AVENTIS PHARMA LIMITED

Minutes of the proceedings of the Fifty-fifth Annual General Meeting of the Members of Aventis Pharma Limited held on Tuesday, 26th April 2011 at 12 noon at Y. B. Chavan Centre - Auditorium, Gen. J. Bhosale Marg, Near Sachivalaya Gymkhana, Nariman Point, Mumbai 400 021

Present : Dr. Vijay Mallya (In the Chair)
Dr. S. Ayyangar (Managing Director)
Mr. J. M. Gandhi (Director)
Mr.M. Dargentolle (Wholetime Director)
Mr. S. R. Gupte (Director)
Mr. A. K. R. Nedungadi (Director)
Mr. M.G.Rao (Wholetime Director)
Mr. K. Subramani (Company Secretary)

Hoechst GmbH by their Representative, Dr. S. Ayyangar

Sanofi-aventis by their Representative, Dr. S.Ayyangar

78 other Members in person including Mr. H. K. Keshruwala, Ms. H. Pouredehi, Mr. S. A. Khanolkar, Mr. B. F. Pouredehi, Mr. Joseph Martins, Mr. Seshan Krishnamoorthy, Mr. Michael Martins, Mr. Hariram Chaudhary, Mr. Pramod Dangi, Mr. Sudarshan Dhamal, Ms. Shobhana Mehta and Mr. H. V. Sanghavi

9 Members present through Proxies whose names appear in the Register of Proxies

1. Chairman

Under the authority of No. 93(3) of the Articles of Association of the Company, Dr. Vijay Mallya took the Chair.

2. Notice convening the Meeting

The Notice convening the Meeting was, with the consent of those present, taken as read.

3. Auditors' Report

At the direction of the Chairman, the Company Secretary, Mr. K. Subramani read out to the Meeting the Report of the Auditors of the Company, M/s. S. R. Batliboi & Co. dated 16th February 2011.

CERTIFIED TRUE COPY.

AVENTIS PHARMA LIMITED

K. SUBRAMANI
COMPANY SECRETARY

4. Chairman's Statement

The Chairman's statement reviewing the Results for the financial year ended 31st December 2010 and setting out the prospects for the current year had been distributed to the Members present at the Meeting. He read out important excerpts of the statement relevant to the proceedings of the Meeting.

5. Accounts

The following Resolution was moved from the Chair :-

"RESOLVED THAT the Accounts for the year ended 31st December 2010 being the Balance Sheet as at 31st December 2010 and the Profit and Loss Account for the year ended on that date with the Auditors' Report and the Report of the Directors be and the same are hereby approved and adopted."

Before putting the Resolution to vote, the Chairman invited comments from Shareholders. Mr. H. K. Keshruwala, Ms. H. Pouredehi, Mr. S. A. Khanolkar, Mr. B. F. Pouredehi, Mr. Joseph Martins, Mr. Seshan Krishnamoorthy, Mr. Michael Martins, Mr. Hariram Chaudhary, Mr. Pramod Dangi, Mr. Sudarshan Dhamal, Ms. Shobhana Mehta and Mr. H. V. Sanghavi spoke. Their comments were as follows :

Mr. H. K. Keshruwala

He said that the Annual Report was very attractive with patients at the centre of the Company's universe. He said that the description of the Mandala in the Annual Report makes them to be proud shareholders of a spritual company treating diabetes, cardiovascular and hypertensive patients.

He said that the share capital was the same for many years and called for a liberal bonus issue. He thanked the Board for the liberal dividend.

He referred to a TV campaign of Dr. Reddy's Laboratories in which it was stated that Dr. Reddy's had a cheaper version of one of the recently launched products of the Company and that the product of Dr. Reddy's was doing a bumper business. He wanted to know more about the same.

Ms. H. Pouredehi

She said that she had sent questions to the Company which were as follows :

a) Sale of fixed assets of Rs.32.67 lakhs – Which fixed assets had been sold and to whom?
b) Sale of investments of Rs.100.75 crores – Which investments had been sold and reasons for the same?
c) Purchase of assets of Rs.33.38 crores – Which assets had been purchased and from whom?
d) Purchase of investments of Rs.7.65 lakhs – Elaborate on these investments and reasons for the same.
e) EPS shown as Rs.100.19 after exceptional items – Which are the exceptional items?

She complimented the Chairman for starting the meeting on time.

She wanted to know why the shares in Chiron Behring Vaccines Private Limited had been sold at this time.

She referred to the statement made in the Management Discussion and Analysis that no Meeting of the Group of Ministers had been held to consider the Drug Policy and wanted to know the steps taken by the Company to follow up on the same.

She wanted to know why Dr. Mallya held only 80 shares and whether it indicated that he had no confidence in the Company as promoters had large shareholdings in their companies.

Mr. S. A. Khanolkar

He said that the Annual Report gave good information on the performance of the Company in graphical, pictorial and descriptive form.

He said the performance of the Company was good in its usual innovative and focussed segments – cardiac, diabetic, cancer and hypertensive.

He said that he was optimistic on the Prayas project for doctors in rural areas. He said that a leading consumer goods company had started this earlier and had reaped rich dividends and was confident that the Company would also reap such dividends.

He wanted to know the contribution of API in total manufacturing or sales of the Company.

He said that he was happy at the excellent dividend and Special One-time dividend.

He said that the Company had an excellent position of reserves warranting a good bonus issue. He said that the Chairman had stated in earlier years that he was in discussion with sanofi-aventis on the bonus issue and he hoped that there would be a positive outcome.

He was apprehensive on the funds flow figures. He said that there was scope for improvement in working capital management. He was of the opinion that there should be better utilisation of cash. He felt that the Company could give better results if it concentrated on working capital and cash flow.

He felt that the transfer to General Reserve was too high and that the Company was piling up its General Reserve.

He said that the dividend payout was very good and complimented the Board for the same.

Mr. B. F. Pouredehi

He was surprised that while other pharma companies were giving high dividends, the dividend payout of the Company of 40% was not good. He felt that the Company did not deserve a pat on its back.

He said that the Company was not shareholder friendly as answers to queries sent 48 hours before the meeting were not provided. He said that the Company should not take the shareholders for granted.

He said that the shareholders hoped to see long term benefits and that the Company should reward them.

He wanted to know how many products were under price control.

Mr. Joseph Martins

He said that he was glad to be a shareholder of the Company.

He felt that the net worth per share should have been given in the Annual Report.

He supported the initiatives and practices which had been mentioned by the Managing Director in his letter published in the Annual Report such as Code of Ethics, Code of Marketing principles and Good Manufacturing practices.

He said that the Company was determined to focus on ideals and sparkle with zeal and delight management analysts like him. He also said that the launch of Prayas with more modules, launch of ONSITE and Access to Medicines programme were very heartening.

He felt that the education of shareholders was missing as there was no pre AGM discussion meeting with shareholders in which they could convey their views on facets of management which could be improved.

He said that the new values of the Company were very relevant in the current times and differentiated the Company as a patient-centric organisation which follows the best way.

He said that the Company should do its best in every situation, persevere with dedication, putting love in all that it does making everyone happy. He also said that the Company should send its products to the world with blessings and grace of God to patients so that they get healed faster.

He offered his heartfelt wishes to the Company.

Mr. Seshan Krishnamoorthy

He said that the Annual Report was excellent and gave all details.

He suggested that in the Attendance Slip and Proxy Form, the time of the Meeting should be mentioned and they should also have a column for Client ID / DP ID No.

He welcomed the new Directors and he said that he fully supported all the resolutions.

He requested that his name be included for the factory visit.

He congratulated the Company for conducting CMEs and Epilepsy Clinics.

He thanked the Management for getting the prices of some of the products revised.

Mr. Michael Martins

He said that the Annual Report was good.

He felt that it was very well said in the Annual Report that the Mandala represents the holistic approach which the Company has towards health care.

He was happy that the Company was doing much better than other companies in creating doctor awareness. He said that by improving doctors' knowledge, healthcare is improved. He appreciated the good performance of the Company as reflected by the Earnings per Share. He was also appreciative of the Company's efforts in reducing consumption of electricity by use of solar water heating.

He referred to the issue of data risk and suggested that the Company should consider a new method for data protection.

Mr. Hariram Chaudhary

He was happy that the Annual Report was sent sufficiently in time.

He was appreciative of the dividend payout of 40% and the Special One-time dividend.

He was happy that all the Directors had signed the Accounts for the financial year ended 31st December 2010 and said that it was a healthy practice.

He said that wind power and solar power should be used to the maximum extent.

He wanted to know whether insulin was being manufactured in tablet form instead of injection which was painful and whether any research was being done on the same.

He wanted to know in which hospitals awareness and disease education programmes were being conducted by the Company.

He was happy that at least one page had been devoted in the Annual Report to CSR activities of the Company. He said that the Companies Amendment Bill provided for companies to spend at least 2% of the net profit on CSR activities.

He requested that a factory visit be arranged.

He said that the Company's reserves were 50 times the share capital and felt that bonus shares could be issued in the ratio of 5:1.

Mr. Pramod Dangi

He congratulated the Company for the good growth in the domestic market.

He said that the employee cost had gone up from 10% a few years back to around 16.5%. He said that the Company was adding more sales representatives every year and as a result the employee cost was growing faster than the sales growth. He wanted to know when the growth in the employee cost would be aligned with the sales growth. He also wanted to know how many employees had been added in the last five years and in the last one year.

He said that the marketing cost had gone up from 3.5% to around 6% in 2009 and 2010.

He said that the parent Company had a 100% subsidiary in India and wanted to know the plan to launch new drugs through the listed company and the 100% subsidiary. He wanted to know how it was decided which products would be launched by the two companies. He also wanted to know whether both the companies had a common Management.

Mr. Sudarshan Dhamal

He said that the domestic business had grown in the last one or two years because of the Management's efforts though the Company was struggling with its export business.

He wanted to have an update on the Prayas project and its impact on sales, costs and profitability. He wanted to know whether its scope had been increased and plans for the next two years in other rural markets.

He said that it was mentioned in the Annual Report that the industry growth would be between 12 to14% in the next 10 years and wanted to know the aspirations of the Company to grow above or in line or below the market growth. He wanted to know how the Company would achieve expansion.

He sought to know the volume growth in the current year as value growth was around 18%.

He wanted to know the percentage of sales of price controlled products.

He also wanted to know whether the anti-rabies vaccine Verorab which was being marketed by Sanofi Pasteur India Private Limited would be marketed by the Company as the dispute with Chiron Behring Vaccines Private Limited was now over.

Ms. Shobhana Mehta

She was happy that the Balance Sheet had been received in time and said that it was colourful and informative.

She suggested that instead of having two blank pages in the Annual Report, photographs of the Company's products should be shown in those blank pages as was done by some other pharma companies.

She was happy at the excellent results of the Company and the encouraging performance. She congratulated the Board and employees of the Company for the total dividend of Rs. 55 per share and suggested that it be increased next year.

She wanted to know whether the Company had an in-house Internal Audit department or whether it was done by outsiders and if so, the names and date of appointment of the Auditors.

She sought to know the Economic Value Added (EVA) and suggested that the same be shown in the Annual Report next year.

She wanted to know the expected turnover target for 2012 and the capital expenditure for the years 2011 to 2013 including capital expenditure for research and development.

She wanted to know the cost of the Annual Report and the number of copies printed. She complained that copies were not available at the entrance of the meeting hall with the Registrars nor had it been sent to her two years back when she had asked for the same.

She suggested that the factory visit be arranged in November for those shareholders who were present at the meeting and for those who could not come for the visit arranged in 2010.

She wanted to know when the last bonus issue took place and suggested that a 1:1 bonus issue be made.

She welcomed the new Directors who were due for election at the Annual General Meeting.

Mr. H. V. Sanghavi

He requested that his name be included for visit to the Company's factories.

The Chairman then provided the necessary clarifications. In particular, he stated that :-

1. The Board and the parent Company were aware of the question of bonus issue which was being raised every year. The Board and the parent Company had been generous in payment of dividend. The Company could not be compared with other companies as each company had its own

policies and the Company did not follow another company's business strategy. The Board was satisfied that it had rewarded shareholders generously.

2. The General Reserve would be put to good use as the Company had plans to utilise its surplus cash for good benefits and growth.
3. As regards the claim of Dr. Reddy's Laboratories, he could not comment as the shareholder had not named the product. In general, generic products were cheaper than branded products.
4. Answers to queries raised by Ms. H. Pouredehi were as follows :

   a) Sale of assets were mainly in the Ankleshwar factory and included factory equipments which were sold to scrap dealers
   b) Sale of investments were sale of shares held in Chiron Behring Vaccines Private Limited.
   c) Purchase of assets included assets which were purchased in the normal course of business from a number of suppliers and included Pharma warehouse building extension, expenses on the Pentoxyfylline project in Ankleshwar and Goa extension project.
   d) Purchase of investments were additional shares subscribed to in Bharuch Eco Acqua Infrastructure Limited which was a company set up by the Government of Gujarat for treatment of effluents
   e) Exceptional items related to sale of shares in Chiron Behring Vaccines Private Limited.

5. The Company had organised plant visits in the past and would be happy to do so again.
6. Matters were followed up with the Government either through the Company's internal departments or through the Organisation of Pharmaceutical Producers of India or by him, being a Member of Parliament.
7. He did not buy or sell shares. The 80 shares held by him jointly with Ms. Ritu Mallya were inherited from his father.
8. The Prayas project represents true potential for the Company. There was lot of wealth and opportunities in rural India.
9. 10,000 doctors had been trained in 14 States. The sales turnover from the products sold in the rural areas had grown by 100% in 2010. The Company was still investing and would break even in about three years.
10. The Company had earned about Rs. 34 crores from interest income.
11. About 40% of the Company's turnover was from products under price control.
12. The net worth of the Company was Rs.441 per share.
13. Insulin was not sold in oral form and there was no imminent launch of such a product.
14. The Company was using solar power for street lights in its plants and for pre-heating of water.
15. The number of sales representatives increased by 500 during the last three years. In addition, the Company also had 300 external representatives. This is the mainstay of the Company's growth. This will continue to provide results going forward particularly in the Prayas programme.

16. Marketing costs were on the Prayas programme and on diabetes education programmes especially in the rural areas.
17. Sales out of the Prayas programme in the rural areas were Rs. 185 million in 2010.
18. Verorab would continue to be marketed by Sanofi Pasteur India Private Limited.

The Resolution was then put to vote and was carried by an overwhelming majority, on a show of hands, Ms. H. Pouredehi and Mr. B. F. Pouredehi voting against the resolution.

6. Dividend

Proposed by Mr. R. Chainani, and seconded by Ms. C. E. Mascarenhas, the following Resolution was passed as an Ordinary Resolution :

"RESOLVED THAT an Interim Dividend for the year ended 31st December 2010 of Rs. 4 per Equity Share of Rs. 10 paid to the Members whose names appeared on the Register of Members on 27th July 2010, be and the same is hereby approved and confirmed.

RESOLVED FURTHER THAT a Final Dividend for the year ended 31st December 2010 of Rs. 23 per Equity Share of Rs. 10 together with a Special One-time Dividend of Rs. 28 per Equity Share of Rs. 10 be paid to:

i) those Members whose names appear on the Register of Members of the Company on 26th April 2011; and
ii) those whose names appear as beneficial owners as at the close of business on 5th April 2011, as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited."

Carried by an overwhelming majority, on a show of hands, Ms. H. Pouredehi and Mr. B. F. Pouredehi voting against the Resolution

7. Election of Mr. S. R. Gupte as Director

Proposed by Ms. Shobhana Mehta and seconded by Mr. Jayantilal Mehta, the following Resolution was passed as an Ordinary Resolution :

"RESOLVED THAT Mr. S. R. Gupte who retires by rotation and who is eligible for re-election be and is hereby re-appointed a Director."

Carried by an overwhelming majority, on a show of hands, Ms. H. Pouredehi and Mr. B. F. Pouredehi voting against the Resolution

8. Appointment of Auditors

Proposed by Mr. B. G. Parikh and seconded by Mr. S. S. Jain, the following Resolution was passed as an Ordinary Resolution :

"RESOLVED THAT M/s. S. R. Batliboi & Co., Chartered Accountants, (Firm Registration No. 301003E) be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any, to the said Auditors."

Carried by an overwhelming majority, on a show of hands, Ms. H. Pouredehi and Mr. B. F. Pouredehi voting against the Resolution

9. Election of Mr. J. M. Georges as Director

Proposed by Mr. H. K. Keshruwala and seconded by Mr. Y. Y. Rangwala, the following Resolution was passed as an Ordinary Resolution :

"RESOLVED THAT Mr. J. M. Georges who was appointed an Additional Director of the Company on 29th July 2010 and who, in terms of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. J. M. Georges as candidate for the office of Director, be and is hereby appointed a Director of the Company."

Carried by an overwhelming majority, on a show of hands, Ms. H. Pouredehi and Mr. B. F. Pouredehi voting against the Resolution

10. Election of Mr. F. X. Duhalde as Director

Proposed by Mr. H. Marfatia and seconded by Mr. H. V. Sanghavi, the following Resolution was passed as an Ordinary Resolution :

"RESOLVED THAT Mr. F. X. Duhalde who was appointed an Additional Director of the Company on 29th July 2010 and who, in terms of Section

260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. F. X. Duhalde as candidate for the office of Director, be and is hereby appointed a Director of the Company."

Carried by an overwhelming majority, on a show of hands, Ms. H. Pouredehi and Mr. B. F. Pouredehi voting against the Resolution

11. Re-appointment of Dr. S.Ayyangar as Managing Director

Proposed by Mr. Joseph Martins and seconded by Mr. Hariram Chaudhary, the following Resolution was passed as an Ordinary Resolution :

"RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto, to the re-appointment of Dr. S. Ayyangar as Managing Director of the Company for a period of five years with effect from 25th October 2010 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 Dr. S. Ayyangar, a draft whereof is placed before the Meeting and which, for the purposes of identification, is initialled by the Chairman of the Meeting.

RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out in the said draft Agreement shall nevertheless be paid and allowed to Dr. S. Ayyangar as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the approval of the Central Government, if required, but shall not in any such year exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956, from time to time.

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."

Carried unanimously on a show of hands

12. Appointment of Mr. M. G. Rao as Wholetime Director

Proposed by Mr. Michael Martins and seconded by Mr. R. Chainani, the following Resolution was passed as a Special Resolution :

"RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269, 309 and 314 and all other applicable provisions, of the Companies Act, 1956, read with Schedule XIII thereto, to the appointment of Mr. M. G. Rao (presently Alternate to Mr. J. M. Georges) as Wholetime Director of the Company for the period from 25th October 2010 to 5th September 2011 and to his receiving remuneration, benefits and amenities as Wholetime Director of the Company upon the terms and conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. Rao, a draft whereof is placed before the Meeting and which, for the purposes of identification, is initialled by the Chairman of the Meeting. Provided that the aforesaid approval and consent shall not be impaired by reason of Mr. J. M. Georges returning to the State of Maharashtra and Mr. Rao being appointed as Alternate Director to Mr. Georges or Mr. Rao being appointed as Alternate Director to any other Director or Mr. Rao filling in any casual vacancy or being appointed as Additional Director or as a Director in his own right by the Company in General Meeting.

RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out in the said draft Agreement shall nevertheless be paid and allowed to Mr. Rao as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the approval of the Central Government, if required, but shall not in any such year exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956, from time to time.

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."

Carried unanimously on a show of hands

13. Vote of Thanks

The Meeting concluded with a vote of thanks to the Chair.

CHAIRMAN