



**SANOFI INDIA LIMITED**  
**TRANSCRIPT OF THE 64<sup>th</sup> ANNUAL GENERAL MEETING**

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| Day       | : | Tuesday                             |
| Date/Time | : | 7 <sup>th</sup> July 2020 / 3.00 pm |
| Venue     | : | Through video-conferencing facility |

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**3.00 PM - Mr. Aditya Narayan, Chairman and Independent Director:**

Good afternoon ladies and gentlemen. It is 3.00 p.m. and the time to begin the proceedings for this meeting. I would like to let you know that the proceedings of this meeting are being recorded. During the meeting, the participants would be on mute.

At this moment, there are 85 participants and counting number of participants on this VC. The requisite quorum is present. I declare this meeting open.

First, let me introduce myself. My name is Aditya Narayan and I will be chairing this meeting today.

On behalf of the Board of Directors of Sanofi India Limited, I extend a warm welcome to each one of you present at the 64<sup>th</sup> Annual General Meeting of the Company. I hope each one of you is safe, healthy and maintaining social distancing as per the guidelines issued by the Government authorities. Technology has provided extraordinary solutions to us and hence in these unprecedented times of COVID-19 pandemic, we are able to meet you through this new format of meetings. The Company has made all efforts feasible under the current circumstances to enable the members to participate at the meeting through the video conferencing facility and vote electronically. The capacity of this VC meeting is 10,000 participants and members will be allowed to join on first come basis.

Before I proceed further, I would like to introduce to you my colleagues on the VC. I would request each member to acknowledge when I introduce him / her.

1. Mr. Rajaram Narayanan, Managing Director of your Company and Chairman of the Risk Management Committee attending this meeting from Mumbai

**Mr. Rajaram Narayanan:** Good afternoon

**Mr. Aditya Narayan, Chairman and Independent Director:**



2. Mrs. Usha Thorat, Independent Director and Chairperson of the Audit Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholder Relationship Committee attending this meeting from Kolhapur
3. Mr. Charles Billard, Whole time Director & Chief Financial Officer attending this meeting from Mumbai
4. Mr. Cherian Mathew, Whole time Director & Head of Industrial Affairs attending this meeting from Mumbai
5. Mr. Girish Tekchandani, Company Secretary attending this meeting from Mumbai

We also have Ms. Asha Ramanathan, Partner Price Waterhouse who are Statutory Auditors of the Company and Mr. Makarand M Joshi, Partner of Makarand M Joshi & Co. who are Secretarial Auditors of the Company and Scrutinizers of the e-voting process for this AGM.

Mr. Cyril Grandchamp-Desraux who is based at Paris had to be urgently called to attend an important group level meeting at the same time and hence he has regretted his inability to join this meeting today.

There have been few changes in the Board since the last AGM.

1. Dr. Shailesh Ayyangar ceased to Director of the Company on 25<sup>th</sup> February 2020, as you know he had retired from Sanofi.
2. Mr. Thomas Rouckout ceased to be Director of the Company on 25<sup>th</sup> February 2020 due to change in his role with the Sanofi group.
3. Mr. Rangaswamy R Iyer ceased to be Independent Director on completion of his term on 30<sup>th</sup> March 2020.

On behalf of all of us, I would like to place on record our deep appreciation for the contribution made by Dr. Shailesh Ayyangar, Mr. Thomas Rouckout and Mr. Rangaswamy R Iyer to your Company.

Subject to the approval of the members, Mr. Cherian Mathew was appointed as Director and Whole Time Director with effect from 29<sup>th</sup> July 2019. I have already introduced him few moments back.

The proposals on appointment of Mr. Cherian Mathew as Director and Whole Time Director of the Company are part of the agenda of this meeting as resolution Nos. 4 and 5 in the Notice of the Annual General Meeting. We look forward to your whole-hearted support on these proposals.



Since we are holding the meeting in new format, before moving forward, I would like to explain the flow of the whole meeting.

1. After few compliances, I will talk about the key achievements of your Company in the year 2019 and in the current year up to the date of this meeting. I will also brief you on few strategic matters.
2. We will then talk about the proposals which have been placed before you for approval.
3. We had requested all of you to send your queries in advance, on the business, proposals in the AGM Notice and other matters in the Annual Report. In this new format of the VC meeting, we will respond to only those queries which have already been received by us.
4. And most importantly, we will then open lines for those shareholders who have registered themselves as speaker at this AGM. We would like to hear your suggestions, inputs and comments. If you have further queries on business, even if we are not able to respond today, we will be happy to address them in due course.

And, now to the business of this meeting. I trust that you have received the Annual Report and the Notice of the AGM containing the Resolutions to be voted on.

The Company had provided members the opportunity to cast their vote on the resolutions contained in the AGM Notice, by means of remote e-voting. The remote e-voting commenced on 4<sup>th</sup> July 2020 at 9.00 am and closed on 6<sup>th</sup> July 2020 at 5.00 pm.

Members present at the Annual General Meeting today may cast their votes through voting on e-voting platform of CDSL through which you are joining this meeting. The e-voting platform is open now for voting and will close after 30 minutes from the time of closure of this meeting. I hope the process is clear.

Now let me come to the first point, as you know Sanofi has always kept patients at the heart of everything that it does, and this commitment has been reinforced during these challenging times. The Annual Report 2019 which is already with you, explains, how your company has developed innovative services around the medicines that it manufactures, which help patients make informed health decisions, how your Company is accelerating its presence in the digital health ecosystem, which is re-defining the way patients receive healthcare, and how your Company and its employees are coming together around social causes to make a real difference in the society.

I am sure you would have reviewed the Annual Report which explains these aspects in reasonable detail.



As you aware, year 2019 was a challenging year for Indian economy. Economic slowdown in the country had an impact on Pharma Market as well. In addition to the slower growth, the industry continued to face challenges of higher prices of Active Pharmaceutical Ingredients and intermediates resulting in margin pressures.

Your Company has made continuous efforts to enhance its performance by focusing on patient centric initiatives, strengthening its brands, reviewing its manufacturing footprint and building organizational capabilities for the future. The Company is equally focused on sustainability efforts like business continuity, risk management, ethics and business integrity, quality, safety, risk management and internal controls.

Out of all these areas, I would like to focus on three topics today–

1. First one is comment on Indian Pharmaceuticals Industry and performance of the Company,
2. Manufacturing strategy of the Company and the slump sale transaction which was completed recently, and
3. the pandemic and how your Company is coping with it.

Now for the pharmaceutical industry, for the year ended 31st December 2019, IQVIA estimated that the Indian Pharmaceutical Market size is approximately Rs.1,500 billion rupees growing at 10.4% over the previous year. The industry growth in 2019 and the recent months of 2020 is significantly lower than the annualized growth rate of 13-14% seen over the past decade. The industry growth on MAT basis in May 2020 was 7% and for the month of May 2020 it was in fact negative 8%. The industry has been slowing down and this has been aggravated during the recent COVID-19 pandemic crisis.

Against this background, as you would have seen from the Annual Report, your Company had yet another year of good performance in the year 2019. Your Company achieved total revenues from operations of Rs.30.7 billion registering a growth of 11% over previous year. Net profit was at Rs.4.1 billion registering a growth of 9% over previous year.

You would have also seen the financial performance of the Company in Q1 of the year 2020 which were declared by the Company, few weeks ago. In Q1 2020, your Company achieved total revenues from operations of Rs.7.8 billion, registering a growth of 9% over the same quarter in the previous year. Profit before tax and exceptional items was at Rs.1.8 billion registering a growth of 23% over the same quarter in the previous year. The exceptional items were mainly relating to the slump sale transaction of the Ankleshwar manufacturing facility.

The Company is committed to adopting leading edge practices in the areas of employee welfare, talent development and building a future-fit organization. Top Employer Institute, a global



certification company has recognized the Company as ‘Top Employer 2020’ for excellence in creating an environment wherein employees thrive and develop professionally. The Company was selected from a group of over 1,200 participating organizations which underwent a robust validation process.

As detailed in the Annual Report, your Company continues to actively contribute to the society and communities, through its Corporate Social Responsibility programs that include access to healthcare, capacity building, disease awareness and employee volunteering.

Since I assumed the responsibilities as Chairman of the Company, one question was raised at each AGM on the use of cash on the balance sheet. After detailed evaluation of available cash and our future needs especially post slump sale of Ankleshwar manufacturing facility, your Board has recommended a significant increase in the Dividend payment for the year 2019. Your Directors have recommended payment of final dividend of Rs. 106 per equity share of Rs. 10 for the year ended 31st December 2019. You would remember that the total dividend in the year 2018 was Rs.84 per share. In addition, after reviewing the cash requirements for the Company’s operations, a one-time special dividend of Rs. 243 per equity share of Rs.10 has been recommended. The total dividend of Rs. 349 per equity share of Rs. 10 will be paid after your approval at this Annual General Meeting. The total dividend will result in cash outflow of Rs. 8.04 billion.

Now let me move to the manufacturing strategy and the slump sale which you all are aware of. I would now like to spend few minutes on manufacturing strategy. At the last AGM, we had mentioned to you that your Company will diligently initiate review of its longer-term manufacturing strategy. This review was planned in view of the announcement made by Sanofi Group in October 2018 on divestment of its European Generics business. As part of this transaction, Sanofi group signed a 5 years supply agreement with Advent for continuing to source products from Sanofi India Limited for their business. The Board decided to review all scenarios after the end of this 5 years supply agreement and proactively take all steps to protect the best interests of its customers, employees and all its shareholders. This review was completed by the Board during the year 2019.

Based on this review, the Board of Directors of the Company at its meeting held on 10th September 2019, approved a transaction for the slump sale and transfer of the Ankleshwar manufacturing facility to Zentiva Private Limited for a consideration of Rs. 2.6 billion subject to customary working capital adjustments. The members of the Company approved this transaction by way of a postal ballot on 30th October 2019. Other conditions precedent and approvals from statutory authorities were obtained and the transaction was finally closed on 29th May 2020. After the initial working capital adjustment on the closing date, the total consideration for the transaction has been calculated at Rs. 3.2 billion. The Company has already received the initial consideration of Rs. 2.9 billion on the closing date. This is subject



to a customary post-closing working capital adjustment in accordance with the terms of the Business Transfer Agreement, and the balance consideration of Rs. 273.4 million will be received within 10 working days of full transfer of products as specified in the Business Transfer Agreement. We expect that the full transfer of products will be completed by September 2021.

This transaction is a significant milestone in the long-term strategy of the Company. This transaction will help the Company to focus on manufacturing Sanofi branded products and market it in Indian markets rather than manufacturing of products for third parties. The Company has always emphasized that it has no ambition of becoming a contract manufacturing company. Reset of the manufacturing footprint will also help the Company to improve asset utilization and profitability ratios and efficiency in the future.

And now let me move to what all of us are struggling with – the pandemic and how your Company is coping with it. Today we are confronted with an unprecedented crisis, the world has never experienced before. Coronavirus pandemic has affected all countries, areas and territories. With millions of cases globally, there is no stop to the spread. It has severely impacted the healthcare system, economies and our day-to-day lives.

Your Company approached this problem with four clear objectives -

1. Safety and health of its employees
2. Ensuring uninterrupted supplies of its products for patients
3. Steps to support the effort of the government and NGOs
4. Enhance digital capability across the company

I am happy to inform you that your Company has pursued these objectives with deep commitment due to dedicated efforts of its employees. Some of the highlights of these efforts are -

1. The manufacturing operations of the Company continued functioning as essential services and employees continued to report to work despite tremendous challenges,
2. There were no significant disruptions in the supply chain, and the warehouses of the Company continued all their operations ensuring availability of products across India,
3. Sales employees used digital media to remain connected with key stakeholders. The digital investments made by your Company in last few years helped immensely to facilitate these interactions,
4. Employees at the offices are working from home using advanced digital tools to support the business during this critical time,
5. The company also contributed Rs 25 million to the PM-CARES Fund supported by employees, who contributed one day of their salary.



Every crisis also brings opportunity for accelerating innovations. As you are aware, your Company has taken major steps during the last 2 years in building digital capabilities. The Company strengthened its digital footprint and executed several consumer digital campaigns for Insulin, Allergy and Pain management products. The Company also introduced the multi-channel mix model backed by research on digital channel preferences of Doctors. The Company also created new alternative models of promotion by building digital touchpoints with the Doctors. These initiatives have helped us in remaining connected with Physicians, Trade and needy patients even in difficult situations like the COVID-19 pandemic, when face-to-face engagement is not possible. Your Company will continue accelerating these steps and always be agile to adopt to new ways of working and new business models.

As I explained some time back, the Company has continued to grow in sales and operational profitability and there was no material impact on account of COVID-19 pandemic on the Q1 2020 financial results.

While it is very difficult to predict the full impact of COVID-19 pandemic in the current quarter or the full year 2020, it is clear that the market will not grow like it has in previous years. The restrictions on public movement, the constraints on hospitals and the cautious approach of patients will impact prescriptions and purchases for sometime. Your Company is taking necessary steps to remain agile and competitive to minimize impact on the business in these unprecedented times.

In conclusion, I would say that the current business environment is unpredictable due to many adverse external factors which makes the year 2020 full of challenges. The management team of your Company is making all efforts to understand these risks and put up a robust mitigation plan to bring stability in the business operations. Your Board will continue to review the progress and provide strategic support and guidance to the team. In short to medium term, there may be challenges which may severely impact the business, but the management is confident of longer-term potential of the Indian Pharmaceuticals Market and the potential of the Company's brands.

We will now briefly talk about the resolutions proposed to be passed at this meeting.

We have six resolutions for approval in this Annual General Meeting.

1. The first item on the Notice relates to the approval and adoption of the Annual Accounts for the year ended 31<sup>st</sup> December 2019.
2. The second item on the Notice relates to declaration of Final Dividend and One-Time Special Dividend on the equity shares for the financial year ended 31<sup>st</sup> December 2019.



3. The third item on the Notice relates to the re-appointment of Mr. Rajaram Narayanan as Director who retires by rotation and is eligible for re-appointment.
4. The fourth item on the Notice relates to appointment of Mr. Cherian Mathew as Director of the Company.
5. The fifth item on the Notice relates to the appointment of Mr. Cherian Mathew as Whole Time Director of the Company.
6. The sixth item on the Notice relates to payment of remuneration of the cost auditor

Since this meeting is held through VC facility and resolutions are put to vote only through e-voting, the practice of proposing and seconding of resolutions is not being followed.

As part of AGM Notice, the shareholders who have queries or seeking clarifications on these proposals or on the Annual Report were requested to send their queries on e-mail on or before 5.00 pm on Thursday, 2nd July 2020.

Today, we will be able to answer only those queries at the meeting which are received in advance as per the above process which had been duly noted. That brings me to the Q&A session of this meeting.

I must add one statutory part which I missed while I was going through the procedure earlier. The scrutinizer with scrutinize the voting results finalized report and submit the report within 48 hours. The results of the voting will be announced by posting it on the company's website and sending it to the stock exchanges.

The statutory registers required to be kept open at the meeting and all the other documents referred to in the notice can be inspected in electronic mode by any member. You may send email request on email id provided in a notice of AGM and the company will organize the chronic inspection or the registers.

The notice of this meeting has been with you as part of the annual report the auditor's report on the annual accounts of the content does not contain any qualifications observations of comments. The notice of the AGM and the auditor's report therefore being considered great at this meeting.

We have received queries on various topics from 8 shareholders. These shareholders are:

1. Mr. Nikhil Upadhyaya
2. Mr. Dipankar Purkayastha



3. Mr. Nitin Nerlekar
4. Mr. Bharat Sheth
5. Ms. Sunita Soni
6. Mr. Ravi Kumar Naredi
7. Mr. K M Gani
8. Pari Washington Company Advisors Private Limited

There are many queries which are common and then there are queries which are related to each other. We have classified these queries in few groups, and we will accordingly give our responses.

We have also received many suggestions along with these queries. We have noted each one of your suggestions and consider them in future.

The first group of questions is on topics related to performance of individual products or therapy areas or margins on such products. There are also queries on the future outlook on the business, manufacturing facilities, capacity utilization or profitability. Due to competitive reasons, we do not discuss individual product or therapy area and we will not be able to give you our comments on those questions. Also, we do not give future guidance and hence the questions relating to future outlook are also not being responded.

The second group of questions are related to few corporate matters. In few moments from now, I will attend to those questions.

The third group of questions are on business performance, operations, regulatory issues, exports and manufacturing. Mr. Rajaram Narayanan, your Managing Director will give comments on those questions.

The fourth and last group of questions are on financial matters and Mr. Charles Billard, your CFO to clarify on those questions.

Coming to second group of questions which are related to governance and corporate actions.

1. Dividend of Rs 349 per share with outgo of Rs 8038 Million. In the current fluid situation of COVID, shouldn't the company hold back the cash rather than distributing? I am ok for the company to wait and later distribute this dividend once we have a clear picture on the recovery.

Thank you for your generous comment. As I mentioned in my opening remarks earlier, we are following what the shareholders were asking us to do for last couple of year. The Board has reviewed the cash requirements for next few years before taking decision on this



special dividend. The Company has approx. Rs.14,000 million cash in its balance sheet. Even after the special dividend, the Company will have sufficient cash for its requirements.

2. The CEO has mentioned that post the sale of the export business, they will step up focus on Domestic Business and recover the lost sales. Elaborate on steps taken to recover the lost sales after slump sale transaction

We have already disclosed that post the slump sale transaction, the average revenue loss in next 4 years would be approx. 470 crores every year which is approx. 15% of the Company's total revenue. Looking at the industry growth and assuming a normal growth of the Company, the Company should recover the lost sales between 1-2 years. Your Managing Director will talk how the Company is focusing on its own brands in few moments.

3. We have sold Ankleshwar unit on slump sale basis to Zentiva Pvt Ltd. what is basic reason to sale it and are we more interested to trading drugs or produce drugs then sale?

I have already explained in my opening remarks today about the manufacturing strategy review and how this transaction will benefit the Company. We would like to focus on Sanofi brands rather than manufacturing for 3rd parties.

4. Would like to understand why Ankleshwar plant is being sold below its net worth.

You may see the postal ballot and the announcements made by the Company which mentions about the manufacturing strategy and rationale behind this transaction. I have also given a brief in my opening remarks today. You would also note from Company's announcement that after working capital adjustments, the consideration has been revised upwards at Rs.3,207 million.

5. When is the Ankleshwar slump sale transaction likely to be completed?

The transaction has already been closed on 29th May 2020.

6. Due to Covid 19 any higher management reduce their salary if yes then give details?

We have already disclosed in our Q1 financials that COVID Pandemic had no material impact on Q1 financials. Hence currently there is no move to reduce the salary of senior management. In line with our policy, we would not be able to give any guidance for future. We will continue to evaluate COVID impact on our business and take appropriate decisions.

I would now like to handover the meeting to your Managing Director to respond on business related questions.



Mr. Rajaram Narayanan, Managing Director:

Good Afternoon to everybody. The questions were received and responses are -

1. Parent company has stopped research in diabetes and CV areas. How it will impact Sanofi India. Share thoughts on long term growth.

First of all, to clarify at a global level we only stopped early research & development in the area of Diabetes and CV. This is because in our view that there is far more to contribute in making the existing treatments and new solutions beyond drugs available to patients. We continue to invest and grow in Diabetes in India. Even within our current product portfolio, we see huge opportunities ahead of us as penetration levels of our key products are still low. We will of course continue launching line extensions of our products to maximize this opportunity and gain market share. Equally as and when we get an opportunity to commercialize new products, we will certainly do so.

2. Give details on size of Insulin portfolio with product-wise details. Will Toujeo cannibalize Lantus?

We would not like to discuss product-wise performance. Our total Insulin portfolio size in the year 2019 was approx. 560 crores, more than 80% of this is Lantus. We continue to see growth in Lantus well ahead of the market growth. We have been promoting Toujeo for different patient profile and this product will not have material impact in Lantus sales Growth.

3. Lantus is a huge contributor to your Sales. Can you please confirm whether this drug is under price control or not? Are you seeing any emerging competitors to this drug?

Lantus is not under price control. There are competitors for this brand in market both international and local brands. We always welcome health competition and are confident of our brand proposition.

4. Why Cardace has not grown well after price cut like Amaryl did. What is plan to launch Dupixent?

Yes, there are new classes of molecules, as a result of which Cardace is facing pressure on volumes. However, there is still a substantial opportunity for greater reach as well as suitability for specific patient profiles. Dupixent is a specialty product and Sanofi India Limited does not have specialty business in its portfolio.

5. Is targocid first line of defense in ICU patients in case of anti bacterial treatment and guidelines released in 2019 support faster growth for the molecule?

Targocid is facing severe competition with generic players in pricing. New guidelines will definitely help the Industry and patient at large in the long run.



6. Combiflam growth is coming from core brands or new spray and gel launches?

The growth is mainly in the core tablet format, which accounts for more than 85% of the portfolio. The new SKUs were launched in 2018 and would need time to grow to their potential and contribute to revenue.

7. How large is the nutraceutical portfolio and the top 3 brands what would be their contribution?

In 2019, Nutraceutical products contributed approx. 148 crores. The top 3 brands account for over half the portfolio.

8. Your parent had identified Vaccines as a core area of focus. Will any vaccine be launched under the listed entity?

Sanofi India Limited is not having any vaccines business. The vaccine portfolio of the group is managed through Sanofi Pasteur.

9. What is the outlook for the remainder of the export business for CY20? There is a shift of China to India in pharma manufacturing story. Would this business get some benefit of that trend?

After slump sale transaction, remaining export business will continue to be in Sanofi India Limited. However, as part of our new manufacturing strategy, we would like to focus on manufacturing Sanofi brands in India rather than manufacturing for others. Keeping that in mind, shifting manufacturing story from China to India does not concern us.

10. How many Medical Reps does the company have and what was the number last year?

We have 1,860 medical reps. The number was similar last year.

11. How much of your Domestic sale comes from the Online Pharmacy Channel and whether your market shares are higher or lower in these emerging channels?

In 2019, we have generated 3% sales from Modern Trade /Online Pharmacy channel. These are fast growing and significant areas and we are continuously focusing on these areas.

12. Its natural for the business to be impacted in April and perhaps May 2020 also. However can you comment whether business is now back on track or is there still some pressure

We will be able to comment on Q2 results when we announce our Q2 performance by end of this month. We would request you to wait for the results.



13. With tension escalating with China, Will Sanofi look at plans to manufacture (or source) API's in India?

We do not have plans to manufacture APIs in India. We will continue to source APIs from other API manufacturers.

14. How is a new product from the parent launched in India, allocated among various Sanofi entities in India?

Sanofi India Limited is mainly in therapy areas such as Diabetes (both Insulins and Orals), Cardiology, Thrombosis, Anti-infectives, Central Nervous System, Allergy and Vitamins, Minerals & Supplements. Other companies are in specialty care, rare diseases, vaccines and proving services. The decision to launch the products is taken based on therapy presence in the entity and various other factors like Asset ownership specially where the development is jointly done or asset is co-owned or global licensing is involved.

15. Company is present in 7 therapy areas. Does it mean that the Company cannot enter the other therapy areas?

The company benefits best in areas where there is global support, because there are many synergies in terms of new medical data, regulatory filings etc. However, we are also participating in therapy areas through brands which are large in India but may not be global for example in Pain relief, Nutraceuticals and Allergy.

16. Are production and sales back to normal in June?

Pharma business was part of essential services and started coming back to normal very fast. We are more or less working on pre-covid capacity in Goa plant.

17. Products launched during 2019 and revenue from the products.

6 products were launched in 2019 - Collaflex Plus, COQ Fem, Depura Cal, Avil advance, Semi Amaryl M and Allegra Nasal Spray. These products were launched in different quarters of 2019. The total sales generated in 2019 from all products launched in last 24 months was Rs. 41 crores.

18. Have the products which are manufactured in Ankleshwar and have to be manufactured in Goa in the future been transitioned to Goa plant?

There are few products which are required to be transferred to Goa. The transfer has been planned in phased manner as it requires few stability studies at the new site. This transition is likely to be completed by December 2020. The Company is ensuring that there is no disruption to the supplies.



19. Capacity utilisation of Goa plant and plans for increasing capacity.

As compared to peak utilization, Goa plant is currently functioning on approx. 85% capacity. As per our manufacturing strategy, Goa site can handle our requirements for next couple of years. We have continuous programs to help eliminate waste on the shop floor of all kinds of resources i.e. man and Machine. This is likely to give enhanced ability to increase Goa site's capacity without any significant investment.

I would now like to handover the meeting to your CFO to respond on questions relating to financial matters.

**Mr. Charles Billard, Chief Financial Officer and Whole Time Director:**

Before coming to a specific question, I just want to also mention that we have been receiving a few queries on some specific financial questions and in order to have the time to answer in depth, some of these questions, we will conduct, as it was previously announced, one investor call, which will tentatively be organized on the 20th of August for analysts and investors to join. So we will share specific communication to confirm the dates. As for the question which were asked -

1. What were the revenues of the Company in 2018 & 2019 on account of exports to Sanofi Group Companies in (a) Europe & (b) markets other than Europe?

In the year 2018 and 2019, approx. 80% of our exports were meant for EU markets.

2. Parent is also focusing on cost reduction. What is your plan for the same?

Cost optimization to improve performance is a continuous process at Sanofi. We have not started cost reduction exercises only due to the COVID pandemic. India is a growth market and generally we would like to continue investments in growth segments within this market. We have accelerated our digital initiatives which will also yield cost savings in the future.

3. Due to the India-China tussle, are you dependent in anyway for your supply from China for any of the RM? Due to this issue, do you expect a higher cost of RM?

We are closely monitoring the situation to ensure we have no discontinuity in supply. We have adequate back up suppliers as well.

4. PBT on Sales were 23.5% which reduced to 19.5% so any chance to improve in near future?

Reduction in profit was on account of one-time impairment/transaction towards Slump sale. This impact would not be there in the next quarter. We will go back to the similar level once the one-time exception is not there.

5. What were the Sales of the Continuing business in CY2019 and Q1CY20 (net of the export business sold)?



We have already disclosed that post the slump sale transaction, the average annual revenue loss in next 4 years would be approx. 470 crores which is approx. 15% of the Company's total revenue. Due to transition in progress, the phasing may be different in each year.

And I think, you know, what we can say is that it's going to be a bit more a bit less, year after year, but this is an average for the next four years.

That would conclude the Q&A session, I will flow back to Chairman.

**Mr. Aditya Narayan, Chairman and Independent Director:**

Thank you, Charles. Thank you, Rajaram for the questions you answered before. Now let me move to the last part, in a way, but a very important part.

The members who wish to speak at the meeting were requested to register themselves as a speaker by sending an e-mail to the Company on or before 5.00 pm on Thursday, 2<sup>nd</sup> July 2020. We received overwhelming response from shareholders to speak at this meeting. This year we have speakers from Mumbai as well as from other cities in India. Due to the VC format of the meeting and in the interest of time, we will be able to listen to 10 shareholders. Each shareholder will have maximum 3 minutes to express his / her views. At the end of 2 minutes, you will hear a prompt in the form of bell sound. You may start concluding your remarks at this sound.

I would like to highlight to the speakers that when I take your name, your mike will be opened by the moderator of this meeting. You will have to also unmute mike from your end and start your views/opinions and comments.

1. The first speaker for the day is Mr. Ravi Kumar Naredi from Naredi Investments Private Limited, Bhilwara, Rajasthan

**Mr. Ravi Kumar Naredi:**

Respected Chairman, MD, honorable Board of Directors and my fellow shareholders and employees of the company. Sanofi is very reputed one investor friendly company. But not as secretarial department, in every company secretarial department employees are helping us to connect with the meeting before 15 minutes of AGM but unfortunately, none of our company employee turn up to us and even I cannot connect to AGM by 3.15 pm today, so please make rectification next time so we do not feel any inconvenience next time.

Sir, profit before tax on sales were 23.5%, which reduces to 19.5%. So, any chance to improve in near future? Rest of my questions you already answered, so I am not raising it again.



**Mr. Aditya Narayan, Chairman and Independent Director:**

Thank you, Mr. Naredi point noted and we look into the issue which you mentioned. As far as the response to your question is concerned, I think, Charles has already provided the response, just a few minutes ago.

2. The second speaker for the day is Mr. Sayantan Bhowmick from Pinebridge Investments Asia Limited, Mumbai

**Mr. Sayantan Bhowmick:**

Good afternoon, Sir. Respected Chairman and members of the board. I'm Sayantan Bhowmick and I represent by Pinebridge Investments.

I would like to take this opportunity to thank the management and the entire staff at Sanofi India for ensuring uninterrupted supply of medicines in this current difficult scenario. I would also like to take this chance to place on record our appreciation for the increase in dividend and the one-time special dividend recommended by the company.

In this regard, I would once again like to request the board to consider buyback's over dividends for returning capital to shareholders. Buyback's provide liquidity to shareholders interested in selling and shareholders will get the benefit of lower share count and consequently higher earnings per share.

Buyback's done at a proper price can also ensure a holding pattern of the company does not change much after the event. I hope the board will consider this suggestion for future distribution of Capital.

Just wanted to also mention that of the threat of cyber-crime is becoming a fast growing a form of criminal activity. I understand the company has implemented a global system to take care of cyber security and, in this context, we believe it will be beneficial to conduct a cyber security audit to ensure our systems are best in class and are performing as expected. This will also ensure that in future we did not face any losses because of this increased digitalization of businesses. With this, I'd like to thank the company for the opportunity to speak and wish the company and the management and staff the best for the coming year. Thank you.

**Aditya Narayan, Chairman and Independent Director:**

Thank you, Mr. Bhowmick and thank you for your suggestion and thank you for finishing in time



3. The third speaker for the day is Mrs. H S Patel from Mumbai

**Mrs. H S Patel:**

Very good afternoon to all of you. Chairman - Mr. Aditya Narayan, our MD - Mr. Rajaram Narayanan, our Whole Time Director - Mr. Cherian Mathew, our CFO - Mr. Charles Billard and Madam Thorat. Very good afternoon to all of you. I thank, first, Mr. Girish Tekchandani, even though he has never spoken till date in this financial year and for this AGM, I am thankful to Deepa and to Kiran.

As mentioned by a previous shareholder. Indeed, it would be much better if they were little very cooperative with their shareholders and helping us to get that connection. Sanofi is the world's largest producer of vaccine and global pharmaceutical company based on human health, empowering all the therapeutic solutions in terms of Pharma, vaccines and quality medicines across the whole of India.

I congratulate the company for their awards especially for the top employee of the year award. It may be my mistake, I have not come across any other awards.

Sanofi India is a debt free company. I'm very proud of it. But the share prices is very high. Today, the share price is Rs. 7,534. It is very high, especially for individual shareholders and the retail shareholders. If we would like to increase or enlarge our portfolio, it becomes very difficult to put the whole money in one of company. So I request the management, specially Charles Billard sir, if you are hearing, to have a split of shares so that Indian public can buy more shares and increase their portfolio in Sanofi India, just a humble request, please.

So, you have 11,000 million cash balance. What are your plans to utilize them? You have given us a dividend of Rs 349 in comparison to the share price, I find the dividend price a little low. And the cash balances is quite very high. How does the board and the management going to utilize such high cash balance? Sir, to improve the liquidity and increase the participation of our retail investments, I once again request management to split the shares. Promoters holding a 60% that of Hoechst and 0.02% of Sanofi France. Any plans to increase the holdings to 75%?

What are your plans for developing the COVID related medicines especially sanitizers or medicines or mask for the society? How is Sanofi contributing towards the Society for this pandemic?

What is the revenue of Depura which is vitamin D medicine specially for kids? Can we not have it even for the elders or do you already have it? Medicine or injections or in



whatever form it is very essential. So, I also humbly request to the parent company to pay attention in other things also besides only vaccine please. Also, please see that we get other medicine like Vitamin D for elders, phosphorus medicine which includes phosphorous which are very essential, especially for elders. Team sitting on the management are all senior members and is very essential that at this senior level, it is the bodybuilding requires vitamin D. So please pay attention on Vitamin D, even for elders.

Other pharmaceutical companies have come out with very good products like protein shakes and such. Does the company have such products? This is once in a year, AGM and please allow me to speak.

**Mr. Aditya Narayan, Chairman and Independent Director:**

Let me request you for one thing you've given lots of ideas and you will have lots of suggestions as well. I think you've got to give time to others also.

**Mrs. H S Patel:**

Yes. Last few minutes.

Can be reduced have a material cost which is 50%.

Prevention is better than cure, or why should doctors have all the benefit, give benefit to the public at large. What is the R&D cost of Sanofi? Pandemic impact on recruitment and attrition rate? Can you please throw light on that?

Thank you very much for giving me this, I support all your resolutions especially resolution number 3 pertaining to our MD and also I would like to state that it is very essential that the parent company participates in this Sanofi India. So, let the members of parent company also be there on the board of directors. Thank you very much.

**Mr. Aditya Narayan, Chairman and Independent Director:**

4. Thank you, Mrs. Patel. Let's move to the next speaker. The next speaker for the day is Mr. Bimal Panchal from Mumbai.

**Mr. Bimal Panchal:**

Good afternoon, Sir. My name is Bimal Panchal. I'm calling from the Mumbai. Thanks for giving us highest dividend of Rs. 349 and also in there, despite of all the sluggishness



in the stock market our prices has become easier touching new high. There is a very good for the company. It sounds very good for the future of the company. Plus, we also support your, this slump sale of Ankleshwar unit so that you can focus only on your branded products and exit from the contract manufacturing. My compliments for the creativity depicted in annual report, which the theme empowering - by empowering the passion, empowering the technology and covering the education, thanks to whoever made it. And congratulations for the top employer of the year 2019.

On page number 94, there is a stock performance of the company in comparison with a BSE. I suggest, you should give us the comparison of Sanofi with BSE along with BSE pharma index. So, that we can come to know exactly in which direction, and in comparison with Pharma index, how we are doing so that that will be very interesting.

Our presence in electronic media through social media and YouTube and Facebook is very, very low, Sir. Because we don't have also our own YouTube channel, our Facebook page is also very dormant. So, my suggestion is to focus on electronic media.

As and when the normalcy is restored, I request the company, to consider Goa plant visit of the shareholder as and when the environment becomes normal.

Someone has complained that there was a connectivity problem but from the 2:45 pm, I was connected and there was no such a problem over there. There was an advertisement running of CSR activities done by your employees that was going very smoothly and connectivity was not a problem.

Your team led by Mr. Girish Tekchandani, Company secretary and Swapnali, Deepa Shah are doing excellent service and we are thankful for that. I wish all the best to the company in the years to come. Thank you very much.

[Mr. Aditya Narayan, Chairman and Independent Director:](#)

5. Thank you, Mr. Panchal. The fifth speaker for the day is Mr. Mohan Chandiramani from Mumbai

[Mr. Girish Tekchandani, Company Secretary:](#)

Chairman. Mr. Mohan Chandiramani is not on the call today. Moderator has informed me that he is not there. So, we can move to the next speaker, please.

[Mr. Aditya Narayan, Chairman and Independent Director:](#)



6. Thank you. The sixth speaker for the day is Mr. Irshad Yunus Modi from Mumbai I understand. He is also not there

[Mr. Girish Tekchandani, Company Secretary:](#)

He's also not on the call Chairman.

[Aditya Narayan, Chairman and Independent Director:](#)

7. Thank you. The seventh speaker for the day is Mr. Dipankar Purkayastha from Delhi

[Mr. Dipankar Purkayastha:](#)

Thank you for the opportunity. First of all, I would like to say that is because of this electronic format, I have been able to participate in your AGM for the first time, although I'm a shareholder for a long time. So, SEBI permitting, I would request you to continue with this format, in future, even when coronavirus goes away. That's a small request because it is much more participative for investors living outside Mumbai.

I had sent three questions. Two of them have not been replied. The first question - I wanted to know that on account of closure of the Ankleshwar facility, what would be the impact on profitability? Revenue part you all have already given in the annual report. I just wanted to know assuming current margins and prices, what would be the impact on profitability and if this is going to be construed as a forward looking statement, at least tell me in the last year how much did the Ankleshwar contribute to the profits of the company? So that is one question of mine, which I would like to be answered and the second I won't call it a suggestion. It's just an observation over the last two or three years we have been noticing many multinational companies, I will give the example of Scheffler which is a German ball-bearing group and Refractory which is an Austrian refractory multinational. They have been merging the listed and unlisted subsidiaries to one consolidated entity. So, I would request the Sanofi group who I know that no pharmaceutical group has moved in this direction, but humble request to consider this as is to be very friendly to the minority shareholders in Sanofi India. So that is all that I have to say, and just, if I could get the answer to my unanswered question that will be very nice.

[Mr. Aditya Narayan, Chairman and Independent Director:](#)

Thank you, Mr. Purkayastha. Let me now move to the next speaker.

8. The eighth speaker for the day is Mr. Bharat Shah from Mumbai



Is not present. Is it?

**Mr. Girish Tekchandani, Company Secretary:**

Yes, Chairman. Mr. Bharat Shah and the next Speaker Mrs. Smita Bharat Shah, both are not on the call.

**Mr. Aditya Narayan, Chairman and Independent Director:**

9. Thank you. The tenth and last speaker for the day is Mrs. Homayun B. Pouredehi from Mumbai

**Mrs. Homayun B. Pouredehi:**

My request is, you mentioned all financials in millions. You know, we are Indians so we are more comfortable in Crores. So, please don't use millions, I know foreign people are connected with millions. We only understand crores so next time, please for us to be able to understand Indians will prefer to mention crores.

Another thing, your drugs easily available during the lockdown and even after the lockdown? So, do you know so many drugs were not available at the chemists' shop. Imagine, just imagine the hardship and the suffering of us. I was very happy to know that you had with distribution system and supply chain, but so the drugs are not available in the chemist. Once I got over there was nobody to come and replenish them. So, if you can throw light on that particular problem.

How many drugs do we have under the DPCO or do we have drugs under the DPCO? So you mentioned about the new products in the market that also you mentioned.

Sir, you should have had interim dividend. Six months have gone after December.

Sir, you have to develop some medicines regarding Covid. You have such expertise, your parent company should assist you, should guide you for introducing any Covid related drugs. So many drugs we see on our TV, provide medicines if not vaccines since it is only with your foreign company. Sir, you mentioned also how the lockdown has affected us. Are you importing any raw materials from China for the manufacture of our drugs? any API?

That is all, Sir. Beruz will speak now, Sir. I have spoken. Thank you very much.



Mr. Aditya Narayan, Chairman and Independent Director:

Thank you very much.

Mr. Beruz Pouredehi:

Respective Chairman and other Directors. My name is Beruz Pouredehi.

We are very happy that you are giving such a substantial amount of dividend and special dividend also. We were waiting, since such a long time because you are year ended in the month of December 2019 and we were waiting for the dividend. But all of a sudden, it has been prolonged till July, but it is better late than never. We congratulate our Company Secretary, Mr. Girish Tekchandani for taking care of all the shareholders.

Our Company doing exceedingly well and we wish our company all the very best, and we support all your resolutions and we hope to see better days ahead.

Sir, we wish to see next year, much more dividend, then this year. All the best. We support all your resolution, Sir. Thank you very much for giving me an opportunity to speak. Thank you, Sir. Good day.

Mr. Aditya Narayan, Chairman and Independent Director:

Thank you, Mrs. Pouredehi.

We have taken note of your valuable comments and suggestions from all of you and will consider them in future.

This brings us to the end of this meeting. Before I announce conclusion of this meeting, few important points -

1. Members who have still not voted on resolutions are requested cast their vote on CDSL e-voting system. The detailed process of voting is mentioned in the AGM notice. Let me remind you that voting will close after 30 minutes from the time of closure of this meeting.
2. My sincere thanks to all shareholders, members of the medical fraternity, our distributors and the people of India for your continued trust in us. On behalf of your Company, I gratefully acknowledge the support received from Government agencies at the Centre and in the States of India. I also thank our employees across our Company



for their strong commitment to the values of Sanofi and their relentless perseverance in the pursuit of excellence to deliver the best for all the customers and consumers.

3. Thanks to all of you present at this meeting for your cooperation for conducting this meeting in order.

4.10 PM - Mr. Aditya Narayan, Chairman and Independent Director:

There being no other business, I declare the meeting as closed.

Stay safe and take good care of your health.

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