



SANOFI INDIA LIMITED

Policy for determination of materiality for disclosure of events or information to the Stock Exchanges pursuant to regulation 30 (4) (ii) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

A. Purpose

This policy provides guidance to the Board, Key Managerial Personnel, Senior Management and staff on the assessment of materiality in financial matters, the independence of relationships and any other company matters that require appropriate disclosure to the Stock Exchanges.

B. Effective date of Policy

This Policy will be effective from 1st December 2015.

C. Policy

The Board recognises that materiality in a particular circumstance is a matter of informed judgement. However, to provide some guidance, the factors mentioned below are considered material in financial matters, the independence of relationships and any other company matters and should be disclosed to the Stock Exchanges

In relation to the Company, its Directors, its stakeholders, Key Managerial Personnel, Senior Management, staff, suppliers and customers, the guidance factors mentioned below must be considered individually and jointly. Any transaction, relationship or event that is considered material based on these factors is to be reported to the Chief Financial Officer (CFO) and/ or the Audit Committee.

D. Material Events or Information

1. Events or information specified in Annexe-I will be deemed to be material events/ information and will be disclosed irrespective of application of any quantitative or qualitative material thresholds.
2. Events or information which will be disclosed based on application of materiality criteria are given in Annexe -II

E. Guidelines for Materiality assessment of an event/ information specified in Annexe II

The Board has taken into account the following factors in determining Company's level of materiality:

- i. Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature, 'quantitative' criteria will be applied.

- ii. In circumstances where 'quantitative' test may not be applicable or cannot be applied, a 'qualitative' or a 'subjective', criteria as under will be applied to determine materiality for which the following parameters need to be considered:
- a) the omission of an event or information which is likely to:
 - result in a discontinuity or alteration of an event already available publicly; or
 - result in significant market reaction if the said omission came to light at a later date;
 - b) Any event or information having a significant risk to the reputation of the Company.
 - c) In the opinion of the Board of Directors, the event / information ought to be disclosed.
- iii. Only such impact which is direct (not derivative) and reasonably perceivable (not remote) and having a time horizon of 1-3 years shall be considered.

F. Other Information/ Event

Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities — Managing Director to be consulted by the Chief Financial Officer and materiality to be determined.

G. Disclosures specified by the Board of Directors

Without prejudice to the generality of the preceding clauses, the Company may make disclosures of events/information as specified by the Board of Directors from time to time.

H. Events or information pertaining to material subsidiaries

All events or information pertaining to material subsidiaries, if any, which fall in any of the aforesaid categories.

I. Timing of disclosures

The disclosures of the information/events shall be made as soon as they occur and within the time permitted by the extant regulations.

J. Authorised Officers to determine materiality/ make disclosures

The Managing Director and Chief Financial Officer will be responsible for determining materiality of the information in line with the extant Regulations

and this Policy and the Company Secretary will be responsible for disclosing to the Stock Exchanges.

K. Disclosure on website

The Company shall disclose on its website all such events or information which have been disclosed to Stock Exchange (s) pursuant to this Policy, and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per archival policy of the Company, as disclosed on its website.

L. Updating Material developments

The Company shall, with respect to disclosures referred to in this Policy, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

M. Replies to queries of Stock Exchanges

The Company shall provide specific and adequate reply to all queries raised by the Stock Exchange(s) with respect to any events or information.

N. Review

The Policy is subject to review by the Board from time to time.

ANNEXE -I

Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30) and Clause D (1) of this Policy

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.

Explanation- For the purpose of this sub-para, the word 'acquisition' shall mean,-

- (i) acquiring control, whether directly or indirectly; or,
 - (ii) acquiring or agreeing to acquire shares or voting rights in a company, whether directly or indirectly, such that -
 - (a) the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
 - (b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
 3. Revision in Rating(s).
 4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
 - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;

- b) any cancellation of dividend with reasons thereof;
 - c) the decision on buyback of securities;
 - d) the decision with respect to fund raising proposed to be undertaken
 - e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
 - g) short particulars of any other alterations of capital, including calls;
 - h) financial results;
 - i) decision on voluntary delisting by the listed entity from stock exchange(s).
5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty (ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
6. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.
8. Appointment or discontinuation of share transfer agent.
9. Corporate debt restructuring.
10. One time settlement with a bank.
11. Reference to BIFR and winding-up petition filed by any party / creditors.

12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.
13. Proceedings of Annual and extraordinary general meetings of the listed entity.
14. Amendments to memorandum and articles of association of listed entity, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors.

ANNEXE -II

The events/information and corresponding materiality criteria pursuant to Para B of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause D (2) of this Policy

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/ division whose impact is not less than 5% of the turnover of the Company (as per the latest audited financial statements) for one full year of operation.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/ division (entirety or piecemeal) whose impact is not less than 10% of the turnover of the Company as per the latest audited financial statements.
- 3 (a) Capacity addition of not less than 25% of the Company's existing range of products in any manufacturing unit.

(b) New Product launch- Expected to contribute, in the first year of launch, at least 3% of the turnover of the Company as per the latest audited financial statements.
4. Awarding, bagging/ receiving, amendment or termination of awarded / bagged orders /contracts not in the normal course of business whose consideration is not less than 5% of the turnover of the Company as per the latest audited financial statements.
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreements(s) which are binding and not in the normal course of business) and revision (s) or amendment(s) or termination (s) thereof- Borrowings for a minimum period of 5 years for an amount not less than Rs.200 crores.
- 6 (a) Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire, etc.), force majeure- estimated impact of 5% of the turnover (as per the latest audited financial statements)

(b) Events such as strikes, lockouts, etc. – In case of receipt of valid legal notice from a recognised trade union- complete closure of a manufacturing unit for at least seven working days.
7. Effect(s) arising out of change in the regulatory framework whose impact is not less than 5% of the turnover of the Company as per the latest audited financial statements.

8. Litigation(s) / dispute(s) / regulatory action(s)- Outcome of single litigation/dispute determined by a Court of Law (not below High Court) and regulatory action having/likely to have an impact not less than 3% of the turnover of the Company as per the latest audited financial statements.
9. Fraud/ defaults, etc. by Directors (other than Key Managerial Personnel) or employees of the Company exceeding Rs. 10 million. (Only established frauds and defaults affecting the Company.)
10. Options to purchase securities including any ESOP /ESPS Scheme- As and when issued (Not presently applicable as the Company does not have any ESOP/ESPS scheme).
11. Giving of guarantees or indemnity or becoming a surety for any third party – not less than 5% of the turnover of the Company as per the latest audited financial statements.
12. Granting, withdrawal, surrender, cancellation or suspension of key licences or regulatory approvals whose impact is not less than 5% of the turnover of the Company as per the latest audited financial statements. However, renewal of licenses will not be considered material.