



SANOFI INDIA LIMITED

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Corporate Identity Number: L24239MH1956PLC009794

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POSTAL BALLOT NOTICE

[Notice Pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014]

Notice is hereby given to the members of Sanofi India Limited (the Company), pursuant to Section 110 of the Companies Act, 2013 (the Act), read with Rule 22 of the Companies (Management and Administration) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and other applicable provisions, if any, for seeking approval of the members of the Company by way of a Special Resolution for slump sale and transfer of the Company's manufacturing facility at Ankleshwar, Gujarat on a going concern basis to Zentiva Private Limited. The Explanatory Statement pertaining to the Resolution setting out the material facts and the reasons thereof is annexed hereto along with the Postal Ballot Form for your consideration.

In the event, the Resolution as set out in the Notice are assented to by the requisite majority by means of e-voting or Postal Ballot (whichever method the member opts for), it shall be deemed to have been passed as Special Business at the General Meeting convened in that behalf. The last date of the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the Resolution would be deemed to have been passed, if approved by the requisite majority.

The Board of Directors of the Company (the Board) has appointed Ms. Kumudini Bhalariao or failing her Mr. Makarand M. Joshi, of M/s. Makarand M. Joshi & Co., Company Secretaries as the Scrutinizer for conducting the Postal Ballot and e-voting process in accordance with the provisions of the Act and the Rules made thereunder in a fair and transparent manner. Members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed. The duly completed Postal Ballot Form(s) should reach the Scrutinizer not later than 17.00 hours (IST) on 30th October 2019.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions under the section 'Voting through electronic means' in this Notice.

The Scrutinizer will submit her / his report to the Chairman or a person authorised by him on or before 1st November 2019. The result of Postal Ballot (including e-voting) shall be declared on or before 1st November 2019 at the Company's registered office. In addition to the results being communicated to the BSE Limited and the National Stock Exchange of India Limited, it shall also be displayed at the Company's registered office and on the Company's website www.sanofiindia.com.

SPECIAL BUSINESS:

Slump sale and transfer of the Company's manufacturing facility at Ankleshwar, Gujarat

To consider, and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Companies (Management and Administration) Rules, 2014 and the provisions of the Memorandum and Articles of Association of the Company, and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, the consent of the members be and is hereby accorded to the Board for slump sale and transfer of the Company's manufacturing facility situated at Ankleshwar, Gujarat together with all specified tangible and intangibles assets, contracts, rights, personnel and employees, data and records, inventory and other assets and liabilities as agreed between the parties, on a going concern basis to Zentiva Private Limited, for an overall consideration of Rs.2,617 million (Rupees Two Thousand Six Hundred and Seventeen Million Only), subject to customary working capital adjustments.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this Resolution and to settle any question, difficulty or doubt that may arise in this regard."

By Order of the Board

GIRISH TEKCHANDANI
COMPANY SECRETARY

10th September 2019
Mumbai

Note: Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business specified above is annexed.

EXPLANATORY STATEMENT

The Board of Directors at its meeting held on 10th September 2019 approved a transaction for the slump sale and transfer of the manufacturing facility of the Company at Ankleshwar, Gujarat to Zentiva Private Limited for a consideration of Rs. 2,617 million, subject to customary working capital adjustments. This transaction is subject to the approval of the members and few other conditions / approvals of regulatory authorities as defined under the Business Transfer Agreement.

As per the provisions of Section 180(1)(a) of the Companies Act, 2013 read with Section 110 of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, the sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) requires the approval of the shareholders by way of a Special Resolution through Postal Ballot.

Rationale of the transaction

In 2018, Advent International acquired Zentiva, Sanofi group's European generics business (hereafter called Zentiva), including all commercial assets and a few global manufacturing sites, that were however not sufficient to cover Zentiva's production needs. Following this transaction, Zentiva therefore continued to source products from the Company's plants in India (through Sanofi group) pursuant to a five-year Manufacturing and Supply Agreement (hereafter called MSA) ending in 2023.

Consequent to the global transaction and in anticipation of what could happen in 2023, the Company initiated a review of its long term manufacturing strategy. Zentiva also expressed its interest in acquiring the Ankleshwar manufacturing facility which the Company decided to explore in detail. The manufacturing strategy took into consideration the following :

1. The likelihood of Zentiva continuing to procure supply from the Company beyond the MSA duration was extremely low. Zentiva would have preferred to fully control the manufacturing processes, as is logical for a generics company.
2. No material pipeline of products within Sanofi group could have been targeted by the Company for manufacturing to replace lost volumes.
3. The Company would like to focus on manufacturing Sanofi branded products rather than manufacturing for third parties. Participating in the highly competitive generics market would mean reduced margins and prioritization issues versus own production. The Company also has no expertise in generics manufacturing for third parties.
4. Based on the Company's business plans and considering the detailed strategic manufacturing requirements, the Company assessed that it could efficiently serve its business by retaining only the Goa plant that had enough capacity for the same as well as possibilities of further capacity enhancement, should the need arise.
5. Reset of the manufacturing footprint will help the Company to improve asset utilization and profitability ratios in the future.

Based on the above, the management of the Company concluded that there was a need to dispose the Ankleshwar site, either through a divestment, or through a closure at the end of the MSA in 2023. In case, the Company maintained two manufacturing facilities, the unutilized manufacturing capacities would adversely impact the margins and profitability ratios of the Company.

In Q2 of 2019, the Company received an offer from Zentiva to acquire the Company's manufacturing facility in Ankleshwar through its fully owned subsidiary in India. The Company agreed to explore this opportunity as it was in line with its defined manufacturing strategy. Zentiva was already buying the products manufactured at this site. Since the tablets manufacturing facility at the Ankleshwar site is not USFDA approved, the likelihood of other buyers, who have very large business in Europe, being interested in this site was considered low.

After considering the available options, the value proposed by Zentiva was considered fair, keeping in mind Company's strategic intent and ground realities. This transaction also provided continuity of supplies to all customers without any disruption. The two companies share similar values and commitment towards serving patients and their employees. Taking in account the above, the Board of Directors of the Company approved this transaction in the long-term interest of patients, customers, employees and all shareholders.

Fair value of the transaction and use of proceeds

The Board has taken into consideration the valuation report issued by Deloitte Touche Tohmatsu India LLP and a fair value certificate on such valuation issued by ICICI Securities Limited.

The consideration of the transaction will be received after completion of certain conditions and closing of the transaction, which is likely to be achieved by 31st March 2020.

After closing of the transaction and receipt of the consideration, the Board will consider the best utilization of the proceeds for business development including distribution to the shareholders in an appropriate manner.

Business details and financials

The Ankleshwar manufacturing facility is engaged in the manufacturing of active pharmaceutical ingredients and finished pharmaceutical products for distribution / sales across the world. Apart from manufacturing products which are exported to Zentiva, it also makes products which are not part of the divestment. In the financial year ended 31st December 2018, this facility contributed Rs. 8,735 million to the revenue (34% of total revenue of the Company; but includes products which are not part of the divestment) and Rs. 2,945 million to the net worth (13% of total net worth of the Company).

The products for domestic market which are being manufactured at the Ankleshwar manufacturing facility will be moved to another manufacturing facility of the Company and will continue to be in the product portfolio of the Company. The Company has made necessary arrangements to handle this transition in a secure manner to ensure that there is no business disruption in the supplies of products which have not been divested. Post this transition, the estimated average annual revenue loss to the Company over a period of next 4 years (balance of five-year supply agreement mentioned above) is about Rs. 4,700 million. The Company has plans to renew its focus on strategic brands and mitigate the loss of revenue, in due course.

All concerned employees at Ankleshwar will transfer to Zentiva Private Limited on terms no adverse to their present emoluments with uninterrupted continuity of service.

Disclosures

The Board is of the opinion that the aforesaid transaction is in the best interest of the Company and therefore, recommends the Resolution set out in the Notice for the approval of the members.

Mr. Rangaswamy R Iyer, Independent Director of the Company, is an Advisor to Advent in India (he did not advise Advent on this transaction). Nevertheless, he recused himself from all discussions and decisions in this transaction, to avoid any possible conflict of interest. None of the other Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this Resolution.

Instructions for Voting

1. The voting period begins on Tuesday, 1st October 2019 at 9.00 hours (IST) and ends on Wednesday, 30th October 2019 at 17.00 hours (IST). Any Postal Ballots received after this date shall not be considered and the e-voting module shall be disabled by Central Depository Services (India) Limited (CDSL) for voting thereafter.
2. The Postal Ballot Notice is being sent to all the members, whose names appear in the Register of Members / Records of Depositories as on the close of working hours on 20th September 2019. Voting Rights shall be reckoned on the paid-up value of the shares registered in the name of the members as on 20th September 2019. The Postal Ballot Notice is sent electronically to all the members who have registered their email addresses with the Company / Depositories and to other members by Speed Post/ Registered Post / Courier.
3. Ms. Kumudini Bhalerao or failing her Mr. Makarand M. Joshi of M/s. Makarand M. Joshi & Co., Company Secretaries, has been appointed as Scrutinizer for conducting the Postal Ballot process in accordance with the law in a fair and transparent manner.
4. The Scrutinizer will submit her / his report on e-voting / Postal Ballot, to the Chairman or any person authorised by him. The Chairman or in his absence, any a person authorised by him will announce the results of Voting by Postal Ballot on or before 1st November 2019. The Scrutinizer's decision on the validity of the votes cast through e-voting / Postal Ballot shall be final. The results of the e-voting / Postal Ballot will be displayed at the Registered Office and on the website of the Company and intimated to the Stock Exchanges on which the shares of the Company are listed.
5. Members desiring to exercise their vote by using e-voting facility should carefully follow the instructions for e-voting printed in this Notice.
6. Members desiring to exercise their vote by using Postal ballot Form should read the instructions carefully printed in the overleaf of the Postal Ballot Form which is enclosed along with the Notice.
7. A member can opt for only one mode of voting, i. e. either through e-voting or by Postal Ballot Form. If a member casts vote by both modes, then voting done through e-voting shall prevail and Postal Ballot Form shall be treated as invalid.

Voting through Electronic means (e-voting)

- (i) The Company has engaged CDSL to offer e-voting facility to all its members to enable them to cast their votes electronically. e-voting is optional for members. A member who wish to vote by Postal Ballot Form (instead of e-voting) can use the enclosed Postal Ballot Form or download it from the link www.sanofiindialtd.com
- (ii) The members should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members.
- (iv) Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in physical form should enter folio number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) 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 Postal Ballot Form
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 (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For members holding shares in physical form, the details can be used only for e-voting on the Resolution contained in this Notice.

- (xi) Click on the EVSN for Sanofi India Limited.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) 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.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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.
 - 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.
 - 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.
- (xx) 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.
- (xxi) 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
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