Cost of finished goods includes excise duty and other costs incurred in bringing the inventories to their present location and conditions.

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 of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets:

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and Loss.

Subsequent measurement

After initial recognition, financial assets are measured at:

- fair value (either through other comprehensive income or through Profit and Loss), or
- amortized cost.

Debt instruments

Debt instruments are subsequently measured at amortized cost, fair value through other comprehensive income ('FVOCI') 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.

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.

Fair Value Through Other Comprehensive Income (FVOCI):

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 FVOCI. 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 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.

Fair Value Through Profit and Loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognised in the Statement of Profit and Loss.

Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Impairment of financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance.
- trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Derecognition of financial assets

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Income recognition

Interest income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividend income

Dividends are recognised in Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue/origination of the financial liability.

Subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at 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 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 statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company enters into derivative contracts to hedge risks which are not designated in any hedging relationship i.e. hedge accounting is not followed. Such contracts are accounted for at FVTPL .

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

xiii. Property, Plant and Equipment (PPE)

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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, plant and equipment recognized as at January 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, plant and equipment.

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 equipments	10
Computer*	3
Laptops	3
Motor vehicles	8
Leasehold improvements	Amortised over the lease period

*In respect of these assets, management estimates different useful life than prescribed under part C of Schedule II based on internal assessment and independent technical evaluation.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Advances paid towards the acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under 'Other non-current assets' and cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

xiv. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization / impairment losses.

Goodwill

For measurement of goodwill arising on a business combination, subsequent measurement is at costs less any accumulated impairment losses.

In respect of business combination that occurred prior to the transition date i.e. 1 January 2016, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is not amortized and is tested for impairment annually.

Acquired intangible assets

Separately acquired intangible assets are shown at historical cost. In respect of business combination that occurred prior to the transition date i.e. 1 January 2016, Brands and Technical Know How are included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The Company amortizes intangible assets with a finite useful life using the straight-line method over the estimated useful lives. The estimated useful lives of assets are as follows:

Asset Category	Useful Lives (Months)
Brand	120
Software	36
Technical know- how	60

In respect of the above assets, management's estimate are based on internal assessment and independent technical evaluations.

The amortisation period and the amortisation method for intangible asset are reviewed at the end of each reporting period. The amortisation expense on intangible assets is recognised in the Statement of Pprofit and Lloss.

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 Statement of Profit and Loss.

Research and development expenditures

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 expenditures 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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at January 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

xv. Provisions and contingent liabilities

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are disclosed in the Notes to the financial statements. Contingent liabilities are disclosed for

- when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or
- a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

xvi. Employee benefits

I. Short term benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus, short term compensated absences and the expected cost of ex-gratia is recognized in the period in which the employee renders the related service.

II. **Other long term employee benefits**

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

III. **Post-employment benefit obligations**

The company operates the following post-employment schemes:

a) defined contribution plans such as superannuation fund and provident fund (Ankleshwar and Nepal), and

b) defined benefit plans such as gratuity, pension plan and provident fund (other than Ankleshwar and Nepal)

Defined contribution plans

The Company has defined contribution plans for post-employment benefits in the form of Superannuation Fund which is recognised by the Income-tax authorities and administered through trustees and/or Life Insurance Corporation of India (LIC). Further the Company also has a defined contribution plan in the form of a provident fund scheme for its staff and workmen at the Ankleshwar unit & 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 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 the employees of Company.

Pursuant to Ind AS 102 'Share-based Payment', the Company recognizes an expense based on the fair value of the stock options as at grant date. The expenses are amortised over the vesting period which is conditional on the provision of services by the plan participant during the vesting period. The corresponding credit is given to equity because the award represents in substance equity contribution by the Parent Company. The cumulative expense recognised for stock options at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

xviii. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xix. Dividends distribution to equity holders

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xx. Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

xxi. Cash flow statement

Cash flows are reported using the Indirect Method, as set out in IndAS 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.

2. Recent Accounting Pronouncements

Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 'Statement of Cash Flows' and Ind AS 102 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 'Statement of Cash Flows' and IFRS 2 'Share-based payment,' respectively. The amendments are applicable to the Company from January 1, 2018.

Amendment to Ind AS 7:

The amendment to Ind AS 7 'Statement of Cash Flows', requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 102 :

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

No impact is currently forseen.

3. 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 associates 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 1.3 (xiii) & (xiv)]
- Measurement of defined benefit obligations (Refer Note 40)
- Provision for inventories (Refer Note 11)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer Note 22,37 & 45)
- Impairment of Goodwill (Refer Note 6)
- Impairment of trade receivables (Refer Note 12)

4. First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from January 1, 2017 with a transition date of January 1, 2016. These financial statements for the year ended December 31, 2017 are the first the Company has prepared under Ind AS. For all period's upto and including the year ended 31st December, 2016, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (previous GAAP).

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31st December 2017, together with the comparative information as at and for the year ended 31st December 2016. The Company's opening Ind AS Balance Sheet has been prepared as at 1st January 2016, the date of transition to Ind AS.

In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company financial position, financial performance and cash flows is set out in the following tables and notes

I. Ind AS 101 Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

i. Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying values for all of its Property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption is also used for intangible assets covered under Ind AS 38 'Intangible assets'.

Accordingly, the Company has opted to consider the carrying value for all of its Property, plant and equipment and Intangible assets as recognised in its previous GAAP financials as its deemed cost at the transition date.

Under previous GAAP, the company had revalued some items of its Property, plant and equipment in the nature of buildings and owned premises and had recognised a revaluation reserve. Under Ind AS, the company has elected to measure all of its Property, plant and equipment at their previous GAAP carrying value. Accordingly, the revaluation reserve of is no longer required and has been transferred to retained earnings at the transition date.

ii. **Leases**

Appendix C to Ind AS 17 'Leases' requires the Company to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement.

However, the Company has used Ind AS 101 exemptions and has done the assessment of lease contracts based on conditions as prevailing at the date of transition.

iii. **Share based payments**

The Company is allowed to apply Ind AS 102 'Share-based payment' to equity instruments that remain unvested as of transition date.

Accordingly, the Company has not applied Ind AS 102 to equity instruments in Share-based payment transactions pertaining to employee stock options plan (Refer Note 39) that vested before January 1, 2016.

iv. **Business combination**

Ind AS 101, provides the option to apply Ind AS 103, Business Combinations prospectively from the transition date or from a specific date prior to the transition date. The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date has not been restated.

v. **Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at January 1, 2016, the date of transition to Ind AS and as of December 31, 2016.

II. Reconciliations between previous GAAP and Ind AS

A. Reconciliation of Total equity as at 31 December, 2016 and 1 January, 2016

(Rupees in Million)

Particulars	Notes	31 December, 2016	1 January, 2016
Total Equity reported under Previous GAAP		**17,356**	**16,271**
Summary of Ind AS adjustments			
Proposed dividend and dividend distribution tax	1	1,386	1,303
Reversal of amortization of goodwill acquired in a Business Combination	3	125	-
Others		10	19
Deferred tax due to Ind AS adjustments	5	(47)	(8)
Total Ind AS adjustments		**1,474**	**1,315**
Total Equity reported under Ind AS		**18,830**	**17,585**

B. Reconciliations of Total comprehensive income for the year ended 31 December 2016

(Rupees in Million)

Particulars	Notes	31 December, 2016
Net Profit reported under previous GAAP		**2,970**
Summary of Ind AS adjustments		
Reversal of amortization of goodwill acquired in a Business Combination	3	125
Share based payment costs recognised based on fair value method	2	(63)
Remeasurements of post-employment benefit obligations	4	89
Others		(8)
Deferred tax due to Ind AS adjustments	5	(71)
Total Ind AS adjustments		**72**
Net profit reported under Ind AS		**3,042**
Other comprehensive income (Net of deferred taxes)	4	(58)
Total comprehensive income reported under Ind AS		**2,984**

III. **Reconciliation of Statement of cash flows**

There was no material differences between the Statement of Cash Flows presented under Ind AS and under previous GAAP.

IV. **Notes to Reconciliation**

1) **Proposed dividend**

Under the previous GAAP, proposed dividends including dividend distribution tax (DDT) are recognised as a liability in the year to which they relate, irrespective of when they are declared. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS, a proposed dividend is recognised as a liability in the year in which it is declared by the Company (usually when approved by the shareholders in the general meeting).

2) **Employee share based compensation**

Share options issued by Sanofi S.A. France, ultimate holding company to employees of the Company have to be treated as equity settled plan under Ind AS 102 'Share based payments'. Accordingly, the Company has recognised grant date fair value of the award over the vesting period with corresponding credit to equity contribution by parent.

3) **Goodwill reversal**

Reversal of amortization of goodwill acquired in a Business Combination. Goodwill is not amortized and is mandatorily tested for impairment as per the requirements of Ind AS 36 Impairment of Assets.

4) **Remeasurements of post- employment benefit obligations**

As per Ind AS 19 on 'employee benefits', actuarial gains and losses on post retirement defined benefits and tax impact thereon are recognised in other comprehensive income and not reclassified to the Statement of Profit and Loss in the subsequent periods.

5) **Deferred taxes due to Ind AS adjustments**

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on difference between taxable profits and accounting profits for the period. Ind AS 12 'Income Taxes', requires entities to account for deferred taxes using the Balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences. According to the accounting policies, the Company has to account for such differences.

Notes to the Financial Statements

Notes forming part of financial statements as at and for the year ended December 31, 2017

5 - Property, plant and equipment

(Rupees in Million)

Particulars	Freehold Land	Leasehold Land	Buildings & Waterworks	Leasehold Impro-vement	Plant & Machinery	Furniture & Fixtures	Office Equipment	Computers	Motor Vehicles	Total	Capital work-in-progress
Year ended December 31, 2016											
Gross Carrying Amount											
Deemed Cost as at January 1, 2016	36	382	2,548	3	2,027	293	65	160	7	**5,520**	178
Additions	-	-	85	4	444	9	5	67	6	**620**	449
Disposals	-	-	-	-	(2)	(*)	(*)	(1)	(1)	**(4)**	-
Capitalised /Transferred during the year	-	-	-	-	-	-	-	-	-	**-**	(333)
Closing Gross Carrying Amount	**36**	**382**	**2,633**	**7**	**2,469**	**302**	**70**	**226**	**12**	**6,136**	**294**
Accumulated Depreciation											
Depreciation Charge during the year	-	1	115	3	312	37	11	99	2	**580**	-
Disposals	-	-	-	-	(*)	(*)	(*)	(*)	(*)	**(*)**	-
Closing Accumulated Depreciation	**-**	**1**	**115**	**3**	**312**	**37**	**11**	**99**	**2**	**580**	**-**
Net Carrying Amount as on December 31, 2016	**36**	**381**	**2,518**	**4**	**2,157**	**265**	**59**	**127**	**10**	**5,557**	**294**
Year ended December 31, 2017											
Gross Carrying Amount											
Opening Gross Carrying Amount	36	382	2,633	7	2,469	302	70	226	12	6,136	294
Additions	-	-	55	17	399	16	3	53	-	543	272
Disposals	-	-	-	-	(18)	(3)	(9)	(4)	-	(34)	-
Capitalised /Transferred during the year	-	-	-	-	-	-	-	-	-	-	(322)
Closing Gross Carrying Amount	**36**	**382**	**2,688**	**24**	**2,850**	**315**	**64**	**275**	**12**	**6,645**	**244**
Accumulated Depreciation											
Opening Accumulated Depreciation	-	1	115	3	312	37	11	99	2	580	-
Depreciation charge during the year	-	1	118	3	356	37	9	88	2	614	-
Disposals	-	-	-	-	(4)	(1)	(1)	(3)		(9)	-
Closing Accumulated Depreciation	**-**	**1**	**233**	**6**	**664**	**73**	**19**	**184**	**4**	**1,185**	**-**
Net Carrying Amount as on December 31, 2017	**36**	**381**	**2,455**	**18**	**2,186**	**242**	**45**	**91**	**8**	**5,461**	**244**

* denotes figure less than a million

Capital work-in-progress mainly comprises of plant and machinery and building being constructed in India.

6 - Intangible assets

(Rupees in Million)

Particulars	Brand	Software	Technical know-how	Total	Goodwill	Intangible assets under development
Year ended December 31, 2016						
Gross Carrying Amount						
Deemed Cost as at January 1, 2016	2,375	11	79	**2,465**	**731**	43
Additions	-	24	-	**24**	**-**	22
Disposals	-	-	-	**-**	**-**	-
Capitalised /Transferred during the year	-	-	-	**-**	**-**	(23)
Closing Gross Carrying Amount	**2,375**	**35**	**79**	**2,489**	**731**	**42**
Accumulated amortisation						
Depreciation Charge during the year	523	14	71	**608**	**-**	-
Disposals	-	-	-	**-**	**-**	-
Closing Accumulated amortisation	**523**	**14**	**71**	**608**	-	**-**
Net Carrying Amount as on December 31, 2016	**1,852**	**21**	**8**	**1,881**	**731**	**42**
Year ended December 31, 2017						
Gross Carrying Amount						
Opening Gross Carrying Amount	2,375	35	79	**2,489**	**731**	42
Additions	-	25	-	**25**	**-**	18
Disposals	-	-	-	**-**	**-**	-
Capitalised / Transferred during the year	-	-	-	**-**	**-**	(3)
Closing Gross Carrying Amount	**2,375**	**60**	**79**	**2,514**	**731**	**57**
Accumulated amortisation						
Opening Accumulated amortisation	523	14	71	**608**	**-**	-
Amortisation charge during the year	382	18	8	**408**	**-**	-
Disposals	-	-	-	**-**	**-**	-
Closing Accumulated Depreciation	**905**	**32**	**79**	**1,016**	**-**	**-**
Net Carrying Amount as on December 31, 2017	**1,470**	**28**	*	**1,498**	**731**	**57**

* denotes figure less than a million

Impairment testing for goodwill:

The shareholders of the Company 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 have been 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 following Cash Generating Unit (CGU) as follows:

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Business acquired pursuant to amalgamation of erstwhile "Universal Medicare Private Limited"	731	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)	**12.76%+Business risk premium**

The projection covers a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash- generating unit.

Notes forming part of financial statements
as at and for the year ended December 31, 2017

(Rupees in Million)

7 - Non-current investments

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Unquoted			
Equity instrument in Others (at fair through other comprehensive income)			
Bharuch Enviro Infrastructure Limited *Number of shares as on December 31, 2017: 2,188, December 31, 2016: 2,188 & January 01, 2016 : 2,188 of Rs. 10 /- each fully paid up*	*	*	*
Narmada Clean Tech Limited *(Formerly known as Bharuch Eco-Acqua Infrastructure Limited)* *Number of shares as on December 31, 2017: 236,000, December 31, 2016: 236,000 & January 01, 2016 : 236,000 of Rs 10 /- each fully paid up*	2	2	2
Total	**2**	**2**	**2**

* denotes figure less than a million

8 - Non-Current Loans

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Unsecured, considered good			
Loan to Fellow Subsidiary [Given against corporate guarantee by Sanofi S.A France (ultimate holding company)] (Refer note 38)	4,000	-	1,650
Loan to employees	55	56	56
Total	**4,055**	**56**	**1,706**

9 - Other non-current financial assets

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Unsecured, considered good			
Rental deposits	80	97	82
Tender security deposits	8	9	11
Margin money deposits (Refer note 14)	4	5	17
Other deposits	40	40	47
Unsecured, considered doubtful			
Tender security deposits	18	18	18
Less: Allowance for doubtful tender security deposits	(18)	(18)	(18)
Total	**132**	**151**	**157**

Notes forming part of financial statements
as at and for the year ended December 31, 2017

(Rupees in Million)

10 - Other non-current assets

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Capital advances	2	23	42
Prepaid rentals	54	54	55
Balance with Government Authorities	16	-	-
Total	**72**	**77**	**97**

11 - Inventories

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Finished goods	532	505	901
Traded goods (Including in transit Rs. 244 million; December 31, 2016: Rs. 265 million, January 1, 2016 : Rs. 483 million)	1,014	2,160	1,522
Raw material and Packing materials (Including in transit of RM and PM Rs.138 million; December 31, 2016: Rs. 101 million, January 1, 2016 : Rs. 105 million)	1,914	1,712	1,925
Work in progress	696	554	444
Total	**4,156**	**4,931**	**4,792**

12 - Trade receivables

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Trade receivables	396	265	235
Receivables from related parties (Refer note 38)	1,563	1,198	1,214
Less: Allowances for doubtful debts	(15)	(15)	(9)
Total	**1,944**	**1,448**	**1,440**

Breakup up of security details

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Secured, considered good	-	-	-
Unsecured, considered good	1,944	1,448	1,440
Doubtful	15	15	9
Total	**1,959**	**1,463**	**1,449**
Less: Allowances for doubtful debts	(15)	(15)	(9)
Total trade receivables	**1,944**	**1,448**	**1,440**

Trade receivables are due neither from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, a director or a member.

Notes forming part of financial statements
as at and for the year ended December 31, 2017

(Rupees in Million)

13 - Cash and cash equivalents

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Balances with banks	649	305	192
Cash on hand	*	*	*
Deposits with original maturity of less than 3 months	6,566	5,230	5,474
Total	**7,215**	**5,535**	**5,666**

* denotes figure less than a million

14 - Other bank balances

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Margin money deposits	58	54	38
Unpaid dividend account	26	21	18
Total	**84**	**75**	**56**

Margin money deposit given as security

Margin money deposit with carrying amount of Rs. 62 mio. (December 31, 2016 : Rs. 59 mio. and January 01, 2016 : 55 mio.) are subject to first charge to secure bank gurantees issued by bank on our behalf.

15 - Current Loans

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Unsecured, considered good			
Loan to Fellow Subsidiary [Given against corporate guarantee by Sanofi S.A France (ultimate holding company)] (Refer note 38)	-	3,100	-
Loan to employees	33	39	39
Total	**33**	**3,139**	**39**

16 - Other current financial assets

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Other deposits	-	10	-
Other receivables from related parties (Refer note 38)	-	33	21
Total	**-**	**43**	**21**

(Rupees in Million)

17 - Other current assets

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Advance payment to suppliers	96	41	81
Export benefits receivable	200	233	110
Input tax credit	544	191	199
Prepaid expenses	44	60	47
Finished goods samples and others	116	57	54
Total	**1,000**	**582**	**491**

18 - Share capital and other equity

18(a) - Equity share capital

(i) Authorised share capital

Particulars	Number of shares	Amount
As at January 01, 2016	23,500,000	235
Increase during the year	-	-
As at December 31, 2016	23,500,000	235
Increase during the year	-	-
As at December 31, 2017	**23,500,000**	**235**

(ii) Movements in equity share capital

Particulars	Number of shares	Amount
As at January 01, 2016	23,030,622	230
Issued during the year	-	-
Other movements	-	-
As at December 31, 2016	23,030,622	230
Issued during the year	-	-
Other movements	-	-
As at December 31, 2017	**23,030,622**	**230**

(iii) Shares held by holding and ultimate holding company

13,904,722 (December 31, 2016 : 13,904,722; January 1, 2016 : 13,904,722) equity shares of Rs. 10 each fully paid are held by Hoechst GmbH, Germany, holding company and 4,865 (December 31, 2016 : 4,865; January 1, 2016 : 4,865) equity shares of Rs. 10 each fully paid are held by Sanofi S.A., France ultimate holding company.

(iv) Terms and rights attached to equity shares

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

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.

(v) Details of shareholders holding more than 5% shares in the Company

	December 31, 2017	December 31, 2016	January 01, 2016
Equity Shares of Rs. 10 each fully paid			
Hoechst GmbH, Germany			
- No of shares	13,904,722	13,904,722	13,904,722
- % of holding	60.37%	60.37%	60.37%

(Rupees in Million)

18(b) -Share options outstanding account

Particulars	December 31, 2017	December 31, 2016
Opening balance	185	122
Additions during the period	71	63
Closing balance	**256**	**185**

18(c) - Reserves and surplus

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Securities premium reserve	20	20	20
Retained earnings	16,304	14,941	13,759
General reserve	3,454	3,454	3,454
Total	**19,778**	**18,415**	**17,233**

(i) Securities premium reserve

Particulars	December 31, 2017	December 31, 2016
Opening balance	20	20
Closing balance	**20**	**20**

(ii) Retained earnings

Particulars	December 31, 2017	December 31, 2016
Opening balance	14,941	13,759
Profit for the year	3,260	3,042
Other comprehensive income of the year	(13)	(58)
Interim dividend	(415)	(415)
Final dividend	(1,152)	(1,082)
Dividend distribution tax	(317)	(305)
Closing balance	**16,304**	**14,941**

(Rupees in Million)

(iii) General reserve

Particulars	December 31, 2017	December 31, 2016
Opening balance	3,454	3,454
Closing balance	**3,454**	**3,454**

Nature and purpose of reserves:

1) 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 its employees .

2) Securities premium reserve

Securities premium reserve is created when shares are issued at premium. This reserve is utilised in accordance with the provisions of the Companies Act 2013.

3) 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.

19 - Non-current employee benefit obligations

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Employee related liabilities	-	108	95
Pension (Refer note 40)	1	2	3
Leave encashment	265	267	210
Long service awards	22	23	20
Gratuity (Refer note 40)	177	148	46
Total	**465**	**548**	**374**

20 - Trade payables

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Trade payables-others	2,088	1,103	1,180
Trade payables-Micro and Small enterprises (Refer note 46)	236	42	15
Trade payables to related parties (Refer note 38)	945	1,163	980
Total	**3,269**	**2,308**	**2,175**

21 - Other current financial liabilities

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Other payables	11	10	8
Unclaimed Dividend	26	21	18
Liability for capital goods	65	130	84
Total	**102**	**161**	**110**

(Rupees in Million)

22 - Current provisions

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Provision for sales return	609	615	618
Others	639	532	495
Total	**1,249**	**1,147**	**1,113**

23 - Current employee benefit obligations

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Employee related and other current liabilities	709	600	668
Pension (Refer note 40)	1	1	2
Leave encashment	39	33	30
Long service awards	3	3	3
Gratuity (Refer note 40)	96	88	82
Total	**848**	**725**	**785**

24 - Other current liabilities

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Advance from customers	80	45	32
Statutory liabilities	69	295	242
Total	**149**	**340**	**274**

25 - Revenue from operations

Particulars	December 31, 2017	December 31, 2016
Sale of products	23,268	22,573
Sale of services	1,395	1,315
Other operating income		
Others	6	4
Scrap sale	10	9
Indirect taxes set off/ refunds	37	43
Export incentives	198	253
Total	**24,914**	**24,197**

Notes forming part of financial statements
as at and for the year ended December 31, 2017

(Rupees in Million)

26 - Other income

Particulars	December 31, 2017	December 31, 2016
Interest	721	605
Rent	1	2
Exchange differences net	66	24
Gain on sale of property plant and equipment	-	2
Miscellaneous Income	19	31
Total	**807**	**664**

27 - Cost of materials consumed

Particulars	December 31, 2017	December 31, 2016
Inventory at the beginning of the year	1,712	1,925
Add: Purchases	6,354	5,964
Less: Inventory at the end of the year	1,914	1,712
Total	**6,152**	**6,177**

28 - Changes in Inventories of Finished goods, Work in progress and Traded Goods

Particulars	December 31, 2017	December 31, 2016
Inventory at the end of the year		
Finished goods	532	505
Traded Goods	1,014	2,160
Work in progress	696	554
	2,242	3,219
Inventory at the beginning of the year		
Finished goods	505	901
Traded Goods	2,160	1,522
Work in progress	554	444
	3,219	2,867
Total	**977**	**(352)**

29 - Employee benefit expenses

Particulars	December 31, 2017	December 31, 2016
Contribution to provident and other funds (Refer note 40)	229	200
Salaries wages and bonus	3,255	3,154
Staff welfare expenses	130	136
Employee share based payment expense	71	63
Total	**3,685**	**3,553**

Notes forming part of financial statements
as at and for the year ended December 31, 2017

(Rupees in Million)

30 - Depreciation and amortisation expense

Particulars	December 31, 2017	December 31, 2016
Depreciation on property, plant and equipment	614	580
Amortisation of intangible assets	408	608
Total	**1,022**	**1,188**

31 - Finance costs

Particulars	December 31, 2017	December 31, 2016
Interest on employee benefit related liabilities	11	8
Other Interest	-	15
Total	**11**	**23**

32(a) - Other expenses

Particulars	December 31, 2017	December 31, 2016
Advertisement and sales promotion	705	496
Auxiliary and other materials	171	143
Expenditure towards Corporate Social Responsibility activities (Refer note: 47)	83	73
Excise duty	278	529
Insurance	88	78
Legal and professional fees	646	562
Auditors' remuneration [(Refer note 32(b)]	7	10
Power & fuel	334	317
Rates & taxes	58	60
Rent	166	163
Repairs - building	38	30
Repairs - others	150	150
Repairs - plant & machinery	78	165
Selling and distribution expenses	1,120	1,085
Stores & spares	38	38
Toll manufacturing charges	390	368
Training & meetings	201	207
Travelling and conveyance	950	1,019
Provision for bad and doubtful debt (net)	-	6
Loss on sale of property, plant and equipment	13	-
Provision for contingencies	162	-
Others	320	325
Reimbursement of expenses #	(180)	(1,181)
Total	**5,816**	**4,643**

Includes reimbursement of marketing support from group companies.

(Rupees in Million)

32(b) Auditors' Remuneration

Payment to Auditors:		
As auditor:		
Audit fees	4	3
Tax audit fees	*	1
In other capacities:		
Other Services	3	6
Reimbursement of Expenses	*	*
Total Payments to Auditors	7	10

* denotes less than one million

33: Income Tax

33(a): Statement of profit and loss

	December 31, 2017	December 31, 2016
(a) Income tax expense		
Current tax		
Current tax on profits for the year	1,861	1,881
Adjustments for current tax of prior periods	-	47
Total current tax expense	1,861	1,928
Deferred tax		
Decrease (increase) in deferred tax assets	75	(31)
(Decrease) increase in deferred tax liabilities	(50)	(135)
Total deferred tax expense/(benefit)	25	(166)
Income tax expense	**1,886**	**1,762**

Note 33(b): Deferred tax asset for the year ended December 31, 2017 of INR 7 million (for the year ended 31 Dec 2016 - INR 31 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.

33(c): Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	December 31, 2017	December 31, 2016
Profit before income tax	**5,145**	**4,805**
At India's statutory income tax rate of 34.61% (December 31, 2016: 34.61%)	1,781	1,663
Expenses not deductible for tax purposes	105	52
Adustments in respect of current income tax of previous periods	-	47
Effective income tax rate	**1,886**	**1,762**

Note 33(d):Deferred tax assets (net)

(Rupees in Million)

	December 31, 2017	December 31, 2016	January 01, 2016
The balance comprises temporary differences attributable to:			
Provision for doubtful debts and advances	12	12	10
Disallowance under section 43B and 40(a)(ia) of the Income Tax Act, 1961	131	232	230
Employee retirement and other long term benefits	210	177	119
Total deferred tax assets	**353**	**421**	**359**
Depreciation	1,341	1,387	1,562
Disallowance under section 43B and 40(a)(ia) of the Income Tax Act, 1961	-	4	7
Reversal of goodwill amortisation	43	43	-
Total deferred tax liabilities	**1,384**	**1,434**	**1,569**
Deferred tax liability (net)	**(1,031)**	**(1,013)**	**(1,210)**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

Note 33(e):Movement in deferred tax assets / liabilities

(Rupees in Million)

Particulars	Deferred Tax Assets				Deferred Tax Liabilities				Total
	Provision for doubtful debts and advances	Disallowance under section 43B and 40(a)(ia) of the Income Tax Act, 1961	Employee retirement and other long term benefits	Total	Depreciation	Disallowance under section 43B and 40(a)(ia) of the Income Tax Act, 1961	Reversal of goodwill amortisation	Total	
At 1 Jan 2016	**10**	**230**	**119**	**359**	**1,562**	**7**	**-**	**1,569**	**(1,210)**
(Charged) / credited:									
- to profit or loss	2	2	27	31	(175)	(3)	43	(135)	166
- to other comprehensive income	-	-	31	31	-	-	-	-	31
At 31 Dec 2016	**12**	**232**	**177**	**421**	**1,387**	**4**	**43**	**1,434**	**(1,013)**
(Charged) / credited:									
- to profit or loss	*	(101)	26	(75)	(46)	(4)	-	(50)	(25)
- to other comprehensive income	-	-	7	7	-	-	-	-	7
At 31 Dec 2017	**12**	**131**	**210**	**353**	**1,341**	**-**	**43**	**1,384**	**(1,031)**

* denotes less than a million

34 Operating Segment

The operations of the Company are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

Operating segments are defined as components of an company for which discrete financial information is available that is evaluated regularly by Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assessing performance.

Geographical revenues is allocated based on the location of the customer. Information regarding geographical revenue is as follows:

Revenue from external customers (Rupees in Million)

Particulars	December 31, 2017	December 31, 2016
India	18,345	17,796
Singapore	5,803	5,322
Others	766	1,079
Total	**24,914**	**24,197**

Information about major customers

One single external customer (from entities under common control) represented 10% or more of the Company's total revenue during the year ended December 31, 2017 amounting to Rs. 7,655 million (December 31, 2016: Rs. 7,245 million)

35 Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 226 Million (as on 31st December 2016: Rs. 103 Million, As on 1st January 2016: 190 Million).

36 Earnings per share:

Particulars	December 31, 2017	December 31, 2016
Profit for the year (Rs. in Million)	3,260	3,042
Weighted average number of shares	23,030,622	23,030,622
Nominal value per share (Rupees)	10	10
Basic and diluted earnings per share (Rupees)	141.74	132.28

37 Contingent Liabilities (Rupees in Million)

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Income Tax demands in respect of which*			
Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	484	484	301
Company's appeals are pending before appropriate authorities / the Company is in process of filing an appeal with appropriate authorities	1,323	1,120	719

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

38 Related Party

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 exist and with whom company had transactions during the year:

   Sanofi-Aventis Singapore Pte. Limited

   Francopia S.A.R.L.

   Sanofi-Aventis Deutschland GmbH

   Sanofi-Aventis Groupe S.A.

   Sanofi Lanka Limited

   sanofi-aventis U.S.Inc.

   Sanofi Chimie S.A

   Sanofi KK

   Sanofi Pasteur India Pvt. Limited

   Sanofi-Aventis Spa

   Sanofi-Synthelabo (India) Private Limited

   Sanofi Winthrop Industrie S.A.

   sanofi-aventis Bangladesh Limited

   Sanofi-Aventis Recherche et Développement S.A.

   Sanofi-Aventis Spa

   Shantha Biotechnics Private Limited

   Zentiva Pharma GmbH

   Zentiva K.S

   Zentiva S.A

   Sanofi-Aventis Farmaseutical Limited

   Sanofi India Limited Provident Fund

iii. Key management personnel of the Company for the year

Mr. Shailesh Ayyangar	-	Managing Director
Mr. Ashwani Sood	-	Executive Director
Mr. Rajaram Narayanan	-	Executive Director
Mr. Lionel Guerin	-	Chief Financial Officer
Mr. K Subramani	-	Company Secretary till 7th November 2016
Mr. Girish Tekchandani	-	Company Secretary from 8th November 2016

iv. Non-Executive Directors

   Mr. Aditya Narayan

   Mr. A K R Nedungadi

   Mr. S R Gupte

   Mr. Rangaswamy Iyer

   Mrs. Usha Thorat

   Mr. Thomas Rouckout

   Mr. Cyril Grandchamp-Desraux

iv. Transaction during the year (Rupees in Million)

Particulars	December 31, 2017	December 31, 2016
Ultimate Holding Company		
Dividend paid	*	*
Holding Company		
Dividend paid	946	904
Other related Parties		
Sale of Products		
Sanofi-Aventis Singapore Pte. Limited	5,772	5,291
Others	496	639
Total	**6,268**	**5,930**
Purchase of Raw Material and Finished Goods		
Sanofi-Aventis Singapore Pte. Limited	4,075	5,194
Francopia S.A.R.L.	523	715
Others	18	29
Total	**4,616**	**5,938**
Expenses recharged to other companies		
Sanofi-Aventis Singapore Pte. Limited	178	1,177
Others	5	14
Total	**183**	**1,191**
Sale of Services		
Sanofi-Synthelabo (India) Private Limited	1,156	1,031
Sanofi Pasteur India Private Limited	158	129
Others	73	155
Total	**1,387**	**1,315**
Rent Income		
Sanofi-Synthelabo (India) Private Limited	*	1
Inter Corporate deposits repaid		
Sanofi Pasteur India Private Limited	350	-
Inter Corporate deposit given		
Shantha Biotechnics Private Limited	900	1,450
Sanofi Pasteur India Private Limited	350	-
Total	**1,250**	**1,450**
Interest income on inter Company deposits		
Shantha Biotechnics Private Limited	313	177
Sanofi Pasteur India Private Limited	5	-
Total	**318**	**177**

* denotes less than million.

(Rupees in Million)

Particulars	December 31, 2017	December 31, 2016
Expenses recharged by other companies		
Zentiva S.A.	26	29
Sanofi-Synthelabo (India) Private Limited	32	8
Sanofi Winthrop Industrie S.A.	14	81
Sanofi Lanka Limited	33	23
Sanofi-Aventis Singapore Pte. Limited	12	11
Others	5	11
Total	**122**	**163**
Contribution to In-house Trust for Post Employment Benefits - Provident Fund		
Sanofi India Limited Provident Fund	249	232
Payment towards Intangibles under development		
Sanofi-Synthelabo (India) Private Limited	11	16
Key Management Personnel Remuneration		
Short-term employee benefits	89	78
Post-Retirement benefits	4	4
Share based payment	24	21
Total	**117**	**103**

Terms and condition of transaction with related party

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the year ended 31 December 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2016 - NIL, January 01, 2016 - 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.

v. Outstanding as at December 31, 2017 (Rupees in Million)

Particulars	December 31, 2017	December 31, 2016	January 01, 2016
Other related Parties			
Trade Receivables			
Sanofi-Aventis Singapore Pte. Limited	1,212	937	839
Sanofi-Synthelabo (India) Private Limited	114	172	134
Others	237	122	262
Total	**1,563**	**1,231**	**1,235**
Trade Payables			
Sanofi-Aventis Singapore Pte. Limited	824	806	697
Sanofi-Aventis Spa	3	-	107
Francopia S.A.R.L.	31	293	138
Others	87	64	38
Total	**945**	**1,163**	**980**
Inter Corporate Loan balance			
Shantha Biotechnics Private Limited#	4,000	3,100	1,650
Total	**4,000**	**3,100**	**1,650**

#Inter Corporate loan given to Shantha Biotechnics Private Limited, a company in which Directors are interested at the rate of interest of 9.5% p.a.
Maximum balance outstanding during the year - Rs 4,000 Million (as on 31st December 2016 – Rs 3,100 Million, as on 1st January 2016: 1,650 Million).
The said loan has been proposed to be utilized by Shantha Biotechnics Private Limited for business purpose
The Loan has been given against corporate guarantee by Sanofi S.A. (Ultimate Holding Company. The Maturity Date of same is 15th April 2019)

39 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 of its employees. 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, 2017		December 31, 2016	
	Weighted Average grant date fair value (in euro)	Number of of Units	Weighted Average grant date fair value (in euro)	Number of Units
Units outstanding at the beginning of the period	65	57,650	60	57,539
Units granted during the period	82	13,962	61	15,000
Exercised during the period	58	(11,550)	43	(14,500)
Forfeited / expired / lapsed during the period	-		58	(389)
Units outstanding at the end of the period	**70**	**60,062**	**65**	**57,650**

Weighted average remaining contractual life of RSUs outstanding at end of year

	Life in (years)
As at December 31, 2017	2
As at December 31, 2016	2
As at January 01, 2016	2

Expenses Arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

(Rupees in Million)

Particulars	December 31, 2017	December 31, 2016
Employee share based payment expense	71	63

40 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:

(Rupees in Million)

Particulars	December 31, 2017	December 31, 2016
i) Contribution to Employees' Provident Fund (Ankleshwar and Nepal)	3	4
ii) Contribution to Employees' Superannuation Fund	26	19
iii) Contribution to Employee's Pension Scheme, 1995	45	45

Defined Benefit Plans

I) Other long term employee benefits

Compensated absences (included as a part of salaries and wages in Note 29 - Employee benefits)
All eligible employees can carry forward and avail / encash leave as per Company's rules.

Long Service Award (included as a part of salaries and wages in Note 29 - Employee benefits)
Under this scheme, long service benefits accrues to the employees, while in service and is payable upon completion of stipulated services with the Company.

II) Post employment employee benefits plans

A. Gratuity

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

B. Pension plan

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity and pension plan. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity and Pension plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date:

Actuarial Assumptions

Particulars	Gratuity			Pension Plan		
	December 31, 2017	December 31, 2016	January 01, 2016	December 31, 2017	December 31, 2016	January 01, 2016
Discount Rate (per annum)	7.90%	7.00%	8.01%	7.90%	7.00%	8.01%
Expected Rate of Return on Plan Assets	7.90%	7.00%	8.01%	-	-	
Salary Escalation rate	8% for 3 years and 6% thereafter	8% for 3 years and 6% thereafter	8% for 3 years and 6% thereafter	8% for 3 years and 6% thereafter	8% for 3 years and 6% thereafter	8% for 3 years and 6% thereafter
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Assured Mortality (2006-08) Ultimate	Indian Assured Assured Mortality (2006-08) Ultimate	Indian Assured Assured Mortality (2006-08) Ultimate	Indian Assured Assured Mortality (2006-08) Ultimate	Indian Assured Assured Mortality (2006-08) Ultimate
Employees attrition rate	1%	1%	1%	1%	1%	1%

Notes:

1) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.
2) The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance sheet date for the estimated term of the obligation.

i) Reconciliation in present value of obligations ('PVO') –defined benefit obligation: (Rupees in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Liability at the beginning of the period	642	525	3	5
Interest Cost	45	43	*	*
Current Service Cost	48	38	*	*
Employees Contribution	-	-	-	-
Interest Guarantee	-	-	-	-
Benefits Paid	(58)	(53)	(1)	(2)
Transfer from previous employer's	-	-	-	-
Liability Transfer In	-	-	-	-
Liability Transfer Out	-	-	-	-
Provision for diminution in fair value of Plan assets		-	-	-
Actuarial (gain) / loss on Financial Assumption	(61)	10	(*)	(*)
Actuarial (gain) / loss on Experience	86	79	(*)	(*)
Liability at the end of the year	**702**	**642**	**2**	**3**

*denotes less than one Million.

ii) Fair value of Plan Assets (Rupees in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Fair Value of Plan Assets at the beginning of the year	406	397	-	-
Expected Return on Plan Assets	28	32	-	-
Interest Shortfall paid by the Company	-	-	-	-
Employer's Contributions	12	10	-	-
Employees Contribution	-	-	-	-
Benefits Paid	(22)	(33)	-	-
Transfer from Other Approved Funds	-	-	-	-
Provision for diminution in fair value of Plan assets	-	-	-	-
Return on plan Asset, Excluding Interest	5	(*)	-	-
Fair Value of Plan Assets at the end of the year	**429**	**406**	**-**	**-**

*denotes less than one Million.

iii) Amount Recognised in the Balance Sheet (Rupees in Million)

Particulars	Gratuity			Pension Plan		
	December 31, 2017	**December 31, 2016**	**January 01, 2016**	**December 31, 2017**	**December 31, 2016**	**January 01, 2016**
Liability at the end of the year	702	642	525	2	3	5
Fair Value of Plan Assets at the end of the year	429	406	397	-	-	
Amount Recognised in the Balance Sheet	**273**	**236**	**128**	**2**	**3**	**5**

iv) Expenses Recognised in the Income Statement (Rupees in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Current Service Cost	48	38	*	*
Interest Cost on benefit obligation (net)	17	11	*	*
Past Service Cost	-	-	-	-
Expected Contribution	-	-	-	-
(Gain / Losses on Curtailment and Settlement	-	-	-	-
Net Effect of Change in Foreign Exchange Rates	-	-	-	-
Expenses Recognised	**65**	**49**	*	*

*denotes less than one Million.

v) Expenses Recognised in Other Comprehensive Income (OCI) for current Period (Rupees in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Actuarial changes arising from changes in financial assumptions	(61)	10	(*)	(*)
Actuarial changes arising from changes in experience adjustments	86	79	(*)	(*)
Return on Plan Asset, Excluding Interest Income	(5)	(*)	-	-
Change in Asset Ceiling	-	-	-	-
Net (Income) / Expense for period	**20**	**89**	**(*)**	**(*)**

*denotes less than one Million.

vi) Maturity profile of defined benefit obligations (Rupees in Million)

Projected Benefits Payable in Future Years From the Date of Reporting	Gratuity	Pension Plan
1 year (within next 12 months)	94	1
2 to 5 years	178	*
6 to 10 years	271	-

*denotes less than one Million.

vii) Sensitivity Analysis Gratuity Pension Plan (Rupees in Million)

Particulars	Gratuity		Pension Plan	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Benefit Obligation on Current Assumptions	702	642	2	3
Effect of +0.5% Change in Rate of Discounting	(30)	(30)	(*)	(*)
Effect of -0.5% Change in Rate of Discounting	33	32	*	*
Effect of +0.5% Change in Rate of Salary Increase	32	32	-	-
Effect of -0.5% Change in Rate of Salary Increase	(31)	(30)	-	-
Effect of +0.5% Change in Rate of Employee Turnover	5	2	-	-
Effect of -0.5% Change in Rate of Employee Turnover	(5)	(2)	-	-

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, 2017	December 31, 2016	December 31, 2016
*Fund managed by Life Insurance Corporation of India (unquoted)	100%	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 administer the contributions made by the Company to the schemes and also defines the investment strategy.

The Company has an obligation to service the shortfall on account of interest generated by the fund and on maturity of fund investments and hence the same has been classified as Defined Benefit Plan in accordance with Ind AS 19 "Employee Benefits". As per the Guidance Note from the Actuarial Society of India, the Company has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund as at December 31, 2017 and based on the same, there is no shortfall towards interest rate obligation.

41 Operating lease

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

Where Company is the lessee: (Rupees in Million)

Particulars	December 31, 2017	December 31, 2016
Charged to Statement of profit and loss *	1	2
Not later than one year	2	1
Later than one year but not later than five years	2	2
Later than five years	-	-

*Cars are obtained on operating lease for a period of five years. There are no restrictions imposed by lease arrangements. There are no subleases.

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

(Rupees in Million)

Particulars	December 31, 2017	December 31, 2016
Car Lease Charges**	45	30
Other Lease Charges**	120	131
Total	**165**	**161**

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

Where Company is the lessor:

In respect of non-cancellable operating leases (Rupees in Million)

Particulars	December 31, 2017	December 31, 2016
Credited to Statement of profit and loss	*	1
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-

*denotes less than one Million

43 Other provisions:

Movements in provisions:

(Rupees in Million)

Particulars	Class of provisions			
	Indirect tax	Provision for Sales Returns	Others	Total
Balance as at January 1, 2017	250 (203)	615 (618)	282 (292)	1,147 (1,113)
Amount provided during the year	76 (47)	431 (440)	166 -	673 (487)
Amount written back / paid during the year	103 -	437 (443)	31 (10)	571 (453)
Balance as at December 31, 2017	223 (250)	609 (615)	417 (282)	1,249 (1,147)

Note: Figures in brackets are for the previous year.

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

44 Derivative Instruments and Un-hedged Foreign Currency Exposure:

Particulars of Derivatives Instruments as at Balance sheet date

Particulars of Derivatives	Foreign Currency	December 31, 2017		December 31, 2016		January 01, 2016	
		Foreign Currency Value	Rupees in Million	Foreign Currency Value	Rupees in Million	Foreign Currency Value	Rupees in Million
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export of goods & services.	EUR	-	-	5,000,000	357	4,000,000	288

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

Particulars of Derivatives	Foreign Currency	December 31, 2017		December 31, 2016		January 01, 2016	
		Foreign Currency Value	Rupees in Million	Foreign Currency Value	Rupees in Million	Foreign Currency Value	Rupees in Million
Trade Payables	EUR	9,117,132	697	10,191,763	728	7,675,209	553
	USD	915,146	58	615,993	42	405,938	27
	CHF	-	-	-	-	5,520	*
	HKD	-	-	44,774	*	44,774	*
	AUD	-	-	-	-	7,190	*
	GBP	19,356	2	-	-	-	
Trade Receivables	EUR	16,647,063	1,272	8,851,230	632	10,278,687	740
	USD	1,172,647	75	1,262,545	86	1,237,839	82
	NPR	-	-	18,900	*	-	-
Cash and Bank Balances	EUR	538,342	41	642,349	46	399,739	29
	USD	167,386	11	7,650	1	9,164	1

* denotes less than one Million

45 (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 Rs.31 Million in 1988 being the liability determined by the Special Team appointed by the Government. However, during 1990, fresh demands aggregating to Rs.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 Rs.80 Million was made by the Government.

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

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

(b) National Pharmaceutical Pricing Authority (NPPA) has raised demands on the Company for alleged overcharging on some of its products. The Company has contested the demands by filing writ petitions in the Delhi High Court. The Hon'ble High Court has issued notice in those matters and restrained NPPA from taking any coercive action in respect of the demands. However, as a matter of abundant precaution, an amount of Rs 162 million has been provided in the books of accounts during the year ended December 2017.

46 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.

(Rupees in Million)

	December 31, 2017	December 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal Amount	236	42
Interest thereon remaining unpaid	*	*
Amount of interest paid in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	4	1
Amount of interest accrued and remaining unpaid at the end of each accounting year; and	4	1
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	6	2

* denotes less than a million

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

a. Gross amount required to be spent by the company during the year was Rs. 78 Million

b. Details of amount spent during the year

(Rupees in Million)

Particulars	Paid	Yet to be Paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above			
a) Towards Public Private Partnership with the Government of Maharashtra to impact outcomes of patients having non-communicable diseases.	3	-	3
b) Towards Diabetes with Dignity	8	-	8
c) Towards Counselling patients to manage their diabetes and create awareness on early detection	44	5	49
d) Towards enhancing skills of students of Cardiology/Cardio-thoracic surgery	11	-	11
e) Towards Employee volunteering - Joy in Outreach	2	-	2
f) Towards Grants/Donation	9	1	10
Total	**77**	**6**	**83**

48 Fair value measurements

Financial instruments by category (Rupees in Million)

	December 31, 2017			December 31, 2016			January 01, 2016		
	FVPL	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**
Financial assets									
Investments	-	2	-	-	2	-	-	2	-
Loans	-	-	4,088	-	-	3,195	-	-	1,745
Trade receivables	-	-	1,944	-	-	1,448	-	-	1,440
Cash and cash equivalents	-	-	7,215	-	-	5,535	-	-	5,666
Bank balances other than cash and cash equivalents	-	-	84	-	-	75	-	-	56
Other financial assets	-	-	132	-	-	194	-	-	178
Total financial assets	**-**	**2**	**13,463**	**-**	**2**	**10,447**	**-**	**2**	**9,085**
Financial liabilities									
Trade payables	-	-	3,269	-	-	2,308	-	-	2,175
Other financial liabilities			102			161			110
Total financial liabilities	**-**	**-**	**3,371**	**-**	**-**	**2,469**	**-**	**-**	**2,285**

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 1 below.

The fair values mentioned below have been calculated based on discounted cash flows method. They are classified as Level 3 in the hierarchy due to the inclusion of unobservable inputs.

(Rupees in Million)

Fair value of financial assets and liabilities measured at amortised cost	December 31, 2017		December 31, 2016		January 01, 2016	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets at amortised cost						
Loan	4,055	4,055	56	56	1,706	1,706
Rental Deposits	80	80	97	97	82	82
Tender security deposits	8	8	9	9	11	11
Margin money deposits	4	4	5	5	17	17
Other Deposits	40	40	40	40	47	47
	4,187	**4,187**	**206**	**206**	**1,863**	**1,863**
Financial assets at fair value through other comprehensive income (FVTOCI)						
Investment in equity instruments (Unquoted)*	2	2	2	2	2	2
	2	**2**	**2**	**2**	**2**	**2**

*For investment in equity instrument made in Narmada Clean Tech Limited (formerly known as Bharuch Eco-Acqua Infrastructure Limited), the cost (i.e. carrying value) represents the best estimate of fair value considering the nature of the investment.

There have been no transfers amount 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.

49 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 INR 1,944 million as at December 31, 2017 (December 31, 2016 - 1,448 million; January 01, 2016 - 1,440 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:

(Rupees in Million)

	December 31, 2017	December 31, 2016
Opening balance	15	9
Changes in loss allowance	*	6
Closing balance	**15**	**15**

* denotes less than million

The management believes that no further provision is necessary in respect of trade receivables based on historical trends of these customers.

The aging of trade receivables at the reporting date was as follows:

(Rupees in Million)

	December 31, 2017	December 31, 2016	January 01, 2016
Past due 1-90 days	495	320	291
Past due 90-180 days	12	31	32
Past due 180-270 days	15	6	16
Past due above 270 days	43	47	25
Gross trade receivables	**565**	**404**	**364**
Less: Allowance for doubtful debts	(15)	(15)	(9)
Net trade receivables	**550**	**389**	**355**

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 & bank balances

The Company held cash and cash equivalents of INR 7,215 as at December 31, 2017 (December 31, 2016 - 5,535: January 01, 2016 - 5,666) and other bank balances of INR 84 (December 31, 2016 - 75: January 01, 2016 - 56). 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) Inter-Corporate deposit

The Company has given inter-corporate deposit to its fellow subsidiary amounting to Rs. 4,000 mio. (December 31, 2016: Rs. 3,100 mio & January 1, 2016 :Rs. 1,650 mio. This inter-corporate deposit is guaranteed by group Company i.e. Sanofi S.A.

The Company`s maximum exposure to credit risk as at December 31, 2017, December 31, 2016 & January 1, 2016 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, 2017 and December 31, 2016. 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.

(Rupees in Million)

		Undiscounted Amount		
	Carrying amount	Payable within one year	Payable more than one year	Total
As at December 31, 2017				
Trade Payables	3,269	3,269	-	3,269
Unclaimed dividend	26	26	-	26
Liability of Capital Goods	65	65	-	65
Other Payables	11	11	-	11

(Rupees in Million)

		Undiscounted Amount		
	Carrying amount	Payable within one year	Payable more than one year	Total
As at December 31, 2016				
Trade Payables	2,308	2,308	-	2,308
Unclaimed dividend	21	21	-	21
Liability of Capital Goods	130	130	-	130
Other Payables	10	10	-	10

(Rupees in Million)

		Undiscounted Amount		
	Carrying amount	Payable within one year	Payable more than one year	Total
As at January 01, 2016				
Trade Payables	2,175	2,175	-	2,175
Unclaimed dividend	18	18	-	18
Liability of Capital Goods	84	84	-	84
Other Payables	8	8	-	8

(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 44). 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 INR as follows :

(Rupees in Million)

Particulars	As at December 31, 2017						
	EUR	USD	HKD	GBP	AUD	CHF	NPR
Trade receivables	1,272	75	-	-	-	-	-
Cash and cash equivalents	41	11	-	-	-	-	-
Trade payables	(697)	(58)	-	(2)	-	-	-
Forward Exchange contracts	-	-	-	-	-	-	-
Net exposure	**616**	**28**	**-**	**(2)**	**-**	**-**	**-**

(Rupees in Million)

Particulars	As at December 31, 2016						
	EUR	USD	HKD	GBP	AUD	CHF	NPR
Trade receivables	989	86	-	-	-	-	*
Cash and cash equivalents	46	1	-	-	-	-	-
Trade payables	(728)	(42)	*	-	-	-	-
Forward Exchange contracts	(357)	-	-	-	-	-	-
Net exposure	**(50)**	**45**	*	**-**	**-**	**-**	*

* denotes less than million

(Rupees in Million)

Particulars	As at January 01, 2016						
	EUR	USD	HKD	GBP	AUD	CHF	NPR
Trade receivables	1,028	82	-	-	-	-	-
Cash and cash equivalents	29	1	-	-	-	-	-
Trade payables	(553)	(27)	*	-	*	*	-
Forward Exchange contracts	(288)	-	-	-	-	-	-
Net exposure	**216**	**56**	*	**-**	*	*	**-**

* denotes less than million

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:

(Rupees in Million)

	Impact on profit after tax	
	December 31, 2017	December 31, 2016
USD Sensitivity		
INR / USD increase by 1% (December 31, 2016 - 1%)*	(12)	(20)
INR / USD decrease by 1% (December 31, 2016 - 1%)*	12	20
EUR Sensitivity		
INR / EUR increase by 1% (December 31, 2016 - 1%)*	(308)	(143)
INR / EUR decrease by 1% (December 31, 2016 - 1%)*	308	143
GBP Sensitivity		
INR / GBP increase by 1% (December 31, 2016 - 1%)*	1	-
INR / GBP decrease by 1% (December 31, 2016 - 1%)*	(1)	-

* Holding all other variables constant

50 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 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, 2017 and December 31, 2016.

(b) Dividend

(Rupees in Million)

	December 31, 2017	December 31, 2016
Equity shares		
Final dividend for the year ended December 31, 2017 - 53 (December 31, 2016 - INR 50) per fully paid up share	1,221	1,152
Interim dividend for the year ended December 31, 2017 of INR 18 (December 31, 2016 - 18) per fully paid up share	415	415

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

As per our report of even date

For and on behalf of the Board of Directors

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

Rajaram Narayanan
Managing Director
DIN:02977405
Place: Mumbai
Date : February 22, 2018

Usha Thorat
Director
DIN:00542778
Place: Mumbai
Date : February 22, 2018

Himanshu Goradia
Partner
Membership No : 45668
Place: Mumbai
Date: February 22,2018

Lionel Guerin
Whole Time Director & CFO
DIN:07232453
Place: Mumbai
Date: February 22, 2018

Girish Tekchandani
Company Secretary
Membership No :10602
Place: Mumbai
Date : February 22, 2018

NOTES

SANOFI INDIA LIMITED

Registered Office : Sanofi House, CTS No. 117-B, L&T Business Park, Saki Vihar Road, Powai, Mumbai - 400 072
Tel. : +91 (22) 2803 2000 Fax : +91 (22) 2803 2831
Corporate Identity Number : L24239MH1956PLC009794
Website: www.sanofiindialtd.com Email: igrc.sil@sanofi.com

ATTENDANCE SLIP

62ND ANNUAL GENERAL MEETING ON TUESDAY, 8TH MAY 2018 AT 3.00 P.M.

Folio No. / Client ID
Member's / Joint Holder's Name
No of Equity Shares held

I/ We hereby record my / our presence at the 62nd Annual General Meeting of the Company at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

Name of Proxy Holder

Member's / Proxy's Signature

Notes:

1. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
2. Shareholder / Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

SANOFI INDIA LIMITED

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PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered address:	
E-mail Id:	
Folio No. / DP ID & Client Id :	

I/ We being the member of Sanofi India Limited holding ……………shares, hereby appoint:

1. Name:………………………………………………… Address……………………………………………………………………………

   Email Id:……………………………………………………………………Signature……………………………failing him / her

2. Name:………………………………………………… Address……………………………………………………………………………

   Email Id:……………………………………………………………………Signature……………………………failing him / her

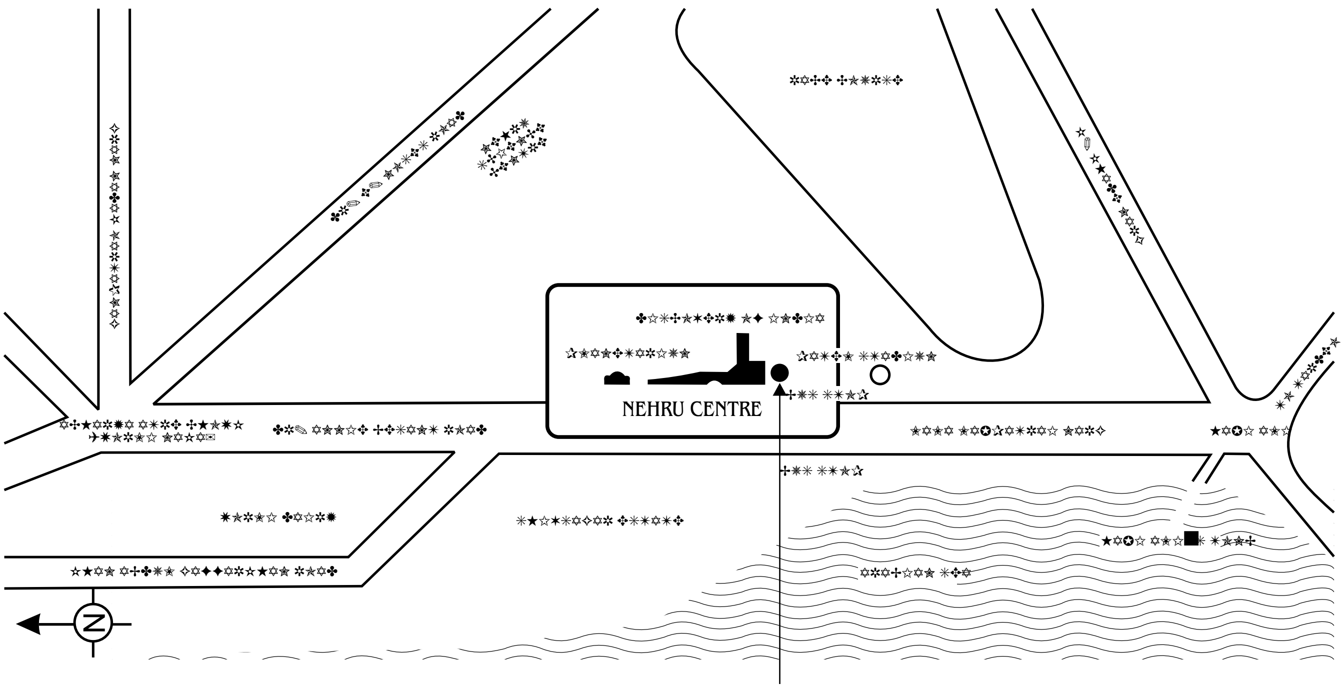
3. Name:………………………………………………… Address……………………………………………………………………………

   Email Id:……………………………………………………………………Signature……………………………failing him / her

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 62nd Annual General Meeting of members of the Company, to be held on Tuesday, 8th May 2018 at 3.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

P.T.O.

Location Map of Hall of Culture, Nehru Centre



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

Resolution No.	Resolution
Ordinary Business	
1.	Adoption of financial statements for the year ended 31st December, 2017
2.	Confirmation of interim dividend and declaration of final dividend for the year ended 31st December, 2017
3.	Re-appointment of Mr. Rajaram Narayanan, who retires by rotation
4.	Re-appointment of Mr. Ashwani Sood, who retires by rotation
5.	Ratify appointment M/s. Price Waterhouse & Co. Chartered Accountants LLP as Statutory Auditors
Special Business	
6.	Appointment of Mr. Rajaram Narayanan as Managing Director of the Company for period of five years with effect from 1st January 2018
7.	Approval of remuneration payable to M/s. D. C. Dave & Co., Cost Accountants., Cost Auditors of the Company
8.	Change of the address for keeping the Register of Members of the Company

Signature of Shareholder: ………………………….............……………….......... Signed this …….........……day of …....……….........2018

Signature of Proxy holder(s):……………………………………….

Note: this form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company in not less than FORTY EIGHT HOURS before commencement of the Meeting.

Affix
Revenue
Stamp of
Re. 1/-

Sanofi India Limited: Sanofi House, CTS No. 117-B, L&T Business Park
Saki Vihar Road, Powai, Mumbai – 400 072
Tel: +91 (22) 2803 2000 | www.sanofiindialtd.com