

**FORM A**

**Covering letter to the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	AstraZeneca Pharma India Limited
2.	Annual financial statements for the year ended	31 March 2015
3.	Type of Audit Observation	Unqualified
4.	Frequency of observation	Not applicable

*for BSR & Co. LLP*

*Chartered Accountants*

Firm registration No.: 101248W/W-100022



**Sunil Gaggar**


*Partner*

Membership No.: 104315

Place: Bangalore

Date: 27 May 2015

*for AstraZeneca Pharma India Limited*



**K S Shah**

*Chairman - Audit Committee*

Place: Bangalore

Date: 27 May 2015



**Sanjay Murdeshwar**

*Managing Director*

Place: Bangalore

Date: 27 May 2015



**Rajesh Marwaha**

*Chief Financial Officer*

Place: Bangalore

Date: 27 May 2015

# What science can do

**AstraZeneca Pharma India Limited**  
Annual Report 2014-15





Welcome to the AstraZeneca Pharma India Limited Annual Report 2014-15

At AstraZeneca, each and every one of us is bold in the belief that science should be at the centre of everything we do.

Science compels us to push the boundaries of what is possible. We trust in the potential of ideas and pursue them, alone and with others, until we have transformed the treatment of disease.

AstraZeneca. What science can do.

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See what science can do...

The future of treatment for many of today's diseases lies in uncovering mechanisms that are newly emerging or are still to be discovered. We believe the best way to help patients is to focus on breakthrough science to discover these mechanisms and develop novel, targeted therapies that interact with them.

This is at the heart of our business and our purpose as a company: to push the boundaries of science to deliver life-changing medicines.



**We follow  
the science**



**We put  
patients first**



**We play  
to win**



**We do the  
right thing**



**We are  
entrepreneurial**

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# AstraZeneca Pharma India Limited

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## Board of Directors

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Mr. D. E. Udwadia, Chairman  
Mr. K. S. Shah  
Mr. Narayan K Seshadri  
Mr. Ian Brimicombe  
Mr. Justin Ooi  
Mr. Sanjay Murdeshwar, Managing Director  
Mr. Robert Ian Haxton, Whole Time Director  
(upto December 14, 2014)  
Ms. Rebekah Martin (from November 3, 2014)

## Auditors

BSR & Co. LLP, Bangalore

## Legal Advisors

Udwadia & Udeshi, Mumbai

## Bankers

The Hongkong and Shanghai  
Banking Corporation Limited

## Corporate and Registered Office

Block N1, 12<sup>th</sup> Floor, Manyata Embassy  
Business Park, Rachenahalli, Outer Ring  
Road, Bangalore 560045

## Factory

12<sup>th</sup> Mile on Bellary Road  
Kattigenahalli Village, Yelahanka  
Bangalore 560 063

## Sales Outlets

Ahmedabad, Bangalore, Chennai, Cuttack,  
Dehradun, Delhi\*, Guwahati, Hyderabad,  
Indore, Jaipur, Kochi, Kolkata, Lucknow,  
Mumbai, Patna, Ranchi, Chandigarh,  
Panchkula and Zirakhpur.

\*Company outlets (only Delhi)

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## Committees of Directors

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### Audit Committee

Mr. K. S. Shah, Chairman  
Mr. D. E. Udwadia  
Mr. Justin Ooi

### Nomination & Remuneration Committee

Mr. Narayan K Seshadri, Chairman  
Mr. D. E. Udwadia  
Mr. K. S. Shah  
Mr. Ian Brimicombe

### Stakeholders' Relationship Committee

Mr. K. S. Shah, Chairman  
Mr. Sanjay Murdeshwar

### Corporate Social Responsibility Committee

Mr. Ian Brimicombe, Chairman  
Mr. D. E. Udwadia  
Mr. Sanjay Murdeshwar

### Risk Management Committee

Mr. K. S. Shah, Chairman  
Mr. Justin Ooi  
Ms. Rebekah Martin  
Mr. Sanjay Murdeshwar

### Chief Financial Officer

Mr. Rajesh Marwaha (From Aug 4, 2014)

### Legal Counsel & Company Secretary

Mr. Anantha Murthy N (From Aug 1, 2014)

### Annual General Meeting

at 11.00 a.m. on Wednesday, September 2, 2015  
at Vivanta by Taj, MG Road, Bangalore 560 001

## AstraZeneca Pharma India Limited

**Registered Office: Block N1, 12<sup>th</sup> Floor, Manyata Embassy Business Park,  
Rachenahalli, Outer Ring Road, Bangalore - 560045**

**CIN: L24231KA1979PLC003563, Web: [www.astrazeneca.com/india](http://www.astrazeneca.com/india)**

**Email: [comp.secy@astrazeneca.com](mailto:comp.secy@astrazeneca.com), Tel: +91 80 67748000, Fax: +91 80 67748557**

### NOTICE

**NOTICE** is hereby given that the 36<sup>th</sup> Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held on **Wednesday, September 2, 2015 at 11.00 a.m. at Vivanta by Taj Hotel, MG Road, Bangalore 560001**, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements viz., the Audited Balance Sheet as at March 31, 2015, the Audited Profit & Loss Account and the Cash Flow Statement of the Company and Explanatory Note annexed thereto or forming part of the above documents, for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ian Brimicombe (holding DIN 00764601) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Messrs. BSR & Co. LLP, Chartered Accountants, (ICAI Registration No.101248W/W-100022) as Statutory Auditors of the Company to hold office from the conclusion of this meeting up to the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

#### SPECIAL BUSINESS

4. To consider and if thought fit, to convey assent or dissent to the following Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014, as amended to date, payment of remuneration of ₹ 1,40,000/- (Rupees one lac forty thousand only) plus applicable service tax and reimbursement of out-of-pocket expenses, at actuals, to M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore, (Firm Registration No.000065), appointed by the Board as Cost

Auditors of the Company for conducting the cost audit of the accounts for the financial year ending March 31, 2016, be and is hereby confirmed, approved and ratified.

5. To consider and if thought fit, to convey assent or dissent to the following Ordinary Resolution:

**RESOLVED THAT** Ms. Rebekah Martin (holding DIN 06984155), who was appointed as an Additional Director of the Company under Section 161(1) of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Article 116 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom a notice in writing has been received by the Company from a member under the Act, signifying intention to propose Ms. Martin as a candidate for the office of Director, be and is hereby appointed as Director liable to retire by rotation.

6. To consider and if thought fit, to convey assent or dissent to the following Special Resolution:

**RESOLVED THAT** subject to the provisions of Clause 49 (VII) of the Listing Agreement ("Clause 49") entered into by the Company with the stock exchanges where the equity shares of the Company are listed, as amended to date, the Formulation Packaging and Distribution Agreement dated 20<sup>th</sup> June 2005 ("the Agreement") entered into by the Company with AstraZeneca UK Limited, a Related Party as defined in Section 2(76) of the Act and in the said Clause 49, with regard to formulation, packaging and resale of the Related Party's products (as defined in the said Agreement), being of a material nature, be and is hereby approved.

**RESOLVED FURTHER THAT** the Managing Director and the Company Secretary, be and are hereby severally authorised to do or cause to be done, all such acts, deeds, matters and things as may be necessary / desirable to give effect to the above resolution.



7. To consider and if thought fit, to convey assent or dissent to the following Special Resolution:

**RESOLVED THAT** subject to the provisions of Clause 49 (VII) of the Listing Agreement ("Clause 49") entered into by the Company with the stock exchanges where the equity shares of the Company are listed, as amended to date, approval of the Members be and is hereby granted to the following Material Related Party Transactions entered into by the Company with

AstraZeneca UK Limited ("AZ UK"), a Related Party as defined in Section 2(76) of the Act and in the said Clause 49, during the financial year 2014-15.

**RESOLVED FURTHER THAT** the Managing Director and the Company Secretary, be and are hereby severally authorised to do or cause to be done all such acts, deeds, matters and things as may be necessary / desirable to give effect to the above resolution.

(₹ in Crores)

Sl. No.	Nature of Transactions	Transactions Value (FY 2014-15)
1	Purchase of raw materials and traded goods by the Company from AZ UK	86.21
2.	Amount received towards support for the distribution of products supplied by AZ UK - Reimbursement of marketing and promotional cost with respect to existing product and reimbursement of pre-launch cost for new launch products, on arm's length basis	61.90
3.	Reimbursement by AZ UK, the cost of employees deputed by the Company outside India	0.73
4.	Reimbursement by the Company to AZ UK, the cost related to overseas employees deputed in India	1.72
<b>Total</b>		<b>150.56</b>

By Order of the Board of Directors  
For AstraZeneca Pharma India Limited

Place: Bangalore  
Date: August 4, 2015

**Anantha Murthy N**  
Legal Counsel & Company Secretary

## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy or proxies so appointed need not be a member or members, as the case may be, of the Company.

The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.

2. The Register of Members and Share Transfer Books of the Company will remain closed for **10 days i.e., from August 24, 2015 to September 2, 2015** (both days inclusive) in connection with the Annual General Meeting.

3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
4. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
6. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
7. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-15 is being sent in the permitted mode.
8. Electronic copy of the Notice of the 36<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 36<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and

manner of e-Voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

9. Members may also note that the Notice of the 36<sup>th</sup> Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website [www.astrazeneca.com/india](http://www.astrazeneca.com/india) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Bangalore for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Members may also send requests to the Company's investor email ID: [comp.secy@astrazeneca.com](mailto:comp.secy@astrazeneca.com).

## 10. Voting Through Electronic Means

In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The facility for voting through polling paper will be made available at the AGM and the members attending the meeting who have not cast their vote through remote e-voting shall be able to exercise their right at the meeting through polling paper.

The instructions for e-voting are as under:

### A. In case of Members receiving e-mail from NSDL:

- i. Open e-mail and the attached PDF file titled "AZPIL remote e-Voting.PDF" with your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as default password. The said PDF file contains your "User ID" and



“Password/PIN for remote e-voting”. Please note that the password is an initial password.

- ii. Open internet browser by typing the URL: <https://www.evoting.nsdl.com/>
- iii. Click on “Shareholder / Member” - “Login”.
- iv. Type in your User ID and password as initial password / PIN as mentioned in step (i) above and click Login.
- v. Password Change Menu appears. Change the password/ PIN with the new password of your choice with minimum 8 digits/characters or combination thereof.
- vi. Please note your new password. It is strongly recommended that you do not share your new password and take utmost care to keep your password confidential.
- vii. Home page of “remote e-voting” opens. Click on “remote e-voting-Active Voting Cycles”.
- viii. Select “EVEN” of AstraZeneca Pharma India Limited for casting your vote.
- ix. You are now ready for “remote e-voting” as “Cast Vote” page opens.
- x. Cast your vote by selecting appropriate option and click “Submit” and also “Confirm” when prompted. Upon confirmation, the message, “Vote cast successfully” will be displayed. Once voted on the resolution, you will not be allowed to modify your vote.
- xi. Institutional Members (other than Individuals, HUF, NRI, etc.) are also required to send a scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority Letter, etc., together with an attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through email on [vijaykt@vjkt.in](mailto:vijaykt@vjkt.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**B. In case a Member receives physical copy of the Notice of AGM [for members case whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:**

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xi) above, to cast vote.

**C. Other instructions:**

- (i) A member may participate in the meeting even after exercising his right through remote e-voting, but he / she will not be allowed to vote again at the meeting.
- (ii) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and remote E-voting User Manual for Members available at the “Downloads” section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL on toll free no. 1800-222-990.
- (iii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- (iv) You can also update your mobile number and e-mail Id in the user profile details of the folio which may be used for sending future communication(s).
- (v) The remote e-voting period commences on August 28, 2015 (9.00 a.m. IST) and ends on September 1, 2015 (5.00 p.m. IST) for five days. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) August 25, 2015 may cast their vote through remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (vi) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of August 25, 2015.
- (vii) Any person, who acquires shares of the Company and become member of the Company after despatch of the notice and holding shares as of the cut-off date i.e. August 25, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [giri@integratedindia.in](mailto:giri@integratedindia.in).

However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at toll free no.: 1800-222-990.

- (viii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- (ix) The Board of Directors has appointed Mr. K. T. Vijayakrishna, Practicing Company Secretary, (Membership No. FCS 1788) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. Mr. Vijayakrishna has conveyed to the Company his willingness to act as such.
- (x) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Poling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (xi) The Scrutinizer shall, immediately after the conclusion of voting at the meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three (3) days of conclusion of the meeting, a consolidated Scrutinizer’s Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the resolution of the voting, forthwith.
- (xii) The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website [www.astrazeneca/india.com](http://www.astrazeneca/india.com) and on the website of NSDL, immediately after the result is declared by the Chairman and communicated to the stock exchanges, where the equity shares of the Company are listed.

11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal hours (10.00 am to 12.00 noon) on all working days, up to and including the date of the Annual General Meeting of the Company.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No.4

In terms of Section 148 of the Act and the Rules made thereunder, the Company is required to maintain Cost Audit records and to have the same audited by a Cost Auditor.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on May 27, 2015, appointed M/s. Rao, Murthy & Associates, as Cost Auditor, for conducting the Cost Audit for the year 2015-16 on a remuneration of ₹ 1,40,000/- plus applicable service tax and reimbursement of out-of-pocket expenses at actuals.

Rule 14 of Companies (Audit and Auditors) Rules 2014, as amended, requires that the remuneration

payable to the Cost Auditor be ratified by the Members. Hence the resolution at Item No.4 of the Notice.

The Company has received a Certificate from the Cost Auditor confirming its independence and arm’s length relationship with the Company and their willingness to act as Cost Auditor of the Company.

The Board recommends that the remuneration payable to the Cost Auditor in terms of the resolution at Item No.4 of the Notice be ratified by the Members.

## Item No.5

At the meeting of the Board of Directors of the Company held on November 3, 2014, Ms. Rebekah Martin was appointed as an Additional Director of the Company. Pursuant to Section 161(1) of the Act, she will hold office upto the date of the ensuing Annual General Meeting, but is eligible for appointment as a Director. The Company has received a notice pursuant to Section 160 of the Act from a member signifying intention to propose the appointment of Ms. Martin as a Director at the ensuing Annual General Meeting along with a deposit of ₹ 1,00,000/- which amount shall be refunded to the member if Ms. Martin is elected as a Director.

Ms. Martin is a Member of Risk Management Committee of the Board of Directors.

The Board considers that her association would be of great benefit to the Company. Accordingly, the Board recommends the resolution at item no.5 of the Notice, for approval by the Members of the Company.

A brief profile of Ms. Martin, is provided at the end of this Notice.

Ms. Martin is concerned or interested in the resolution at Item No.5 of the Notice since it relates to her appointment - as a Director liable to retire by rotation.

## Item No.6

The Company is a part of AstraZeneca Group, which is one of the world's leading pharmaceutical companies, with a broad range of medicines designed to fight disease in important areas of healthcare. The Company is engaged in the

manufacture and marketing of pharmaceutical products in the country, with certain pharmaceutical products imported from AstraZeneca Group Companies.

The Company had entered into a Formulation Packaging and Distribution Agreement dated 20<sup>th</sup> June 2005 ("the Agreement") with AstraZeneca UK Limited ("AZ UK"), a Related Party as defined in Section 2(76) of the Act and in the said Clause 49 with regard to formulation, packaging and resale of the Related Party's products (as defined in the said Agreement). The transactions covered by the said Agreement will exceed 10% of the annual turnover of the Company as per its last audited financial statements and would constitute material transaction as defined in the said Clause 49.

In terms of the requirements of SEBI Circular Ref:CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014, the Agreement evidencing transactions of a material nature, will require the approval by the Members at the first general meeting held after 1<sup>st</sup> October, 2014 even though the Agreement referred to in the resolution at Item No.6 was entered into in June 2005 since it continues to be in force in accordance with its terms.

The ensuing Annual General Meeting will be the first general meeting after 1<sup>st</sup> October 2014. Accordingly, in terms of the above circular, the said Agreement will require approval of the Members at the ensuing Annual General Meeting, by special resolution. The Related Party in the above Agreement is not a member of the Company.

The following relevant information is provided to the Members:

Particulars	Information
Name of the Related Party	AstraZeneca UK Limited
Nature of relationship	AstraZeneca UK Limited is the Parent Company of AstraZeneca Treasury Limited, which is the Holding Company of AstraZeneca AB, Sweden, which in turn is the Holding Company of AstraZeneca Pharmaceuticals AB, Sweden and which in turn is the Holding Company of AstraZeneca Pharma India Limited
Name of Director(s) or Key Managerial Personnel who is related, if any	Mr. Sanjay Murdeshwar Mr. Ian Brimicombe Mr. Justin Ooi Ms. Rebekah Martin (being representatives of AstraZeneca Group on the Board of the Company)
Nature, material terms, monetary value and particulars of the contract or arrangement	Nature: Formulation Packaging and Distribution Agreement for formulation, packaging and resale of the products by the Company (as defined in the Agreement)

Particulars	Information
	Term: This Agreement shall continue until terminated by either party by giving to the other, not less than 6 months' written notice. Credit Term: 360 days Transactions take place at agreed transfer pricing.
Any other information relevant or important for the Members to take a decision on the proposed resolution	None

The Board recommends the Special Resolution at Item No.6 of the Notice, for approval of the Members.

Mr. Ian Brimicombe, being a Director of AZ UK, a Related Party as mentioned above and Mr. Sanjay Murdeshwar, Mr. Justin Ooi and Ms. Rebekah Martin, being representatives of AstraZeneca Group on the Board of the Company, may be deemed to be interested in the resolution at Item No. 6 of the Notice.

### Item No.7

Clause 49(VII) of the Listing Agreement ("Clause 49"), provides that all transactions with a Related Party as defined in Section 2(76) of the

Act and in the said Clause 49 which constitute material transaction as defined in the said Clause 49, will require to be approved by the Members by a special resolution at a general meeting.

The transactions entered into by the Company with AstraZeneca UK Limited ("AZ UK") during the financial year 2014-15 constitute material transaction as defined in the said Clause 49. They will require to be approved by the Members at the ensuing Annual General Meeting by a special resolution. Hence, the special resolution at item no.7 of the Notice. The Related Party viz., AZ UK is not a member of the Company.

The following relevant information is provided to the Members:

Particulars	Information
Name of the Related Party	AstraZeneca UK Limited
Nature of relationship	AstraZeneca UK Limited is the Parent Company of AstraZeneca Treasury Limited, which is the Holding Company of AstraZeneca AB, Sweden, which in turn is the Holding Company of AstraZeneca Pharmaceuticals AB, Sweden and which in turn is the Holding Company of AstraZeneca Pharma India Limited
Name of Director(s) or Key Managerial Personnel who is related, if any	Mr. Sanjay Murdeshwar Mr. Ian Brimicombe Mr. Justin Ooi Ms. Rebekah Martin (being representatives of AstraZeneca Group on the Board of the Company)
Nature, material terms, monetary value and particulars of the transactions	<p>a) Material terms of the transactions entered into in relation to Formulation, Packaging and Distribution Agreement dated 20<sup>th</sup> June 2005 are as under:</p> <p>Nature: Formulation, packaging and resale of the products by the Company Credit Term: 360 days Transactions take place at agreed transfer pricing Termination clause: 6 months written Notice Value of these transaction(s) during 2014-15 is ₹ 86.21 Crores</p> <p>b) The Company has entered into an Agreement dated 24<sup>th</sup> March 2015 with AZ UK, the material terms of which are as follows:</p> <p>Nature: Reimbursement of marketing and promotional cost with respect to existing product and reimbursement of pre-launch cost for new launch products, on arm's length basis. Credit Term: 45 days Period: 3 years Termination clause: 6 months written notice The value of the said transaction is ₹ 61.90 Crores</p>

Particulars	Information
	<p>c) The Company had sent its personnel to the Related Party viz., AZ UK, on deputation. Likewise, AZ UK had deputed its personnel to the Company. The Related Party has reimbursed the cost of deputation of such personnel and visa-versa. The value of these transactions is ₹ 2.45 Crores.</p> <p>The aggregate value of transactions with AZ UK, a Related Party during the financial year 2014-15 was ₹ 150.56 Crores.</p>
Any other information relevant or important for the Members to take a decision on the proposed resolution	None

The Board recommends the Special Resolution at Item No.7 of the Notice, for approval of the Members.

Mr. Ian Brimicombe, being a Director of AZ UK, a Related Party as mentioned above and Mr. Sanjay Murdeshwar, Mr. Justin Ooi and Ms. Rebekah Martin, being representatives of AstraZeneca Group on the Board of the Company, may be deemed to be interested in the resolution at item no. 6 of the Notice.

By Order of the Board of Directors  
For AstraZeneca Pharma India Limited

Place: Bangalore  
Date: August 4, 2015

**Anantha Murthy N**  
Legal Counsel & Company Secretary

## Annexure to Notice

### Information under Clause 49 of the Listing Agreement regarding Directors seeking appointment or re-appointment at the 36<sup>th</sup> Annual General Meeting

<b>Particulars</b>	<b>Mr. Ian Brimicombe</b>	<b>Ms. Rebekah Martin</b>
Date of Birth & Age	15 <sup>th</sup> October, 1963 (51 years)	31 <sup>st</sup> January 1979 (36 years)
Date of Appointment	8 <sup>th</sup> September, 2006	3 <sup>rd</sup> November 2014
Qualification(s)	B.Sc. Hons. King's College, London, Chartered Accountant (Institute of Chartered Accountants of England & Wales), Chartered Tax Adviser (Chartered Institute Of Taxation)	Post Graduate Diploma in Law, BPP Law School Legal Practice Course, Nottingham Law School M.Bioc (Oxon), The University of Oxford.
Brief profile and nature of their expertise in specific functional areas	He has exposure on audit, tax and corporate finance at Coopers & Lybrand, London (now PricewaterhouseCoopers) from 1986, qualifying as a Chartered Accountant and a Chartered Tax Adviser.	<p>Rebekah brings more than 10 years of legal experience to the role, with a strong focus on leading teams to success through pragmatic and commercial advice.</p> <p>During her time with AstraZeneca, Rebekah has been accountable for a range of patent litigation in several countries across Europe and advising the business on a breadth of employment law matters, including outsourcing, business change and several executive appointments and exits. She also successfully led the Global HR legal aspects of the acquisition of the diabetes business from BMS.</p> <p>Most recently, Rebekah has been based in Singapore as Asia Area Legal Director, leading legal matters across India, South Korea, Taiwan, Vietnam, Indonesia, Thailand, the Philippines, Malaysia and Singapore. In this role, Rebekah has had significant experience in overcoming market access challenges, advising on anti-bribery and anti-corruption law, initiation of patient affordability programs and establishing diagnostic testing to ensure even more patients get access to our life-saving medicines in this dynamic and rapidly growing region.</p>
Directorships held in other Public Companies	NIL	NIL
Membership/Chairmanships of Committees of other Public Companies	NIL	NIL
Shareholding in the Company (No. of shares)	NIL	NIL



## DIRECTORS' REPORT

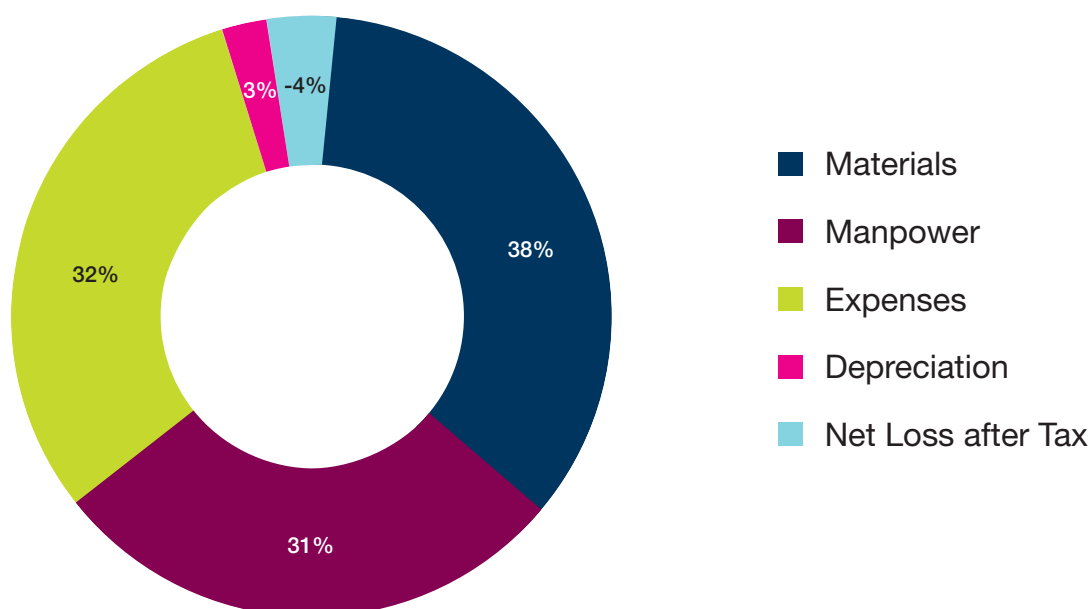
Your Directors present the 36<sup>th</sup> Annual Report together with the Audited Financial Statements of the Company for the financial year ended March 31, 2015.

### FINANCIALS

(₹ in Million)

Particulars	2014-15	2013-14
Sales and Other Income	5,229	4,832
Profit/(Loss) Before Tax	-208	-
Provision for Taxation		
- Income Tax	-	5
- Adjustment for Deferred Tax	-	-
Total Tax	-	5
Profit/(Loss) after Taxation	-208	-5
Surplus brought forward from the previous year	411	416
<b>Total amount available for appropriation</b>	<b>203</b>	<b>411</b>
<b>Appropriation made by Directors</b>		
Transfer to General Reserve	-	-
<b>Appropriation recommended by Directors</b>		
Dividend	-	-
Tax on proposed Dividend	-	-
Surplus carried over	203	411

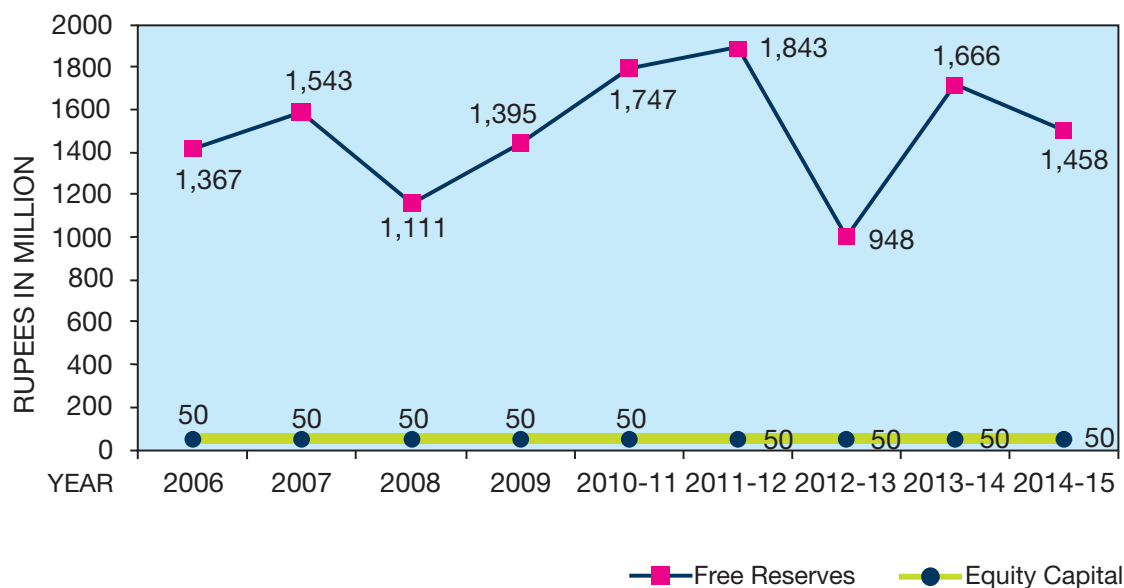
### Distribution of Total Revenue (%)



## DIVIDEND

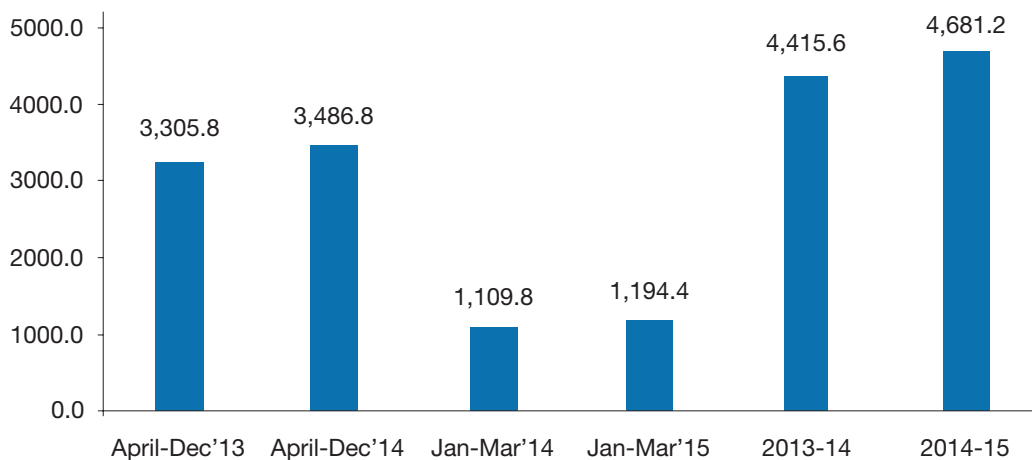
Though the Company made significant progress during the year in terms of its business performance, considering its overall financial position, the Directors are unable to recommend any dividend for the year 2014-15.

## Net worth



## SALES AND MARKETING

SALES PERFORMANCE\* (₹ Million)



\* including Exports

The Company registered sales of ₹ 4657.8 Million (excluding export sales), a 12.4% growth over the last year. The growth has been steady and while over the 9 months April-December 2014, the Company grew by 13.6%, last quarter registered a 9% growth over the same quarter previous year (excluding export sales).

The Company's key growth brands - Brilinta, Onglyza, Kombiglyze, witnessed robust growth, providing strong momentum to the Company's performance throughout the year. Diabetes portfolio of the Company grew by 33% post acquisition from BMS.

The drug, BRILINTA (Ticagrelor) which provides cardiologists with a new and effective treatment to help reduce the rate of heart attack and cardiovascular deaths in adult patients with Acute Coronary Syndrome (ACS), is being received well by the market and continues to register rapid growth. During the year, the brand continued to grow its market share, as per IMS Health, from 6.7% (MAT March 2014) to 9.7% (MAT March 2015)<sup>1</sup>. Members were informed that, as per IMS Health data (YTD March 2015)<sup>2</sup>, Brilinta became the #1 brand in the oral anti platelets segment in the Indian Pharmaceutical Market, within 29 months of launch.

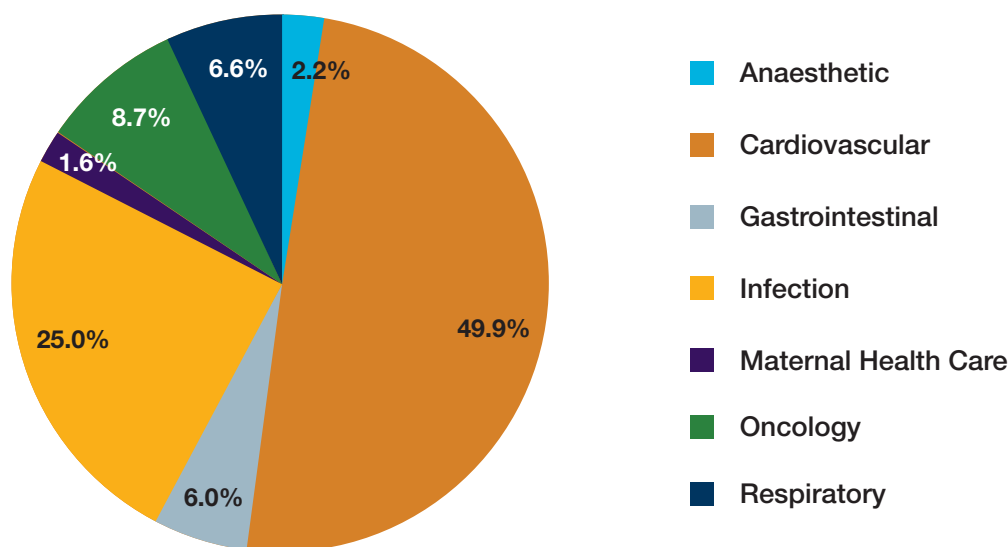
1. Value Market Share as per IMS Health Report, March 2015.

2. Value Market Share of 11.8% as per IMS Health Report, YTD March 2015.

In the last Directors' Report, Members were informed that Drug Pricing Control Order was notified in May 2013. Since then, ceiling prices have been announced by the Government in a phased manner. In the year 2014-15, 10 selling units across 5 brands of the Company were additionally covered under the NLEM. While the said Order benefits the patients by making essential drugs affordable, it had an adverse impact on the Company's profitability due to average price reduction of 41%.

The Company, during the year, undertook a comprehensive review of the manufacturing standards of its contract manufacturers and identified certain process weaknesses. Production was stopped pending the review. Due to this, a significant part of the Company's portfolio, including several of its major brands, namely, Bricanyl (Respiratory), Bricarex (Respiratory), Linctus Codeinae (Respiratory), Xylocaine (Local Anesthesia), Sensorcaine (Local Anesthesia), Cerviprime (Maternal), Prostodin (Maternal), Seloram and Selomax (Cardiovascular) were not available in the market during a substantial part of the year.

## Therapeutic Area wise Sales\* contribution (%)



\* including Exports

## MANUFACTURING

The Company continues to benefit from the comprehensive review of its manufacturing operations with assistance from AstraZeneca Group.

The manufacturing site at Yelahanka has resolved many constraints in the supply during the year 2014-15, consistently meeting supply requirements. The Tablet Manufacturing Plant has been progressively ramping up production volumes.

The Directors are pleased to inform that the entire manufacturing of Oral Solid Dosages has been shifted to the New Tablet Manufacturing Plant on 1<sup>st</sup> July 2014 and the Old Pharma Plant has been shut down in December 2014. Now all the manufacturing and supply of all oral solids from the site is being carried out from the New Tablet Plant only.

The current oral solid dosage facility has spare manufacturing capacity. Different options are under consideration to utilize this capacity to put the Company on a stronger footing for the future.

## DEPOSITS

During the year under review, your Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

## SHIFTING OF REGISTERED OFFICE

Your Company has shifted its Registered Office to its new premises situated at Block N1, 12<sup>th</sup> Floor, Manyata Embassy Business Park, Rachenahalli, Outer Ring Road, Bangalore - 560045, effective September 1, 2014.

## SAFETY HEALTH AND ENVIRONMENT

Providing a safe workplace and promoting the health and wellbeing of all its people remains a core consideration for the Company. During the period under review, the Company's field force was trained in defensive driving techniques which resulted in decrease in number of road accidents. Medical check-up for all the field employees was done during the period under review.

## HUMAN RESOURCES AND EMPLOYEE RELATIONS

The Company continued to enjoy good industrial relations and co-operation with its employees. The

pending long term settlement was signed with the field union in this year effective January 1, 2013. Employee engagement continued to be high as reflected in our employee survey which was done during the year. Talent management and providing career opportunities to our employees remained key focus in our people development strategy. The Campus Hire Program was started to induct Pharmacy Graduates into the field force.

## FACTORY LAND AT YELAHANKA

In the last Directors' Report, the Members were informed that the Company had received compensation amount of (a) ₹ 13.7 million in respect of the first acquisition of land made by NHAI in 2004 and (b) ₹ 102.8 million in respect of second acquisition of land made by NHAI in 2011.

The arbitration proceedings initiated by NHAI before the Arbitrator at Bangalore, in relation to the first acquisition of land made by NHAI in 2004, are still pending.

Further, the arbitration invoked by the Company seeking, inter-alia, enhancement of compensation from NHAI in respect of second acquisition of land made by NHAI in 2011, is also pending.

## OTHER MATTERS

In November 2012, the Company had received a notice from Bruhat Bangalore Mahanagara Palike (BBMP) demanding from the Company, improvement charges amounting to ₹ 15,58,04,930/-. The Company had filed a Writ Petition before the Karnataka High Court challenging the said demand notice from BBMP. The Court had granted interim stay against the notice issued by BBMP and the stay continues to be in force.

Further, the Company received a notice dated August 7, 2014 from BBMP demanding improvement charges amounting to ₹ 7,08,20,430/-. The Company filed a Writ Petition before the Karnataka High Court challenging the said demand notice from BBMP. The Court has granted interim stay against the notice issued by BBMP and the stay is in force till the next date of hearing.

In the last Directors' Report, the members were informed of the ongoing investigation pursuant to a First Information Report filed in February 2012 by the Central Bureau of Investigation against, among others, the Company. The investigation was concluded and a charge sheet was filed in the Court by CBI on August 5, 2013. Neither your Company nor any of

its officials/employees have been named as accused in the charge sheet. The proceedings are going on against the accused named in the charge sheet.

## **VOLUNTARY DELISTING OFFER**

In last year's Directors' Report, Members were informed that a Writ Petition had been filed by two shareholders of the Company before the Bombay High Court seeking, inter-alia, an order from the Court, restraining the Company and AstraZeneca Pharmaceuticals AB, Sweden (AZPAB) from implementing the voluntary delisting as proposed by AZPAB.

The Bombay High Court, which heard the Petition on October 8, 2014, disposed of the same, with the following directions:

- (i) the Petitioners as well as the Company and AZPAB are at liberty to prefer appeal against Securities and Exchange Board of India (SEBI) Order dated June 24, 2014, to the Securities Appellate Tribunal (SAT), Mumbai, within 6 weeks;
- (ii) until SAT hears and disposes of the petitioners' appeal, the Company and AZPAB, shall not take any further steps in the process of delisting of equity shares and
- (iii) SAT to hear and decide the appeals as expeditiously as possible and preferably by February 28, 2015.

Pursuant to the above, an appeal has been filed by two shareholders of the Company before the SAT, against part of the Order of SEBI dated June 24, 2014, in relation to delisting proposal of AZPAB. There is no material development in the appeal and the matter has been adjourned by SAT from time to time. The next hearing has been scheduled for August 11, 2015.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (5) of the Companies Act, 2013 (the Act):

- (a) that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures - if any.

(b) that such accounting policies as mentioned in notes to the financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the loss of the Company for the year ended on that date.

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) that the annual financial statements have been prepared on a going concern basis.

(e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

(f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

The details in respect of internal financial controls and their adequacy are included in the Management Discussion & Analysis Report, which forms part of this Report.

## **Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

AstraZeneca is committed to provide a healthy environment to all its employees. Hence, it does not tolerate any discrimination and/or harassment in any form. The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company has not received any complaint of sexual harassment at the workplace.

## **Board Meetings**

Eight meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Report.

## Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the requirements of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning etc.

The performance of the Committees was extensively evaluated by the Board after seeking inputs from each of the committee members on the basis of the criteria such as the composition of committees, effectiveness of the functioning of committee meetings etc.

The Board and the Nomination & Remuneration Committee also reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, the performance of Non-Independent Directors and the performance of the Board as a whole were evaluated taking into account the views of executive directors and non-executive directors. The same was discussed in the Board meeting, at which the performance of the Board, its Committees and individual directors were also discussed.

## Policy on Directors' appointment and remuneration and other details

The Company's Policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed in the Corporate Governance Report, which forms part of this Report.

## Number of Employees

The total number of employees of the Company as on March 31, 2015 was 1654 as against 1559 as on March 31, 2014.

## Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides for adequate safeguards for victimization of Director(s) / Employee(s) who avail of the mechanism. In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee. The Whistle Blowing Policy is available on the Company's website [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow

The information on Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith as Annexure - I.

## RELATED PARTY TRANSACTIONS

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel and Senior Management which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee for its approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature, in terms of the requirements of Clause 49(VII) of the Listing Agreement entered into with Stock Exchanges ('Clause 49').

The Company has adopted a Policy for dealing with Related Party Transactions. The Policy as approved by the Board is uploaded on the Company's website and can be accessed at [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

The related party transactions which are of material nature, as defined in Clause 49, require to be approved by the Members by way of a Special Resolution. In this connection, the material related party transactions requiring Members' approval, are dealt with at Item Nos.6 and 7 of the Notice, read with the relative Explanatory Statement.

Details of the related party transactions as required under Section 134(3)(h) read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached as Annexure – II.



## **Risk Management Policy**

The Company has framed a Risk Management Policy which was approved by the Board pursuant to the requirements of Clause 49 of the Listing Agreement. The details of the Risk Management Committee and its terms of reference are set out in the Corporate Governance Report which forms part of this report.

## **Corporate Social Responsibility**

The Company introduced AstraZeneca's signature global initiative the Young Health Programme (YHP) in Financial Year 2010-11, designed to help marginalized young people deal with health problems they face, enabling them to live a better life. The programme has made significant progress since then.

YHP India has directly been able to reach out to 104,343 young people (47,088 boys and 57,255 girls) and has influenced 103,940 wider community members, including health professionals, educators and policy makers.

The several achievements of YHP India have been through two key approaches namely, the establishment of 15 Health Information Centers (HICs) which act as a forum for youth. The second vital approach is the training and support of 2,136 Peer Educators (of which 1,103 are girls) who are responsible for spreading awareness in their respective communities.

In India, YHP focuses on hygiene, infection, reproductive health and wider health issues (such as tobacco and alcohol abuse) of adolescents. Customized packages comprising of training curriculum is disseminated through various mediums such as street plays, magic shows, workshops, community meetings, video shows, competitions, thematic camps and fairs. Training of 588 healthcare workers including Anganwadi workers (family health), ASHA workers (community health) and Auxiliary Nurse Midwives (ANMs) have been a part of YHP's achievements as well. YHP India continues to enhance knowledge of health issues and ways to cope with it for adolescents and hopes to reach a larger audience as the time progresses.

The Annual Report on CSR activities in terms of the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as Annexure - III, which forms part of this Report.

## **Extract of Annual Return**

In terms of the requirements of Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in the prescribed form i.e., MGT - 9 is annexed herewith as Annexure - IV, which forms part of this Report.

## **Details of remuneration of Directors / Key Managerial Personnel**

The information relating to remuneration of Directors/ Key Managerial Personnel as required under Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Act, is given in Annexure - V, which forms part of this Report.

## **Particulars of Employees**

Information required under the provisions of Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in Annexure - VI which forms part of this Report.

## **Management Discussion and Analysis Report**

Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement is annexed as Annexure - VII, which forms part of this Report.

## **Corporate Governance**

Your Company has been practicing the principles of good corporate governance. A detailed report on corporate governance as required under Clause 49 of the Listing Agreement is annexed as Annexure - VIII. Certificate of the Statutory Auditors regarding compliance with the conditions stipulated in Clause 49 of the Listing Agreement forms part of the Report on Corporate Governance, which forms part of this Report.

## **Particulars of Loans, Guarantees or Investments**

During the year under review, your Company has not granted any Loan, Guarantees or made Investments within the meaning of Section 186 of the Companies Act, 2013.

## Significant and material orders passed by the Regulators or Courts or Tribunals

During the year under review, there was no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its future operations.

## COMMITTEES

Pursuant to Section 178 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors at its meeting held on May 30, 2014, constituted the Nomination & Remuneration Committee and the Stakeholders' Relationship Committee. Further, pursuant to Section 135 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors at its meeting held on August 12, 2014 constituted the Corporate Social Responsibility Committee. Details of these Committees are given in the Corporate Governance Report.

Further, in terms of Clause 49 of the Listing Agreement, the Board of Directors at its meeting held on February 11, 2015, constituted the Risk Management Committee, which comprises of Mr. K S Shah, Mr. Justin Ooi, Ms. Rebekah Martin and Mr. Sanjay Murdeshwar, as Members of the Committee.

### Audit Committee

The details pertaining to composition of the Audit Committee are included in the Corporate Governance Report, which forms part of this Report.

## DIRECTORS

The Companies Act, 2013 provides for appointment of Independent Directors, who shall hold office for a term of upto five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a special resolution by the Company. Further, the provisions of retirement by rotation as envisaged under Section 152 of the Companies Act, 2013, shall not apply to such Independent Directors. Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors at its meeting held on August 12, 2014, appointed Mr. D. E. Udawadia, Mr. K. S. Shah and Mr. Narayan K Seshadri, as Independent Directors, to hold office as such, for a period of 5 years i.e., upto September 29, 2019, which was approved by the shareholders at the last Annual General Meeting of the Company held on September 30, 2014. The

Independent Directors have furnished the required declaration under Section 149 of the Companies Act, 2013, affirming that they meet the criteria of independence.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Ian Brimicombe, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

The Board of Directors at its meeting held on November 3, 2014, appointed Ms. Rebekah Martin, as an Additional Director. She will hold office up to the date of the ensuing Annual General Meeting and is eligible for appointment as Director. A resolution in this behalf is set out at Item No.5 of the Notice of the Annual General Meeting.

Mr. Robert Haxton resigned as Wholtime Director of the Company, effective December 14, 2014.

The details of familiarization programme and Annual Board Evaluation process for Directors have been provided in the Corporate Governance Report.

## DETAILS OF KEY MANAGERIAL PERSONNEL

- a) Mr. Rajesh Marwaha, was appointed as the Chief Financial Officer of the Company, effective August 4, 2014.
- b) Mr. Pawan Singhal, resigned as VP - Legal & Company Secretary, effective July 31, 2014.
- c) Mr. Anantha Murthy N, was appointed as the Legal Counsel & Company Secretary, effective August 1, 2014.

## AUDITORS

### a) Statutory Auditors:

The present Auditors - M/s. BSR & Co. LLP, Chartered Accountants, hold office up to the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### b) Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit has been carried out by Mr. Vijayakrishna KT, Practising Company Secretary and the Report is annexed as Annexure - IX.

### **c) Cost Auditors:**

The Board of Directors of the Company has appointed M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore, (holding Registration No.000065), as Cost Auditors of the Company, for conducting the Cost Audit for the year 2014-15. Cost Audit Report for the year 2013-14 was filed with the Ministry of Corporate Affairs on September 18, 2014.

## **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank AstraZeneca Pharmaceuticals AB, Sweden and AstraZeneca PLC, for their valuable guidance and strong support to the Company's operations during the year.

Your Directors would also like to thank the Central and the State Governments, other Statutory and Regulatory Authorities, the Company's Bankers, the Medical Profession and Trade, Vendors & Business Associates and the Members for their continued valuable support to the Company's operations.

Your Directors place on record their sincere appreciation for the significant contribution and continued support of the employees at all levels to the Company's operations during the year.

On behalf of the Board of Directors

Place: Bangalore  
Date: August 4, 2015

**D E UDWADIA**  
**CHAIRMAN**

## Annexure I to Directors' Report

### Details on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

#### A. Conservation of Energy-

- (i) the steps taken or impact on conservation of energy;

New Tablet Facility is the first pharma facility in India to be accredited with Gold Standard Rating under LEED (Leadership in Energy and Environmental Design) certification, LEED India is administered by IGBC (Indian Green Building Council), which is an affiliate of United States Green Building Council (USGBC).

- Energy Modeling - 33.67% reduction
- Vapour Absorption Chiller
- Lighting optimization
- Usage of Porotherm blocks
- Efficient Water Fixtures : Better flow
- "0" VOC Paints

- (ii) the steps taken by the Company for utilising alternate sources of energy;

The Company is using renewable energy concepts like

- Usage of Agro husk Boilers for steam generation
- Rainwater Harvesting
- Recycled Materials for Construction

- (iii) the capital investment on energy conservation equipment;

- The Company's investment into the New Tablet Facility includes investments made on energy conservation equipment and systems.

#### B. Technology Absorption

1	The efforts made towards technology absorption	N. A.
2	The benefits derived like product improvement, cost reduction, product development or import substitution.	N. A.
3	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N. A.
	a) The details of technology imported	
	b) The year of import	
	c) Whether the technology has been fully absorbed	
	d) If not fully absorbed, areas where absorption has not taken place and reasons thereof	
4	The expenditure incurred on Research and Development	N. A.

#### C. Foreign Exchange Earnings and Outgo

##### Activities relating to Exports etc.:

The Company has exported goods of a value of ₹ 23,472,479 during the 12 months period ended March 31, 2015.

##### Total foreign exchange used and earned:

The Company used foreign exchange amounting to ₹ 1,118,965,909 and earned ₹ 9,280,801 excluding exports of goods as specified above.

On behalf of the Board of Directors

Place: Bangalore  
Date: August 4, 2015

**D E UDWADIA**  
**CHAIRMAN**

## Annexure II to Directors' Report

### Form No. AOC-2

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

During the financial year 2014-15, there was no contract or arrangement or transaction with the related parties, which is not at arm's length and / or ordinary course.

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

- A) Name of the related party : AstraZeneca UK Limited (AZ UK)
- B) Nature of relationship: AstraZeneca UK Limited is the Parent Company of AstraZeneca Treasury Limited, which is the Holding Company of AstraZeneca AB, Sweden, which in turn is the Holding Company of AstraZeneca Pharmaceuticals AB, Sweden and which in turn is the Holding Company of AstraZeneca Pharma India Limited
- C) Nature of contracts / arrangements / transactions: (i) Purchase of raw materials and traded goods by the Company from AZ UK (ii) Amount received towards support for the distribution of products supplied by AZ UK - Reimbursement of marketing and promotional cost with respect to existing product and reimbursement of pre-launch cost for new launch products, on arm's length basis (iii) Reimbursement by AZ UK, the cost of employees deputed by the Company outside India and (iv) Reimbursement by the Company to AZ UK, the cost related to overseas employees deputed in India.

D) Duration of the contracts / arrangements / transactions: (i) Agreement dated 20<sup>th</sup> June 2005 entered into by the Company with AZ UK, is ongoing and (ii) the Agreement dated 24<sup>th</sup> March 2015 entered into by the Company with AZ UK is for a term of 3 years.

E) Salient terms of the contract including value if any:

(i) Formulation, Packaging and Distribution Agreement dated 20<sup>th</sup> June 2005:

Nature: Formulation, packaging and resale of the products by the Company

Credit Term: 360 days

Transactions take place at agreed transfer pricing

Termination clause: 6 months written notice

Value of the transaction(s) during 2014-15 is ₹ 86.21 Crores

(ii) Agreement dated 24<sup>th</sup> March 2015:

Nature: Reimbursement of marketing and promotional cost with respect to existing product and reimbursement of pre-launch cost for new launch products, on arm's length basis.

Credit Term: 45 days

Period: 3 years

Termination clause: 6 months written notice

The value of the said transaction during 2014-15 is ₹ 61.90 Crores

(iii) The Company had sent its personnel to the Related Party viz., AZ UK, on deputation. Likewise, the AZ UK had deputed its personnel to the Company. The Related Party has reimbursed the cost of deputation of such personnel and visa-versa. The value of these transactions is ₹ 2.45 Crores.

The aggregate value of transactions with AZ UK, a Related Party during the financial year 2014-15 was ₹ 150.56 Crores.

F) Date of approval by the Board: Not applicable, as the transactions referred to above are in the ordinary course of business and on arm's length basis.

G) Amount paid as advances, if any: Nil

On behalf of the Board of Directors

Place: Bangalore  
Date: August 4, 2015

**D E UDWADIA**  
**CHAIRMAN**

## Annexure III to Directors' Report

### ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:  
  
The Company introduced AstraZeneca's signature global initiative the Young Health Programme (YHP) in Financial Year 2010-11, designed to help marginalized young people deal with health problems they face, enabling them to live a better life. The programme has made significant progress since then. The CSR Policy has been posted on the Company's website at [www.astrazeneca.com/india](http://www.astrazeneca.com/india).
2. Composition of CSR Committee:  
Mr. Ian Brimicombe - Chairman  
Mr. D E Udwadia  
Mr. Sanjay Murdeshwar
3. Average net profit of the Company for last three financial years : ₹ 268.41 million (loss)
4. Prescribed CSR expenditure: NIL
5. Details of CSR spent during the financial year: Since the average net profits of the Company during the three immediately preceding financial years being negative, the Company was not required to spend on CSR activities during the financial year 2014-15.
6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report. - Not Applicable
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**Sanjay Murdeshwar**  
Managing Director

**Ian Brimicombe**  
Chairman of CSR Committee

Place: Bangalore  
Date: August 4, 2015



## Annexure IV to Directors' Report

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2015

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

#### 1. REGISTRATION AND OTHER DETAILS

CIN	L24231KA1979PLC003563
Registration Details	July 7, 1979
Name of the Company	AstraZeneca Pharma India Limited
Category/Sub Category	Public Company
Address of registered office and contact details	Block N1, 12 <sup>th</sup> Floor, Manyata Embassy Business Park, Rachenahalli, Outer Ring Road, Bangalore Tel : 080 - 67748000 Fax:- 080 - 67748557 Email: comp.secy@astrazeneca.com
Whether listed or not	Listed
Name, Address and contact details of Registrar and Transfer Agent, if any	Integrated Enterprises India Limited 30, Ramana Residency, 4 <sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore - 560003 Tel : 080 - 23460815-8 Fax: 080 - 23460819 Email: irg@integratedindia.in

#### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% of total turnover of the Company
1	Meronem	210	18.4%

#### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of Holding Company	CIN	Holding / Subsidiary	% of shares held
1	AstraZeneca Pharmaceuticals AB, Sweden	Not Applicable	Holding Company	75%

#### 4. Shareholding Pattern (Equity Share Capital break-up as percentage of total equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e., 1 <sup>st</sup> April 2014				No. of Shares held at the end of the year i.e., 31 <sup>st</sup> March 2015				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>18,750,000</b>	<b>-</b>	<b>18,750,000</b>	<b>75.00</b>	<b>18,750,000</b>	<b>-</b>	<b>18,750,000</b>	<b>75.00</b>	<b>-</b>
<b>Total shareholding of Promoter</b>									
<b>(A) = (A)(1)+(A)(2)</b>	<b>18,750,000</b>	<b>-</b>	<b>18,750,000</b>	<b>75.00</b>	<b>18,750,000</b>	<b>-</b>	<b>18,750,000</b>	<b>75.00</b>	<b>-</b>
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds	46,840	-	46,840	0.19	94	-	94	0.00	-
b) Banks / FI	1,317	125	1,442	0.01	3,511	125	3,636	0.01	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	3,977,629	-	3,977,629	15.91	3,918,772	-	3,918,772	15.67	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>4,025,786</b>	<b>125</b>	<b>4,025,911</b>	<b>16.11</b>	<b>3,922,377</b>	<b>125</b>	<b>3,922,502</b>	<b>15.68</b>	<b>-</b>
(2) Non- Institutions									
a) Bodies Corporate	177,633	2,875	180,508	0.72	325,425	875	326,300	1.31	-
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,464,698	485,032	1,949,730	7.77	1,475,383	447,673	1,923,056	7.69	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	61,540	-	61,540	0.25	61,540	-	61,540	0.25	-
c) Others	32,311	-	32,311	0.15	16,602	-	16,602	0.07	-
<b>Sub-total (B)(2):-</b>	<b>1,736,182</b>	<b>487,907</b>	<b>2,224,089</b>	<b>8.89</b>	<b>1,878,950</b>	<b>448,548</b>	<b>2,327,498</b>	<b>9.32</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>5,761,968</b>	<b>488,032</b>	<b>6,250,000</b>	<b>25.00</b>	<b>5,801,327</b>	<b>448,673</b>	<b>6,250,000</b>	<b>25.00</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>24,511,968</b>	<b>488,032</b>	<b>25,000,000</b>	<b>100.00</b>	<b>24,511,327</b>	<b>448,673</b>	<b>25,000,000</b>	<b>100.00</b>	

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e., 1 <sup>st</sup> April 2014			Shareholding at the end of the year i.e., 31 <sup>st</sup> March 2015			
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	% change in share holding during the year
1	AstraZeneca Pharmaceuticals AB	18,750,000	75.00	Nil	18,750,000	75.00	Nil	Nil
	Total	18,750,000	75.00	Nil	18,750,000	75.00	Nil	Nil

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year i.e., 1 <sup>st</sup> April 2014		Cumulative shareholding at the end of the year i.e., 31 <sup>st</sup> March 2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	There is no change in Promoters' Shareholding between 1 <sup>st</sup> April 2014 to 31 <sup>st</sup> March 2015			
	At the end of the year				

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Top 10 Shareholders (*)	Shareholding at the beginning of the year i.e., 1 <sup>st</sup> April 2014		Cumulative Shareholding at the end of the year i.e., 31 <sup>st</sup> March 2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Morgan Stanley Asia (Singapore) Pte.	943,177	3.77	943,037	3.77
2	DB International (Asia) Ltd	787,346	3.15	787,347	3.15
3	Suffolk (Mauritius) Limited	713,620	2.85	713,620	2.85
4	BNP Paribas Arbitrage	599,832	2.40	599,832	2.40
5	Mansfield (Mauritius) Limited	432,343	1.73	432,343	1.73
6	Merrill Lynch Capital Markets Espana S.A. S.V.	403,857	1.62	403,857	1.62

Sl. No.	Top 10 Shareholders (*)	Shareholding at the beginning of the year i.e., 1 <sup>st</sup> April 2014		Cumulative Shareholding at the end of the year i.e., 31 <sup>st</sup> March 2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	Globe Capital Market Limited	90,421	0.36	14,757	0.06
8	Satish Bhatt	61,550	0.25	61,540	0.25
9	Safina Hotels Pvt Ltd	23,500	0.09	0	0
10	Shivani T Trivedi	22,174	0.09	0	0

\* The shares of the Company are traded on a daily basis and hence the date-wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

#### (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year i.e., 1 <sup>st</sup> April 2014		Shareholding at the end of the year i.e., 31 <sup>st</sup> March 2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):	None of the Directors and Key Managerial Personnel hold shares in the equity share capital of the Company.			
	At the end of the year				

## 5. INDEBTEDNESS

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

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

## 6. Remuneration of Directors and Key Managerial Personnel

### (A) Remuneration to Managing Director, Wholetime Director and / or Manager

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount (₹)
		Sanjay Murdeshwar (Managing Director)	Robert Haxton (*) (Wholetime Director)	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of Income-tax Act, 1961	13,501,596	7,270,467	20,772,063
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	6,022,240	3,719,483	9,741,723
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL
5	Others (Contribution to PF)	NIL	264,860	264,860
	<b>Total (A)</b>	<b>19,523,836</b>	<b>11,254,810</b>	<b>30,778,646</b>
	Ceiling as per the Act	Remuneration paid to the Managing Director and Wholetime Director is within the limits approved by the Board, the Remuneration Committee, the Shareholders and the Central Government.		

(\*) ceased to be Wholetime Director w.e.f. December 14, 2014

### (B) Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (₹)
		D.E. Udawadia	K.S. Shah	Narayan K Seshadri	
1.	Independent Directors				
	• Fee for attending Board and Committee meetings	338,000	335,000	163,000	836,000
	• Commission	-	-	-	-
	• Others	-	-	-	-
	<b>Total(1)</b>	<b>338,000</b>	<b>335,000</b>	<b>163,000</b>	<b>836,000</b>
2.	Other Non-Executive Directors	Nil	Nil	Nil	Nil
	• Fee for attending Board and Committee meetings				
	• Commission				
	• Others				
	<b>Total(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total (B) = (1+2)</b>	<b>338,000</b>	<b>335,000</b>	<b>163,000</b>	<b>836,000</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>31,614,646</b>
	Overall Ceiling as per the Act	The remuneration paid to the Managing Director and the Wholetime Director is within the limits approved by the Board, the Remuneration Committee, the Shareholders and the Central Government. Further, the sitting fees paid to the Non-executive Independent Directors is within the limits prescribed under the Companies Act, 2013.			

## (C) Remuneration to Key Managerial Personnel other than Managing Director, Wholetime Director and / or Manager

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (₹)
		Rajesh Marwaha (Chief Financial Officer)	Anantha Murthy N (Legal Counsel & Company Secretary)	
1	(a) Salary as per provisions contained in Section 17(1) of Income-tax Act, 1961	8,030,004	2,978,925	11,008,929
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	72,631	62,700	135,331
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	N.A.	N.A.	
3	Sweat Equity	N.A.	N.A.	
4	Commission	N.A.	N.A.	
5	Others - if any	N.A.	N.A.	
	<b>Total</b>	<b>8,102,635</b>	<b>3,041,625</b>	<b>11,144,260</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act, against the Company or its Directors or other officers in default, if any, during the year.

On behalf of the Board of Directors

Place: Bangalore  
Date: August 4, 2015

**D E UDWADIA**  
**CHAIRMAN**



## Annexure V to Directors' Report

The information relating to remuneration of Directors / KMP as required under Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year	Gross Salary (₹)	Ratio
Managing Director - Sanjay Murdeshwar	19,523,836	29
Wholetime Director - Robert Haxton	11,254,810	17
(Median remuneration of employees : ₹ 6.71 Lacs)		

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any	
Mr. Robert Haxton, Wholetime Director	0%
Mr. Sanjay Murdeshwar, Managing Director	0%
Mr. Rajesh Marwaha, Chief Financial Officer	2.48%
Mr. Anantha Murthy N, Legal Counsel & Company Secretary	9.40%

3. Percentage increase in the median remuneration of employees in the financial year: **7.53%**

4. Number of permanent employees on rolls of the Company as on 31<sup>st</sup> March 2015: **1654**

5. Explanation on the relationship between average increase in remuneration and Company performance: **Increase in remuneration was given based on the IMF published Consumer Price Index (CPI) for India**

6. Comparison of the remuneration of Key Managerial Personnel against performance of the Company: **Remuneration of KMP was based on the Company's increment guidelines**

7. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Date	Issued Capital	Closing Market Price per Share (₹)	EPS (₹)	PE Ratio (₹)	Market Capitalization (₹ In Crores)
31.03.2014	25,000,000	1,104.85	(0.20)	(5,524)	2,762.13
31.03.2015	25,000,000	920.90	(8.34)	(110)	2,302.25
Increase/(Decrease)	-	(183.95)	(8.14)	5,414	(459.88)
% of Increase/(Decrease)	-	(16.65%)	4,070%	(98.00%)	(16.65%)
Issue price of the share at the last IPO (*)	-	1	-	-	-
Increase in market price as on 31/03/2015 as compared to issue price of IPO	-	919.90	-	-	-
Increase in %	-	91,990%	-	-	-

\* Adjusted for 1:1 bonus issue in the year 1996 and stock split in the ratio of 5:1 in the year 2006.

8. Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and to point out if there are any exceptional circumstances for increase in the managerial remuneration : **As per Company's increment guidelines.**

9. Comparison of the each remuneration of Key Managerial Personnel against performance of the Company: **Remuneration of KMP was based on the Company's increment guidelines**

10. Key Parameters for any variable component of remuneration availed by the Directors: **None**

11. Ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. **N.A**

12. Affirmation that the remuneration is as per remuneration policy of the Company: **Yes**

## Annexure VI to Directors' Report

### PARTICULARS OF EMPLOYEES

Information required under the provisions of Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

For Full Year

Name	Age (Yrs.)	Designation	Remuneration (₹)	Date of Joining	Qualification	Expe-rience	Previous Employment	% of Equity Shares held
Mr. Krishnanand Atreya	42	Asia Area Commerical Director	16,241,650	12-Jan-04	B.E, MMS	18	Pfizer Limited	-
Mr. Sanjeev Panchal	38	Business Unit Head - ACS	6,292,117	10-Feb-03	MBA, PhD (DBA)	15	Cipla Ltd.	-
Mr. Paurus Mehelli Irani	48	Global Medical Affairs Leader - Infection	6,918,520	11-Aug-08	MBBS, MD	21	Ranbaxy Laboratories	-
Mr. Gangandeep Singh	43	Country President - Philippines	18,188,423	01-Feb-06	BA (Hons), MBA	22	Baxter India	-
Mr. Rajeev Nagi	45	Vice President - Institutions & International Business	6,771,101	08-Mar-10	BA (Hons), PGP	20	Allergan India	-
Mr. Mohan Padmanabhan	61	Director IS/IT	6,844,494	25-Oct-06	B.Sc.	37	Nicholas Primal India Ltd.	-
Mr. Atul Tandon	40	Director - Strategy & Commercial Excellence	6,667,202	17-Dec-10	CA, Post graduate program in management	16	Boston Analytics	-
Mrs. Smita Saha	45	Vice President - Human Resources	12,276,361	17-Nov-11	B. Sc, MBA	22	Oracle India Pvt. Ltd.	-
Mr. Bhavesh P Kotak	48	Vice President - Medical & Regulatory	7,726,613	04-Mar-13	MS (Ortho), FRCS	24	Ranbaxy Laboratories	-
Mr. Richard Cheeseman	42	Head of Engineering & Facilities	8,176,906	01-Dec-13	M. Eng.	20	Allied Steel & Wire	-
Mr. Sanjay Murdeshwar	49	Managing Director	19,523,836	02-May-13	B.E, MBM	19	Bayer Healthcare	-
Mr. Robert Haxton	46	Wholetime Director	11,254,810	06-Feb-13	BSc (Hons), BT	23	Bio products Laboratory (Elstree)	-

For part of the year

Name	Age (Yrs.)	Designation	Remuneration (₹)	Date of Joining	Qualification	Expe- rience	Previous Employment	% of Equity Share held
Mr. Pawan Singhal	52	Vice President - Legal and Secretarial	4,367,572	7-May-12	B. Com (H), AICWA, FCS, LLB	24	Max Bupa Health Insurance Co. Ltd.	-
Mr. Rajesh Marwaha	52	Chief Financial Officer	8,030,004	4-Aug-14	B.com, CA	28	Gumberg's India	-

**Notes:**

- (a) Nature of employment is contractual in nature.
- (b) None of the employees mentioned above is related to any of the Directors of the Company

On behalf of the Board of Directors

Place: Bangalore  
Date: August 4, 2015

**D E UDWADIA**  
**CHAIRMAN**

## Annexure VII to Directors' Report

### Management Discussion & Analysis Report

#### Indian Economy <sup>(1, 2, 3, 4, 5)</sup>

In the last 10 years, India's Gross Domestic Product (GDP) moved up nearly 3-fold to \$2 trillion now from \$690 billion in 2004 to become the world's 9th largest country by nominal GDP. It is the third biggest economy in terms of purchasing power parity (PPP), according to World Bank Report of 2014. With a 5.5% growth estimate for 2014-15, India's Real GDP growth at factor cost is forecasted to rise to 6.5% in 2015-16. This is projected to be sustained at around the same levels till 2019 as per IMS Health Prognosis Report March 2015.

The Bharatiya Janata Party won the 2014 elections replacing the long-governing Congress Party on a promise of a better-run economy. The 2014-15 budget laid out clear pathways to boost the country's growth along with fiscal prudence. The new government retains the fiscal deficit target for 2014-15 at 4.1 per cent of GDP and plan to reduce it further to 3 per cent by 2016-17. To spur investments in the economy, the government has offered a phase-wise reduction in corporate tax, and have also promised a congenial business environment to companies and investors.

With its directive of "Make in India", the Narendra Modi led government is focusing on reforms to improve the ease of doing business in India. As one of the stated goals of the 'Make in India' vision, government introduced the first draft of the National Policy on Indian Patent Regulations (IPR) in December 2014. It also consulted industry bodies for inputs to frame a comprehensive IPR policy over the next six months, including a government appointed think tank. The United States, which had its concerns related to various provisions of the IPR such as compulsory licensing (CL) for patented products, backed India's move in strengthening Innovation and Patent laws.

The country has already started witnessing the ripples of change brought by the new government. Inflation fell by half after floating above 10% for years, the current-account deficit has shrunk; the rupee is stable; the stock market has boomed; and the slump in commodity prices proves to be a blessing for a country that imports four-fifths of its oil. Rupee is forecasted to depreciate slightly in 2015, before beginning to appreciate again, to average

just below ₹ 56.00 a US dollar by 2019 according to IMS prognosis report released in March 2015.

#### Healthcare Environment <sup>(1, 9)</sup>

India having made noteworthy progress in many areas of economic growth, still struggles with substantial issues and gaps in its healthcare system. While the government is focusing on health insurance and making medicines affordable, insufficient investments, inadequate planning and infrastructural challenges are the real major roadblocks for universal health coverage.

India lags behind global benchmarks in healthcare infrastructure. The key reasons for this is the severe shortfall of both hard infrastructure and skilled talent. India's ratio of 0.7 doctors and 1.5 nurses per 1,000 people is substantially lower than the World Health Organization (WHO) average of 2.5 doctors and nurses per 1,000 people. The bed density in the country was at 0.67 per 1000 population, well below the global average of 2.6 & WHO benchmark of 3.5. India also lacks specialists in many medical disciplines. Many locally trained physicians are tempted to go abroad for better pay and prospects. However, rapid wage inflation for skilled workers in India will see the rate of emigration slow. The Planning Commission wants to raise the number of medical schools in India by 2022 to 502 from 315 at present. However, there have been concerns about the standard of education offered by some medical schools.

Another major challenge is the poor disease diagnosis rate in the country and drug compliance. For e.g. the International Diabetes Federation estimates that 65 million people in India suffer from diabetes, with one-half of them undiagnosed due to poor education and accessibility. This number is expected to increase to 109 million by 2035.

Affordability is an important criteria in determining the future of India's healthcare sector. India's public health care system is patchy, with underfunded and overcrowded hospitals and clinics, and inadequate rural coverage. Reduced funding by the Indian Government has been attributed to historic failures on the part of the Ministry of Health and Family

Welfare (MHFW) to spend its allocated budget fully.

India's out-of-pocket (OOP) spending rate is one of the highest in the world placing much of the burden on patients and their families. According to the World Health Organization (WHO), just 32 % of Indian health care expenditures in 2013 came from government sources. Of the remaining 68% which was private spending, around 86 % was OOP.

## Indian Pharma Market <sup>(1, 4, 7)</sup>

The Indian Pharmaceutical Market (IPM) grew by (13.3%) during the Financial Year 2014-15 and was valued at over ₹ 91,286 million as against a 10.2% growth seen in the Financial Year 2013-14 as per IMS Health data (March 2015). With 13.5% growth and 77% share of IPM, Indian companies dominate the market and are growing at double the rate of MNCs. Having grown at 7.8% in the Financial Year 2014-15, MNC's showed signs of recovery as against a lull of 5.8% growth in Financial Year 2013-14.

Therapy areas where AstraZeneca operates recorded double digit growth during the Financial Year 2014-15. Alimentary & Metabolism and Anti-infective therapy were the highest contributors to the IPM growth growing at 14.3% and 9.5% respectively. Cardio Vascular therapy with a growth rate of 10.3% and Respiratory market growing at 12.3% were the other major growth segments.

The IPM is forecasted to grow at a CAGR of 11.2% ( $\pm 3.0\%$ ) between 2014 and 2019, reaching ₹ 1548.8 billion by 2019 according to IMS Health in its prognosis report of March 2015.

## Growth Drivers <sup>(1, 9)</sup>

In its 2014-2015 budget, Indian government had placed greater weightage to the health care sector growth and aimed at creating a holistic health care system that is universally accessible, affordable, and drastically reduces OOP expenditures. These developments would propel the growth of pharma sector in India, if managed and implemented effectively.

The new Health Care policy intends to focus on the following

- *Universal Access to free essential drugs in Public Health Facilities*
- *Reducing OOP spends on healthcare*
- *Free Primary Care services for reproductive,*

*maternal and Child Health, as well as common non-communicable diseases*

- *Modernizing public hospitals*
- *Instituting a better tobacco control program*

## Demand Drivers in India <sup>(1, 3, 6, 8)</sup>

### Rising affordable population:

According to economists at the World Bank, the International Monetary Fund and Goldman Sachs, growth in Indian economy has fast tracked, growing more quickly than China. India's biggest asset is its 487.6-million worker labor force, the world's second-largest, as of 2011. With almost half of its 1.25 billion population under 25 years of age and 64% of the population being in the working age group by 2015, India has an added advantage.

### Rising income of households:

Growing income levels of Indian households is also an impetus to the country's economic growth momentum. India's population having > \$4,800 as annual income rose by 21% during 2013-14 as compared to 5% in 2005. With India's GDP per person (at purchasing-power parity) at \$7,277 in 2014, compared to \$17632 in China and \$17,416 in US, it is projected to become the second largest economy in the world by 2050 in PPP terms according to PWC report of February 2015.

### Rising spend on healthcare:

According to Mckinsey forecast, there would be a 60% increase in discretionary expenditure in India by 2025, up from 40% in 2005 - a good part of it could be on healthcare spending. The Economist Intelligence Unit forecasts that expenditure on healthcare in India will remain broadly stable at the equivalent of 4.1% of GDP in 2015, below the average of 6.5% expected for the Asia and Australasia region.

The total annual healthcare spending in Rupees will rise at the rapid rate of 14.7% a year on average during 2015-19. The healthcare spending per head is expected to rise to US\$139 in 2019. Some of this nominal growth will reflect rapid inflation and population growth of more than 1% a year, as well as increasing public and private expenditure on health.

### Rapid Urbanization

Urbanization is taking place at a faster pace in India with 40% of the population estimated to be

inhabited in cities by 2030. According to McKinsey Report of April 2012, an estimated 340 million people already lived in Urban India by 2008. This number will increase to 590 million by 2030, a shift of around 250 million people from rural to urban centers by 2030. With the urban per capita GDP projected to grow at a CAGR of 8.3% from 2008 to 2030, urban India will be leading the country's GDP growth, with 69% contribution by 2030.

The effect of urbanization would also reflect in the pharma market growth in Metro & Tier 1 markets. Together it accounts for 30% of Indian Pharma market and has been growing at 14-15% from 2009 to 2012 in line with IPM growth.

### Growing incidence of chronic diseases

Chronic therapies have grown at a faster pace than that of acute therapies over the past four years. Their contribution in the Indian pharmaceutical market grew from 27% in 2010 to 30% in 2015. Rapid urbanization, sedentary lifestyles, changing diets, rising obesity levels and widespread availability of tobacco products have all led to a rise in non-communicable diseases which now account for 60% of deaths, according to the World Health Organization (WHO). India's health care sector witnesses close to 50% spend on in-patient beds for lifestyle diseases, especially in urban and semi-urban pockets. In addition, India has one of the world's highest numbers of diabetes sufferers, at more than 65 million individuals and other diseases have also increased in prevalence.

- **3m cardiac related deaths per year**
- **8m cancer patients**
- **169m hypertensive patients**
- **45m asthma / COPD patients**
- **2.5m people HIV+**

This trend has resulted in the mushrooming of small and large super specialty hospitals to combat the chronic & lifestyle diseases.

### Opportunities and Threats / Risk and Concerns (1, 4, 8, 10, 11, 12, 13)

The Indian pharmacoeconomic environment is evolving rapidly with substantial governmental interventions which would influence the development of the IPM. Pharmaceutical companies operating in India will need to factor the following key issues as they frame their business outlook and plans.

- **Government-mandated price controls**
- **Delay in new product approvals**
- **Delay in clinical trial approvals**
- **Tightening Quality Standards**
- **Weakening of Rupee**
- **Patent Scenario**

### Government-mandated price controls (DPCO)

Greater enforcement and expansion of the Drug Prices Control Order (DPCO) during financial year 2014-15 has increased the proportion of drugs subject to price control. Two-thirds of drugs sold are now subject to price controls while it was 30% last year.

The DPCO was expanded to cover 680 formulations in May 2014, and the National Pharmaceutical Pricing Authority (NPPA) also issued a guidance that allowed it to impose price controls on "nonessential" medicines. Two months later in July 2014, NPPA used this guidance to cap prices of 108 formulations of 50 drugs used to treat non-communicable diseases in Cardiovascular, Diabetes, HIV/AIDS areas etc.

In September 2014, however, the NPPA was forced to withdraw the May 2014 guidance after reportedly coming under government and industry pressure. Although the resulting July 2014 price controls remain in place, the decision was a positive move by government to support companies against unexpected pricing policies by pharma regulators. In January 2015, the NPPA extended price controls to a further 52 drugs, deeming them essential, and announced plans to set up a number of state-level units to monitor prices.

With NLEM (National List of Essential Medicine) 2015 and DPCO (Drug Price Control Order) 2016, more drugs are likely to come under price control. Pressure on margins will intensify and demand for discounts would increase, driving Pharma companies to be more cautious in their pricing decisions.

### Firming up on New Drug Approval Process

The regulatory scenario in India is changing very fast and Drugs Controller General Of India (DCGI) is coming up with precise guidelines on each topic. The product registration documentation in India has become at par with US FDA and with stringent quality checks, data generated in India is expected



to be more acceptable globally.

Plans of creating a Central Drugs Authority (CDA) by the new government would aim at stricter enforcement of industry standards and resolution of issues that have disrupted both clinical trial activity and the drug registration process. Some of the guidelines laid out by DCGI includes regulatory requirement to conduct phase III studies in India with adequate number of Indian patients as part of the marketing authorisation process. The DCGI may have to reconsider some exceptional provisions to those innovative medicines for which companies were unable to conduct clinical trials due to uncertainties in the regulations over the last 2 years and therefore may delay access to Indian patients.

### Delay in Clinical trial reviews

Clinical trial application review process has been modified which has lengthened the approval timelines to 6-12 months from 4-6 months.

A new bill to amend the Drugs and Cosmetics Act of 1940 was drafted on December 31, 2014. The draft bill includes a new chapter on clinical trials, addressing issues of compensation for injuries and criminal penalties included in the current regulations, which were published in January 2013 and which have led to a sharp reduction in clinical trials. If adopted, and depending on the implementing rules and regulations, the draft bill could potentially ameliorate the conditions for clinical trials in India.

### Quality Standards

Indian Drug regulators are applying high standards with constant audits -partly to address Indian patient safety concerns, and to safeguard pharmaceutical exports. India is attracting greater scrutiny from the US FDA in relation to GMP compliance (Good Manufacturing Practice), owing to the fact that it is the largest drugs supplier to the US. Indian companies will have to conform to standards at par with the global benchmarks. This will involve continuous improvement in systems and processes and training of the workforce to ensure compliance to such standards industry export trade.

### Possible Weakening of Rupees/ Strengthening of dollars affecting imports

Depreciation of the rupee against the U.S. dollar majorly impact MNC companies which sell high-value products. Especially those companies dealing with biological drugs, vaccines, cancer and diabetes

medicines, currently import them from their parents under pre-fixed internal pricing contracts according to PwC reports. The volatility in rupee has also made new product launches expensive for MNC pharma companies especially since the transfer price would be fixed at stronger rupee levels.

### Patent and Intellectual Property Scenario

The outcomes of the new IPR policy would be very significant for the Indian pharmaceutical sector. The need of the hour is for the government to draft IPR policies that would create a win-win situation for all stakeholders. The issue needs to be effectively managed to ensure that MNCs continue to bring global innovative medicines to India. The recent developments in the Indian patent policies are giving confidence to companies that have invested in significant research and development to bring innovative drugs for the Indian patient.

### Segment-wise or product-wise performance

The Company has two primary business segments:

- (i) The **Healthcare** segment engages in the manufacture and sale of pharmaceutical products. During the year under review, the healthcare segment generated total revenue of ₹ **5161.4** million out of which domestic revenue contributed ₹ **4661.6 million (90%)**, exports sales ₹ **23.5 million (0.5%)** and income from distribution activities ₹ **476.3 million (9.2%)**.
- (ii) The **Clinical Trial** segment renders clinical trial services on pharmaceutical products to its group companies. During the year, the segment generated revenue of ₹ **9.3** million from export of services.

Clinical Trial however do not qualify as separate segment as defined in Accounting Standard 17-Segment Reporting and hence have been disclosed as 'Others' in the financial statements.

### Outlook

During the Financial Year 2015-16, along with existing portfolio of products, the company will consider to execute on strategies to set the ground to align with AstraZeneca's global pipeline of innovative medicines, subject to conduct of clinical trials, regulatory approvals and reasonable commercial viability. The key focus to be in the Therapeutic Areas of Diabetes, Cardiovascular, Oncology, Respiratory and Infection.

Barring unforeseen circumstances, the Company intends to make best efforts in developing its innovative products like FORXIGA® and growing BRILINTA®, ONGLYZA®, KOMBIGLYZE®, SYMBICORT® along with its established brands.

According to International Diabetic Foundation, India is likely to overtake China and become the 'Diabetes Capital of the World' in the next 15 to 20 years. Diabetes is the fastest growing non communicable disease in India with an estimated 65 million diabetics living in the country contributing 20% to World diabetes population.

As per IMS Health data (March 2015), Antidiabetic Therapy is one of the fastest growing therapy segments in the IPM growing at 16.5% and valued at approximately ₹ 63 billion. The oral Antidiabetic segment constitutes 76% of this market and growing at 18%. With the launch of its new molecule SGLT2 inhibitor in May 2015, Astra Zeneca has brought to India a novel Drug FORXIGA®, with a unique mechanism of action and with triple benefit of HbA1c Control, Weight Loss and Blood Pressure reduction. The Saxagliptin franchisee of AstraZeneca with its two brands ONGLYZA® and KOMBIGLYZE® in the DPP4i area has recorded good growth in the last year, within the ₹ 13.4 billion DPP4i market which is growing at 27% annually. The diabetes franchise of AstraZeneca is expected to provide innovative solutions to long suffering Indian diabetic patients.

The Company's innovator brand in Oral Anti Platelet market, Brilinta® (TICAGRELOR) enjoys 10% of the OAP market currently and barring unforeseen circumstances hopes to develop well. As per IMS Health data (March 2015), Brilinta is featured as the No.1 brand in terms of Value Sales since January 2015. With a growth rate of 14%, the domestic market for respiratory diseases is one of the fastest growing therapy in India. Increasing air pollution in our cities and rural areas is contributing to a high burden of respiratory disease. It is expected that the use of combination therapy as maintenance treatment will increase as medical practice in India shifts from treating asthma on a needed basis toward treating it as a chronic disease that requires maintenance treatment. Fixed-dosed combination therapies such as long-acting beta2 agonist (LABA)/inhaled corticosteroid (ICS) will experience increase in uptake. This presents an opportunity for AstraZeneca for Symbicort®, which is a LABA/LAMA combination Drug with an innovative delivery mechanism.

The Company will continue with its emphasis on consistent global standards of sales and marketing practices, maintaining a strong focus on patient safety and exploring ways of increasing access to healthcare to more people, tailored to patient needs.

The Company is committed to maintaining a strong focus on cost optimisation and controls. It is undertaking measures to reduce unproductive discretionary and non-customer facing spends.

## Internal control systems and their adequacy

The Company has internal control systems comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The Company makes best efforts to ensure that the system is reviewed and updated on an on-going basis. The Company continuously seeks to upgrade its internal control systems by measures such as the testing of its financial controls against the AstraZeneca Financial Control Framework (FCF) on a semi-annual basis, leveraging Information Technology for system based controls and use of external management assurance services.

The Company has updated its framework to manage risks that the Company could be exposed to, in its interactions with third parties (Vendors and Distributors). It is expected that this framework will provide methodology, guidance and tools for managing third party risks related to Anti-Bribery & Anti-Corruption, Data Privacy, Confidentiality, Product Promotion and Product Security.

The internal audits for the Financial Year 2014-15 were carried out by Deloitte Touche Tohmatsu, India, based on an audit plan approved by the Audit Committee. The plan included audit of the Depots of the Company, key processes within Operations and Marketing units including enabling functions. The Audit Committee and the Management have reviewed the recommendations of the Internal Auditors and suitable remediation steps are being taken to implement their recommendations.

## Discussion on financial performance with respect to operational performance

During the year ended March 31, 2015, the Company's total sales were ₹ 4681.2 million as against ₹ 4415.6 million reported in the corresponding previous year.

The total cost was at ₹ 5437.6 million during the year as compared to ₹ 4970.7 million in the previous year. The loss after tax was ₹ 208.4 million during the year.

## **Developments in Human Resources/ Industrial Relations**

The Company is committed to provide career opportunities for its employees and enable their growth and development. During the year, the management introduced various programs to hire and retain talent. Training programs to especially strengthen scientific and technical knowledge of the employees were extensively implemented across functions.

As on March 31 2015, the Company had 1654 employees on its rolls.

## **CAUTIONARY STATEMENT**

Statements made in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include amongst others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which it operates, changes in Government regulations, tax laws and other statutes and incidental factors.

## **REFERENCES**

- <sup>1</sup> Economist Intelligence Unit Report (EIU) April 2015
- <sup>2</sup> RBI Database
- <sup>3</sup> DPPI Database
- <sup>4</sup> IMS Prognosis Report March 2015-India & other countries
- <sup>5</sup> Goldman Sachs global equity outlook
- <sup>6</sup> 2012 India 2020 report by McKenzie
- <sup>7</sup> IMS Health Database March 2015
- <sup>8</sup> PWC Reports
- <sup>9</sup> 2015 health care report by Deloitte
- <sup>10</sup> <https://amcrasto.wordpress.com/2015/02/13/drug-approval-process-in-india/>
- <sup>11</sup> <http://www.livemint.com/Industry/hvSTCUtOqOL52Kgdpa605J/Rupees-decline-a-bitter-pill-for-foreign-drug-firms-India.html>
- <sup>12</sup> <http://www.thehindubusinessline.com/economy/india-not-worried-about-being-placed-on-us-ipr-priority-watch-list/article7161620.ece?ref=relatedNews>
- <sup>13</sup> [www.cdscsco.nic.in](http://www.cdscsco.nic.in)

# REPORT ON CORPORATE GOVERNANCE

## Annexure VIII to the Directors' Report

### 1. Company's Philosophy on Code of Governance

AstraZeneca Pharma India Limited ('the Company') is a subsidiary of AstraZeneca Pharmaceuticals AB, Sweden, which is an indirect subsidiary of AstraZeneca Plc, United Kingdom. The Company has been following the Code of Conduct of its ultimate parent Company and continues to do so. The Company's philosophy on Corporate Governance is sustained growth, increase in stakeholder value, transparency, disclosure, internal controls and risk management, internal and external communications and high standards of safety, health, environment management, accounting fidelity, product and service quality. The Company also complies with the listing requirements of the Stock Exchanges where its shares are listed. The Senior Management Team headed by the Managing Director is responsible for implementing its Board policies and guidelines and has set up adequate review processes.

The Company believes in, and has been practicing, high standards of Corporate Governance since its inception. The risk management and internal control functions are being geared up to meet progressive governance standards.

The following is a Report on the status and progress on major aspects of Corporate Governance that marks the operations and management of the Company.

### 2. Board of Directors

- (i) The Board presently consists of seven Directors of which six are Non-Executive Directors, three of whom are independent. Three of the six Non-Executive Directors represent the Holding Company i.e., AstraZeneca Pharmaceuticals AB, Sweden. The Non-Executive Directors bring strong objective, business judgment in the Board deliberations and decisions. The composition of the Board is in conformity with the requirement of Clause 49 of the Listing Agreement, entered into with the stock exchanges.
- (ii) During the year ended March 31, 2015, the Company paid ₹ 1,760,428/- to M/s. Udwadia Udeshi and Argus Partners, as fees for professional legal services provided by them on specific legal matters entrusted by the Company to them for legal advice from time to time. Mr. D E Udwadia is a partner of the above firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgment of Mr. Udwadia as a Director of the Company.
- (iii) The Company has not had any pecuniary relationship / transaction with any of the Non-Executive Directors.
- (iv) The names and categories of Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Memberships / Chairmanships held by them in other public companies as on March 31, 2015 are given herein below:

Name of the Director	Category	Number of Board Meetings during the year 2014-15		Whether attended last AGM held on Sept. 30, 2014	Number of Directorships and Committee Memberships/ Chairmanships excluding AstraZeneca Pharma India Limited as at March 31, 2015			
		Held	Attended		Other Directorships #	Committee Memberships \$	Committee Chairmanships \$	Number of shares held
Mr. D. E. Udwadia Chairman	Non-Executive Independent Director	8	8	Yes	8	7	2	-
Mr. K. S. Shah	Non-Executive Independent Director	8	8	Yes	-	-	-	-
Mr. Narayan K Seshadri	Non-Executive Independent Director	8	6	No	8	3	4	-
Mr. Ian Brimicombe	Non-Executive Director	8	4	Yes	-	-	-	-
Mr. Justin Ooi	Non-Executive Director	8	4	No	-	-	-	-

Name of the Director	Category	Number of Board Meetings during the year 2014-15		Whether attended last AGM held on Sept. 30, 2014	Number of Directorships and Committee Memberships/ Chairmanships excluding AstraZeneca Pharma India Limited as at March 31, 2015			
		Held	Attended		Other Directorships #	Committee Memberships \$	Committee Chairmanships \$	Number of shares held
Mr. Sanjay Murdeshwar	Managing Director	8	7	Yes	-	-	-	-
Mr. Robert Ian Haxton (*)	Wholetime Director	7	5	Yes	-	-	-	-
Ms. Rebekah Martin (**)	Non-Executive Director	2	2	NA	-	-	-	-

(\*) Mr. Robert Ian Haxton resigned as Wholetime Director of the Company, w.e.f. December 14, 2014.

(\*\*) Ms. Rebekah Martin was appointed as an Additional Director, w.e.f. November 3, 2014.

# Directorships in Private Limited Companies, Foreign Companies and Associations are excluded.

\$ Memberships / Chairmanships of Board Committees includes only Audit Committee and Stakeholders' Relationship Committee.

(v) Eight Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are:

April 15, 2014, May 5, 2014, May 30, 2014, June 21, 2014, July 17, 2014, August 12, 2014, November 3, 2014 and February 11, 2015.

(vi) Details of familiarization programme for Independent Directors are posted on the website of the Company and can be accessed at [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

(vii) The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

(viii) During the year, a separate meeting of the Independent Directors was held inter-alia to review the performance of Non-independent Directors and the Board as a whole.

(ix) The Board periodically reviews compliance reports submitted by the management, in respect of all laws applicable to the Company.

is correct, sufficient and credible.

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the Management, the annual financial statements, auditor's report thereof before submission to the Board for approval, with particular reference to:

a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of sub-section (3) of Section 134 of the Companies Act, 2013

b. Changes, if any, in accounting policies and practices and reasons for the same

c. Major accounting entries involving estimates based on the exercise of judgment by Management

d. Significant adjustments made in the financial statements arising out of audit findings

e. Compliance with listing and other legal requirements relating to financial statements

f. Disclosure of any related party transactions

g. Qualifications in the draft audit report

5. Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue,

### 3. Audit Committee

#### (i) Brief description of terms of reference

The Board of Directors of the Company at its meeting held on May 30, 2014, approved the revised terms of reference of the Audit Committee, to be in conformity with the requirements of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement with the Stock Exchanges as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement



etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing and monitor the auditors independence and performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing with the Management, the performance of statutory and internal auditors, adequacy of internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

18. To review the functioning of the Whistle Blower mechanism.

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

21. To carry out such other functions as may be entrusted to by the Board of Directors, from time to time.

(ii) The Managing Director, Chief Financial Officer, representatives of Internal Auditors and Statutory Auditors are invitees to all meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

(iii) Mr. K S Shah, the Chairman of the Audit Committee was present at the Annual General Meeting held on September 30, 2014.

(iv) The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name of the Member	Category	Number of meetings during the financial year 2014-15	
		Held	Attended
Mr. K. S. Shah, Chairman	Non-Executive Independent Director	6	6
Mr. D. E. Udawadia	Non-Executive Independent Director	6	6
Mr. Justin Ooi	Non-Executive Non-Independent Director	6	4

(v) Six meetings of the Audit Committee were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are:

May 29, 2014, June 21, 2014, August 12, 2014, November 3, 2014, February 11, 2015 and March 30, 2015.



## 4. Nomination and Remuneration Committee

The Board of Directors at its meeting held on May 30, 2014, renamed the Remuneration Committee as Nomination & Remuneration Committee and approved the revised terms of reference of the Committee to be in conformity with the requirements of Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement with the Stock Exchanges, as under:

### (i) Terms of Reference:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

Policy shall ensure the following:

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

- b) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and to carry out evaluation of every Directors' performance;
- c) Devising a policy on Board diversity; and
- d) To carry out such other functions as may be entrusted to by the Board of Directors, from time to time.

- (ii) The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name of the Member	Category	Number of meetings during the financial year 2014-15	
		Held	Attended
Mr. Narayan K Seshadri, Chairman	Non-Executive Independent Director	2	1
Mr. D. E. Udawadia	Non-Executive Independent Director	2	2
Mr. K. S. Shah	Non-Executive Independent Director	2	2
Mr. Ian Brimicombe	Non-Executive Non-Independent Director	2	2

- (iii) During the year ended March 31, 2015, two meetings of the Nomination and Remuneration Committee of the Board were held i.e., on August 12, 2014 and February 11, 2015.

### (iv) Policy relating to Directors

- a. The person to be chosen as a Director shall be of high integrity with relevant expertise and experience so as to have a diverse Board having expertise in the fields of sales / marketing, finance, taxation, law, governance and general management.

- b. In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to independent nature of the Directors

vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

- c. The Committee shall consider the following attributes / criteria, whilst recommending to the Board, the candidature for appointment as Director:

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, professional or business standing; and
- iii. Diversity of the Board

- d. In case of re-appointment of Non-executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

**(v) Remuneration Policy**

The Board of Directors at its meeting held on February 11, 2015, approved the Remuneration Policy for Directors, Key Managerial Personnel and for other employees. The Policy has been posted on the website of the Company at [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

The Remuneration Policy of the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results.

The Company pays remuneration by way of salary, perquisites and allowances to its Executive Directors. Annual increments are decided by the Nomination and Remuneration Committee.

The compensation of the Non-Executive Directors is in the form of commission up to 1% of the net

profits of the Company so long as the Company has a Whole time Director and/or Managing Director and commission not exceeding 3% of the net profits of the Company in case there is no Whole time Director and/or Managing Director at any time. Owing to the absence of profits in the financial year ended March 31, 2015, no payment by way of commission to the Non-Executive Directors has been proposed.

The Non-Executive Directors other than the Non-Independent Directors are also paid sitting fees for attending the meetings of the Board / Committees of the Board. During the year 2014-15, the Company paid sitting fee of ₹ 20,000/- per meeting to Non-executive Independent Directors, which was revised to ₹ 23,000/- per meeting, with effect from August 12, 2014. Further, the sitting fee was revised to ₹ 1,00,000/- per meeting, with effect from March 23, 2015.

**(vi) Remuneration to Directors during 2014-15:****a) Details of remuneration paid to the Non-Executive Directors during the year ended March 31, 2015:**

Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. D. E. Udawadia	338,000	--	338,000
Mr. K. S. Shah	335,000	--	335,000
Mr. Narayan K Seshadri	163,000	--	163,000
Mr. Ian Brimicombe	--	--	--
Mr. Justin Ooi	--	--	--
Ms. Rebekah Martin			

**b) Details of remuneration paid to the Executive Directors during the year ended March 31, 2015:****Managing Director**

Name of the Director	Salary (₹)	Perquisites (₹)	P.F & other Funds (₹)	Total (₹)
Mr. Sanjay Murdeshwar	13,501,596	6,022,240	-	19,523,836

Remuneration does not include cost of retirement benefits such as gratuity and compensated absences since provision for the same is based on actuarial valuation carried out for the Company as a whole.

**Wholetime Director**

Name of the Director	Salary (₹)	Perquisites (₹)	P.F & other Funds (₹)	Total (₹)
Mr. Robert Ian Haxton (upto December 14, 2014)	7,270,467	264,860	3,719,483	11,254,810

Remuneration does not include cost of retirement benefits such as gratuity and compensated absences since provision for the same is based on actuarial valuation carried out for the Company as a whole.

## 5. Corporate Social Responsibility (CSR) Committee

In terms of the requirements of Section 135 of the Companies Act, 2013, the Board of Directors at its meeting held on August 12, 2014, constituted the CSR Committee. Further, the Board of Directors at its meeting held on November 3, 2014 approved the CSR Policy. The Policy has been posted on the website of the Company at [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

The terms of reference of CSR Committee are as under:

- Formulate and recommend to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company as detailed in the Schedule VII to the Act.
- Recommend the amount of expenditure to be incurred on the activities referred to in the CSR Policy.
- Monitor the implementation of CSR projects or programs or activities undertaken by the Company, on CSR Policy from time to time.

During the year, one meeting of the CSR Committee was held on November 3, 2014.

The composition of CSR Committee and the details of meetings attended by its members are given below:

Name of the Member	Category	Number of meetings during the financial year 2014-15	
		Held	Attended
Mr. Ian Brimicombe, Chairman	Non-Executive Non-Independent Director	1	1
Mr. D. E. Udwadia	Non-Executive Independent Director	1	1
Mr. Sanjay Murdeshwar	Managing Director	1	1

Since the average net profits of the Company during the three immediately preceding financial years being negative, the Company was not required to spend on CSR activities during the financial year 2014-15.

## 6. Risk Management Committee

The Board of Directors at its meeting held on November 3, 2014, constituted a Risk Management Committee, to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The terms of reference of Risk Management Committee is as follows:

- Overseeing the Company's risk management process and controls
- Setting strategic plans and objectives for risk management, risk philosophy and risk minimization.
- Reviewing compliance with policies implemented by the Company.
- Reviewing risk assessment of the Company annually and exercising oversight of various risks.

The composition of Risk Management Committee is given below:

Name of the Member	Category
Mr. K S Shah, Chairman	Non-Executive Independent Director
Mr. Justin Ooi	Non-Executive Non-Independent Director
Mr. Sanjay Murdeshwar	Managing Director
Ms. Rebekah Martin	Non-Executive Non-Independent Director

No meeting of the Risk Management Committee was held during the year.

## 7. Shareholders' Committees

### a. Stakeholders' Relationship Committee

The Board of Directors at its meeting held on May 30, 2014, renamed the Shareholders'/ Investors' Grievance Committee as Stakeholders Relationship Committee and approved the revised terms of reference of the Committee to be in conformity with the requirements of Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, as under:

### Terms of Reference

a) Redressal of grievances of shareholders and other security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

b) To carry out such other functions as may be entrusted by the Board of Directors, from time to time

The current composition of the Stakeholders' Relationship Committee is as under:

Name of the Member	Position	Category
Mr. K. S. Shah	Chairman	Non-Executive Independent Director
Mr. Sanjay Murdeshwar	Member	Managing Director

During the year, one meeting of the said Committee was held on September 29, 2014.

### b. Name and designation of the Compliance Officer

Mr. Anantha Murthy N, Legal Counsel & Company Secretary was designated as the Compliance Officer of the Company as per the requirements of Listing Agreement with stock exchanges.

### c. Details of Shareholders' / Investors' complaints

The Committee attends inter-alia to complaints from Shareholders/Investors and for their redressal. All complaints/grievances were also placed before the Board for information. Based on information provided by the Company's Registrar & Share Transfer Agents, the status of Investor's Grievances for the year ended March 31, 2015 is as follows:

Particulars	Non-receipt of Dividend Warrant(s)	Non receipt of Refund Order/ Allotment Letter	Non-receipt of Share Certificate(s)	Non-receipt of Annual Report	Others	Total No. of Complaints received	Complaints pending
Direct	1	Nil	Nil	Nil	Nil	1	Nil
Through Stock Exchange/SEBI	Nil	Nil	Nil	Nil	9	9	Nil

#### d. Share Transfer Committee

The Board also has constituted a Share Transfer Committee comprising of Mr. Sanjay Murdeshwar, Managing Director, Mr. Rajesh Marwaha, Chief Financial Officer and Mr. Anantha Murthy N, Legal Counsel & Company Secretary. The Chairman is elected at each meeting.

The Share Transfer Committee deals with matters relating to transfers / transmissions / transposition/ consolidation/deletion of name/issue of share

certificates in exchange for sub-divided/ consolidated / defaced share certificates/issue of duplicate share certificates, re-materialization of shares, etc.

During the year, 14 meetings of the said Committee were held.

An Independent Practicing Company Secretary carries out the Secretarial Audit and furnishes the requisite reports/certificates which are submitted to the Stock Exchanges.

## 8. General Meetings

### a. Date, time and location of the last three Annual General Meetings held:

Date	Year	Venue	Time
September 30, 2014	2013-14	Vivanta by Taj Hotel, Bangalore	3.00 P.M
August 20, 2013	2012-13	Vivanta by Taj Hotel, Bangalore	3.00 P.M
July 18, 2012	2011-12	Vivanta by Taj Hotel, Bangalore	3.00 P.M

### b. Whether any special resolutions passed in the last three Annual General Meetings

The following Special Resolutions were passed in the previous Annual General Meetings:

Date of AGM	Particulars of Special Resolution(s) passed
September 30, 2014	None
August 20, 2013	a) Consent of Members for the appointment of Mr. Robert Haxton as Wholetime Director and payment of remuneration to him; b) Consent of Members for the appointment of Mr. Sanjay Murdeshwar as Managing Director and payment of remuneration to him; c) Consent of Members for the remuneration paid to Mr. Anandh Balasundaram, Managing Director, during the period April 1, 2012 to August 31, 2012; and d) Consent of Members for the remuneration paid to Ms. Ruby Lau, Wholetime Director, during the period April 1, 2012 to February 27, 2013.
July 18, 2012	Payment of commission to the Non-Executive Directors of the Company.

### c. Whether any special resolution passed last year through Postal Ballot, details of the voting pattern, person who conducted the Postal Ballot exercise, whether any special resolution proposed to be conducted through Postal Ballot and procedure for Postal Ballot:

During the year 2014-15, approval of the Members of the Company was sought by way of a Special Resolution through Postal Ballot for voluntary

delisting of equity shares of the Company from Bangalore Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited.

The Board of Directors at its meeting held on May 5, 2014, had appointed Mr. Vijayakrishna KT, Practicing Company Secretary as the Scrutinizer for conducting the entire Postal Ballot process in a fair and transparent manner.

Details of the voting pattern are as under:

A) Combined analysis of Postal Ballot Voting and e-Voting for the Special Resolution:

Sl. No.	Particulars	No. of Shareholders	No. of Shares	%age of Shares
i)	Total No. of Shareholders voted (Valid Votes)	461	20255325	100.00
ii)	Shareholders voted with assent for the resolution	131	20052560	99.00
iii)	Shareholders voted with dissent for the resolution	330	202765	1.00

B) Analysis of Postal Ballot Voting and e-Voting in relation to Public Voting:

Sl. No.	Particulars	No. of Shareholders	No. of Shares	%age of Shares
i)	Public voting (including e-Voting)	460	1505325	100.00
ii)	Public voting with assent for the resolution (including e-Voting)	130	1302560	86.53
iii)	Public voting with dissent for the resolution (including e-Voting)	330	202765	13.47

Based on the Report of the Scrutinizer dated June 20, 2014, the Special Resolution had been passed by the members with requisite majority, as required under the Companies Act, 2013. Further, as per Regulation 8(1)(b) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, the said Special Resolution had been duly passed by the requisite majority of shareholders.

### Procedure for Postal Ballot

In compliance with Clause 35B of the Listing Agreement and Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related rules, the Company provides electronic voting facility to all its Members, to enable them to cast their votes electronically. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its Members. The Members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its Members whose names appear on register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to Members in electronic form to the e-mail addresses registered with their depository participant (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other

requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their vote by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorised officer. The results are also displayed on the website of the Company at [www.astrazeneca.com/india](http://www.astrazeneca.com/india) besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolution.

*None of the items to be transacted at the ensuing Annual General Meeting is required to be passed by Postal Ballot.*



## 9. Disclosures

### (i) Related Party Transactions

There are no Related Party Transactions made by the Company with its Promoters, Directors, Key Managerial Personnel and Senior Management which may have a conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for its approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive

in nature, in terms of the requirements of Clause 49(VII) of the Listing Agreement entered into with Stock Exchanges.

The Company has adopted a Policy for dealing with Related Party Transactions. The Policy, as approved by the Board, has been uploaded on the Company's website and can be accessed at [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

### Materially significant related party transactions during the financial year ended March 31, 2015:

Name of the Entity	Relationship	Nature of transaction	Amount (₹ in Crores)
AstraZeneca UK Limited	AstraZeneca UK Limited is the Parent Company of AstraZeneca Treasury Limited, which is the Holding Company of AstraZeneca AB, Sweden, which in turn is the Holding Company of AstraZeneca Pharmaceuticals AB, Sweden and which in turn is the Holding Company of AstraZeneca Pharma India Limited	i) Purchase of raw materials and traded goods by the Company from AZ UK	86.21
		ii) Amount received towards support for the distribution of products supplied by AZ UK - Reimbursement of marketing and promotional cost with respect to existing product and reimbursement of pre-launch cost for new launch products, on arm's length basis	61.90
		iii) Reimbursement by AZ UK, the cost of employees deputed by the Company outside India.	0.73
		iv) Reimbursement by the Company to AZ UK, the cost related to overseas employees deputed in India	1.72
Total			150.56

(ii) Details of non-compliance by the Company, penalties and structures imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during the last three years : NIL

(iii) The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides for adequate safeguards for victimization of Director(s) / Employee(s) who avail of the mechanism. In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee. The Whistle Blowing Policy is available on the Company's website [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

(iv) Details of compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

The Company has also fulfilled the following non-mandatory requirements.

- The Auditor's Report does not have any qualification.
- The position of Chairman and Managing Director are separate.
- The Internal Auditor submits reports directly to the Audit Committee, every quarter.

(v) Code of Conduct - The Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Board Members. Both these Codes are available on the Company's website. All the Members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code applicable to them, for the financial year ended on March 31, 2015. A declaration to this effect, duly signed by the Managing Director is annexed to this Report.

(vi) The Company follows Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The Company has not adopted a treatment different from that prescribed in any Accounting Standard.

## 10. Means of Communication

- I. The quarterly, half yearly and annual financial results of the Company are sent to the Stock Exchanges immediately after the Board's approval, through e-mail and that the same are uploaded on NEAPS portal and BSE Listing Centre, from time to time. The same are published in 'The Business Standard' (English) and 'Udayavani' (Kannada) newspapers.
- II. The financial results are displayed on the website of the Company at [www.astrazeneca.com/india](http://www.astrazeneca.com/india).
- III. The website also displays official news releases. The presentation made by the Company to the institutional investors is available on the Company's website.

## 11. Shareholder Information

### (i) Annual General Meeting

<b>Date &amp; Time of AGM</b>	September 2, 2015, 11.00 AM
<b>Venue</b>	Vivanta by Taj Hotel - MG Road, Bangalore
<b>Financial Year</b>	2014-15
<b>Book Closure Date</b>	August 24, 2015 to September 2, 2015 (both days included)
<b>Dividend Payment Date</b>	Not Applicable

### (ii) Financial Calendar & announcement of financial results

The financial accounts and annual report are drawn out from April to March next.  
The announcement of financial results during 2015-16 shall be as follows:

First Quarter Results	On or before August 14, 2015
Second Quarter Results	On or before November 14, 2015
Third Quarter Results	On or before February 14, 2016
Fourth Quarter & Annual Results	On or before May 30, 2016

### (iii) Listing on Stock Exchanges (\*)

The Company's equity shares are listed on:

#### **BSE Limited, (BSE)**

25<sup>th</sup> Floor, P. J. Towers, Dalal Street, Fort, Mumbai 400 001

#### **National Stock Exchange of India Limited (NSE)**

Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

(\*) SEBI vide its Order dated December 26, 2014 has allowed the exit of Bangalore Stock Exchange Limited (BgSE) and it is no longer recognized as Stock Exchange under the relevant provisions of SEBI Act, 1992 and SCRA, 1956 and hence, BgSE has ceased to undertake any Stock Exchange related activities post 26<sup>th</sup> December, 2014. Accordingly, the Company is no longer listed on BgSE.

**(iv) Stock Code**

BSE Limited	506820
National Stock Exchange of India Limited	ASTRAZEN
ISIN for NSDL and CDSL	INE203A01020

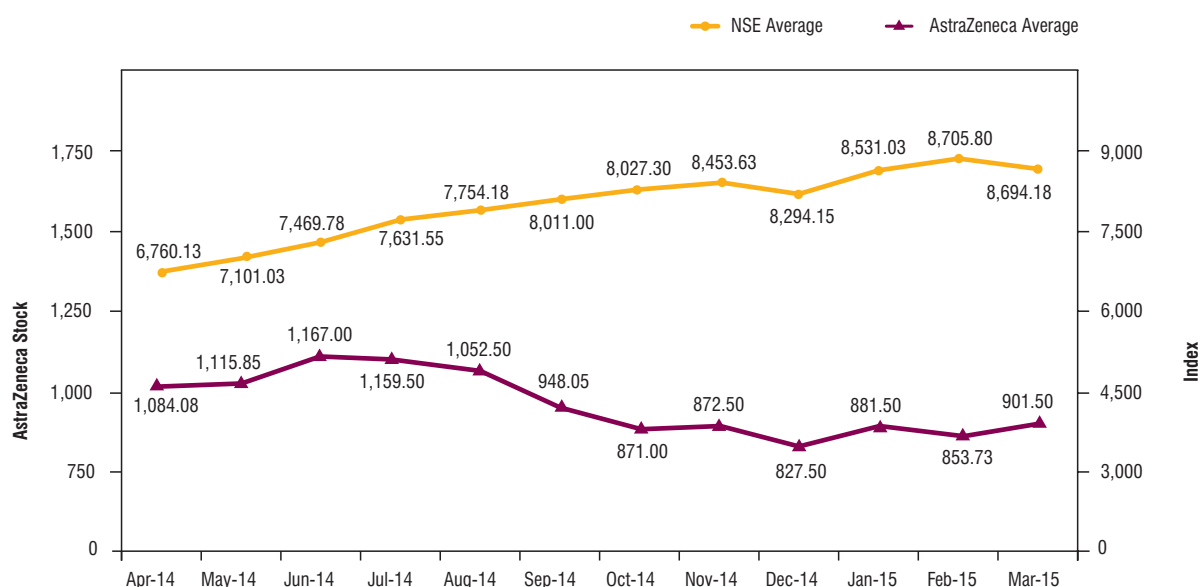
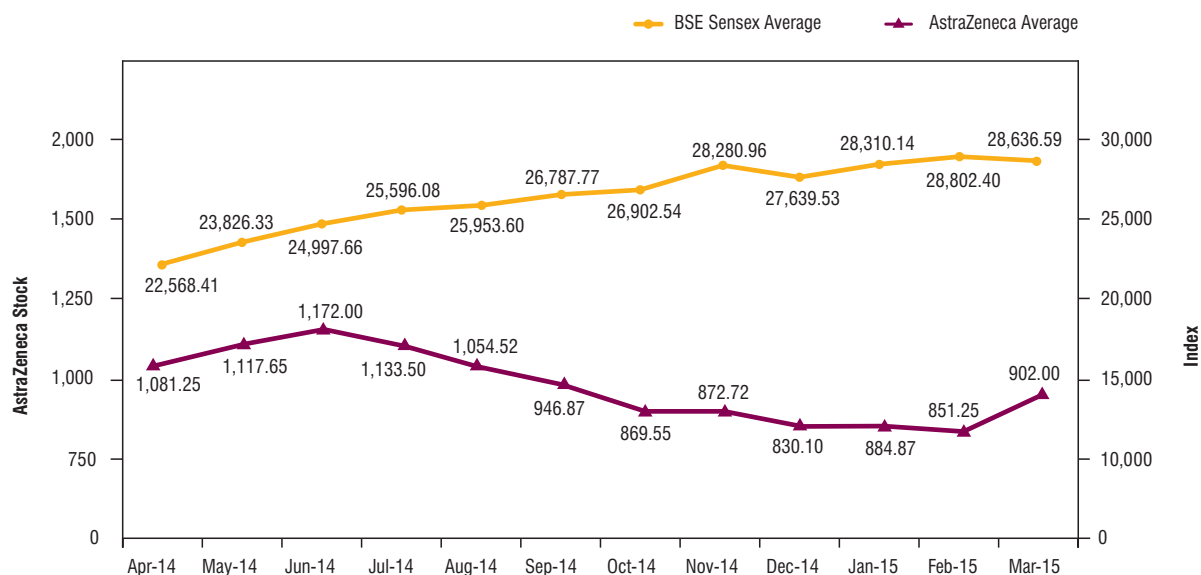
**(v) Market Price Data: High, Low during each month in the financial year ended March 31, 2015**

Monthly High / Low of market price of the Company's shares traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE):

Period	BSE		BSE Sensex		NSE		NSE Nifty	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-14	1163.95	998.55	22,939.31	22,197.51	1167.00	1001.15	6869.85	6,650.40
May-14	1179.70	1055.60	25,375.63	22,277.04	1182.25	1049.45	7563.50	6,638.55
Jun-14	1245.00	1099.00	25,725.12	24,270.20	1243.00	1091.00	7700.05	7,239.50
Jul-14	1215.00	1052.00	26,300.17	24,892.00	1218.00	1101.00	7840.95	7,422.15
Aug-14	1139.05	970.00	26,674.38	25,232.82	1140.00	965.00	7968.25	7,540.10
Sep-14	1018.70	875.05	27,354.99	26,220.49	1018.00	878.1	8180.20	7,841.80
Oct-14	929.00	810.10	27,894.32	25,910.77	930.00	812.00	8330.75	7,723.85
Nov-14	920.45	825.00	28,822.37	27,739.56	920.00	825.00	8617.00	8,290.25
Dec-14	874.90	785.30	28,809.64	26,469.42	874.00	781.00	8626.95	7,961.35
Jan-15	929.75	840.00	29,844.16	26,776.12	924.00	839.00	8996.60	8,065.45
Feb-15	906.45	796.05	29,560.32	28,044.49	906.00	801.45	8941.10	8,470.50
Mar-15	985.00	819.00	30,024.74	27,248.45	987.00	816.00	9119.20	8269.15

Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

**(vi) Performance of the Company's equity shares in comparison to BSE Sensex and NSE Nifty during the financial year 2014-15**



**(vii) Registrar & Transfer Agent**

Integrated Enterprises India Limited,  
30, Ramana Residency, 4<sup>th</sup> Cross,  
Sampige Road, Malleshwaram,  
Bangalore - 560 003  
Tel: (080) 23460815-8  
Fax: (080) 23460819

**(viii) Share Transfer System**

All the transfers received in physical form are processed and approved by the Share Transfer Committee of the Board. The Company's Registrar & Transfer Agents-Integrated Enterprises India Limited has adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as required from time to time.

**Reconciliation of Share Capital Audit:**

- A qualified Practicing Company Secretary carries out Share Capital Audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**(ix) Distribution of Shareholding as on March 31, 2015**

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	1,959,531	7.84	12,945	99.75
5,001 to 10,000	95,074	0.38	14	0.11
10,001 to 20,000	97,341	0.39	7	0.05
20,001 to 30,000	67,847	0.27	3	0.02
30,001 to 40,000	0	0.00	0	0.00
40,001 to 50,000	0	0.00	0	0.00
50,001 to 100,000	150,032	0.60	2	0.02
100,001 and above	22,630,175	90.52	7	0.05
<b>Total</b>	<b>25,000,000</b>	<b>100.00</b>	<b>12,978</b>	<b>100.00</b>

**(x) Shareholding Pattern as on March 31, 2015**

Particulars	Physical Holdings	Electronic Holdings	Total Holdings	%
AstraZeneca Pharmaceuticals AB	-	18,750,000	18,750,000	75.00
Banks	125	3,511	3,636	0.01
Trusts	-	50	50	0.00
Mutual Fund	-	94	94	0.00
FII	-	3,918,772	3,918,772	15.68
Non-Resident Indians	1,250	36,121	37,371	0.15
Clearing Members	-	16,552	16,552	0.07
Indian Corporate Bodies	875	325,425	326,300	1.30
Others – Public	446,423	1,500,802	1,947,225	7.79
<b>Total</b>	<b>448,673</b>	<b>24,551,327</b>	<b>25,000,000</b>	<b>100.00</b>
<b>Percentage</b>	<b>1.79%</b>	<b>98.21%</b>	<b>100.00%</b>	

**(xi) Dematerialization of shares and liquidity**

98.21% of the total equity share capital is held in dematerialized form with National Securities Depository Limited and Central Depository Securities (India) Limited.

**(xii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

None

**(xiii) Plant location**

12<sup>th</sup> Mile on Bellary Road  
Kattigenahalli Village  
Yelahanka, Bangalore - 560 063

**(xiv) Company's Address for correspondence**

Company Secretary/Compliance Officer  
AstraZeneca Pharma India Limited  
Block N1, 12<sup>th</sup> Floor, Manyata Embassy  
Business Park,  
Rachenahalli Outer Ring Road, Bangalore - 560045  
Tel: (080) 67748000  
Fax: (080) 67748557  
Email: comp.secy@astrazeneca.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

**(xv) Dividend declared in earlier years**

Dividend for Financial Year	Percentage
2010-11	500
2011-12	175
2012-13	Nil
2013-14	Nil

**(xvi) Nomination Facility**

Section 72 of the Companies Act, 2013, offers the facility of nomination. Members are advised to avail of this facility, to avoid the lengthy process of transmission formalities.

The nomination form may be obtained from the Company / Registrar & Transfer Agent. However, if the shares are held in dematerialized form, the nomination has to be conveyed by the Members to their respective Depository Participant directly, as per the format prescribed by them.

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2015, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, the Company Secretary and employees in the Vice President cadre, as on March 31, 2015.

On behalf of the Board of Directors

Place: Bangalore  
Date: August 4, 2015

**Sanjay Murdeshwar**  
Managing Director

## Certificate

To the Members of AstraZeneca Pharma India Limited

We have examined the compliance of conditions of corporate governance by AstraZeneca Pharma India Limited ('the Company'), for the year ended on March 31, 2015 as stipulated in Clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of the corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

*for B S R & Co. LLP*

*Chartered Accountants*

Firm registration number: 101248W/W-100022

**Sunil Gaggar**

*Partner*

Membership Number: 104315

Place: Bangalore

Date: August 4, 2015



## Annexure IX to Directors' Report

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

*Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To

The Members,

#### **ASTRAZENECA PHARMA INDIA LIMITED**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AstraZeneca Pharma India Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by AstraZeneca Pharma India Limited for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The other following laws as may be applicable specifically to the Company:

- a) Pharmacy Act, 1948
- b) Drugs and Cosmetics Act, 1940
- c) Homoeopathy Central Council Act, 1973
- d) Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
- e) Narcotic Drugs and Psychotropic Substances Act, 1985
- f) Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
- g) The Medicinal & Toilet Preparations (Excise Duties) Act, 1955
- h) Petroleum Act, 1934
- i) Poisons Act, 1919
- j) Food Safety and Standards Act, 2006
- k) Insecticides Act, 1968
- l) Biological Diversity Act, 2002
- m) The Indian Copyright Act, 1957
- n) The Patents Act, 1970
- o) The Trade Marks Act, 1999

(vii) The other general laws as may be applicable to the Company:

I have also examined compliances with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (applicable from 1<sup>st</sup> July, 2015).
- (ii) The Listing Agreements entered into, by the Company with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Certain non material findings made during the course of the audit relating to Labour Laws were addressed suitably by the Management.

#### **I further report that**

the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, the Company has passed the resolution for voluntary delisting of the shares from all the Stock Exchanges on 20<sup>th</sup> June, 2014 (date of announcement by the Chairman)

through Postal Ballot undertaken vide Notice dated 5<sup>th</sup> May, 2014. The Company has also received in-principle approvals from these Stock Exchanges.

However, stay was granted by the Hon'ble Bombay High Court from implementing the delisting proposal by the Company/Promoter Company till such time the Securities Appellate Tribunal (SAT) hears and disposes off the appeal filed by two shareholders in relation to delisting matter. The matter is currently before SAT.

*Place:* Bangalore  
*Date:* August 4, 2015

(Vijayakrishna KT)  
FCS No.: 1788  
C P No.: 980

# Independent Auditor's Report

## To the Members of AstraZeneca Pharma India Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of AstraZeneca Pharma India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

# AstraZeneca Pharma India Limited

## Independent Auditor's Report (continued)

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
- (ii) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act; and
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 2.6(c), and note 2.24(a) and 2.24(c) to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There has been no delay in transferring amounts required to be transferred, to Investor Education and Protection Fund by the Company.

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

**Sunil Gaggar**

Partner

Membership number: 104315

Place: Bangalore

Date: May 27, 2015

# AstraZeneca Pharma India Limited

## Annexure to the Independent Auditor's Report

Annexure referred to in the Auditor's Report to the Members of AstraZeneca Pharma India Limited ("the Company") for the year ended 31 March 2015. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.  
  
(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification.
- (ii) (a) Inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.  
  
(b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventory are for the Company's specialised requirements and also sale of goods and services are for the specialised requirements of the buyer and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of bulk drugs and formulations and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases.



# AstraZeneca Pharma India Limited

## Annexure to the Independent Auditor's Report

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of wealth-tax, value added tax or cess which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of income-tax, customs duty and service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax demand in relation to sale and lease back arrangement	42,373,443	1996-97	Honourable High Court , Karnataka
Customs Act, 1962	Customs duty	21,248,482	2005-06	Deputy Commissioner Customs, Mumbai
Finance Act, 1994	Disallowance of input service tax credit	518,820*	April 2005 to March 2010	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax on import of services	25,648,174**	April 2006 to March 2012	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax on import of services	3,421,727***	April 2012 to March 2013	Central Excise and Service Tax Appellate Tribunal, Bangalore
Income tax Act, 1961	Income tax demand in relation to various disallowances	84,299,533****	2008-09	Income tax Appellate Tribunal, Bangalore
Income-tax Act, 1961	Income tax demand in relation to various disallowances	5,077,460*****	April 2009 to March 2010	Income tax Appellate Tribunal, Bangalore

\* an amount of ₹ 26,000 has been paid under protest by utilizing credit

\*\* an amount of ₹ 1,764,842 has been paid under protest by cash

\*\*\* an amount of ₹ 243,700 has been paid under protest by utilizing credit

\*\*\*\* an amount of ₹ 42,149,717 has been paid under protest by cash and adjustment of income tax refund

\*\*\*\*\* an amount of ₹ 5,077,460 has been under protest.

- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount required to be transferred in respect of investor education and protection fund in accordance with the relevant provisions of Companies Act, 1956 (1 of 1956) and rules made thereunder has been accordingly transferred to such fund within time.
- (viii) The Company does not have any accumulated losses at the end of the financial year. The Company has incurred cash losses during the current financial year. However, the Company has not incurred any cash losses in the immediately preceding financial year.
- (ix) The Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loan outstanding during the year.
- (xii) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Co. LLP**

*Chartered Accountants*

Firm registration number: 101248W/W-100022

**Sunil Gaggar**

*Partner*

Membership number: 104315

Place: Bangalore

Date: May 27, 2015

# Financial Statements

# AstraZeneca Pharma India Limited

(Amount in ₹)

Balance Sheet	Note	As at 31 March 2015	As at 31 March 2014
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	50,000,000	50,000,000
Reserves and surplus	2.2	1,457,553,378	1,665,950,420
		<u>1,507,553,378</u>	<u>1,715,950,420</u>
<b>Non-current liabilities</b>			
Other long-term liabilities	2.3	10,189,118	4,893,760
<b>Current liabilities</b>			
Trade payables	2.4	1,112,715,671	1,098,709,835
Other current liabilities	2.5	1,116,001,328	964,990,309
Short-term provisions	2.6	369,468,443	371,330,404
		<u>2,598,185,442</u>	<u>2,435,030,548</u>
		<b>4,115,927,938</b>	<b>4,155,874,728</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	2.7		
Tangible assets		1,009,875,299	942,199,810
Intangible assets		-	-
Capital work-in-progress		122,065,301	93,109,172
		<u>1,131,940,600</u>	<u>1,035,308,982</u>
Non-current investments	2.8	5,460	5,460
Long-term loans and advances	2.9	345,523,911	370,602,749
Other non-current assets	2.10	5,852,667	3,714,293
		<u>351,382,038</u>	<u>374,322,502</u>
<b>Current assets</b>			
Inventories	2.11	861,307,005	957,575,685
Trade receivables	2.12	427,727,494	529,291,865
Cash and bank balances	2.13	250,844,070	890,708,715
Short-term loans and advances	2.14	1,074,606,506	323,279,063
Other current assets	2.15	18,120,225	45,387,916
		<u>2,632,605,300</u>	<u>2,746,243,244</u>
		<b>4,115,927,938</b>	<b>4,155,874,728</b>
<b>Significant accounting policies</b>	1		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W / W-100022

for and on behalf of the Board of Directors of

**AstraZeneca Pharma India Limited**

**Sunil Gaggar**

Partner

Membership number: 104315

**D E Udawadia**

Chairman

**Anantha Murthy N**

Company Secretary

**Sanjay Murdeshwar**

Managing Director

**Rajesh Marwaha**

Chief Financial Officer

Place: Bangalore

Date: May 27, 2015

Place: Bangalore

Date: May 27, 2015

# AstraZeneca Pharma India Limited

(Amount in ₹)

Statement of Profit and Loss	Note	For the Year ended 31 March 2015	For the Year ended 31 March 2014
<b>Revenue from operations</b>			
Sale of products (gross)		4,760,435,938	4,516,311,843
Less: Excise duty		(79,228,881)	(100,696,440)
Sale of products (net)	2.28 (a)	4,681,207,057	4,415,615,403
Sale of services	2.16	9,280,801	321,866,192
Other operating revenue	2.16	480,206,234	2,228,117
Net revenue from operations		5,170,694,092	4,739,709,712
Other income	2.17	58,482,699	92,084,385
<b>Total revenue</b>		<b>5,229,176,791</b>	<b>4,831,794,097</b>
<b>Expenses</b>			
Cost of materials consumed	2.18	267,812,261	638,586,592
Purchase of stock-in-trade	2.19	1,672,774,678	1,222,888,228
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.20	60,075,541	(200,340,219)
Employee benefits	2.21	1,598,403,711	1,604,600,635
Depreciation and amortisation	2.7	152,814,833	101,248,699
Other expenses	2.22	1,685,692,809	1,603,699,709
<b>Total expenses</b>		<b>5,437,573,833</b>	<b>4,970,683,644</b>
<b>Loss before exceptional items and tax</b>		<b>(208,397,042)</b>	<b>(138,889,547)</b>
Exceptional item	2.23	-	138,889,547
<b>Loss before tax</b>		<b>(208,397,042)</b>	<b>-</b>
<b>Income tax expense:</b>			
- current tax		-	5,089,176
- deferred tax		-	-
<b>Loss after tax</b>		<b>(208,397,042)</b>	<b>(5,089,176)</b>
<b>Earnings/ (loss) per share (equity shares, par value of ₹ 2 each)</b>			
- Basic and diluted	2.27	(8.34)	(0.20)
Weighted average number of equity shares outstanding		25,000,000	25,000,000

## Significant accounting policies

1

The notes referred to above form an integral part of the statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W / W-100022

for and on behalf of the Board of Directors of

**AstraZeneca Pharma India Limited**

**Sunil Gaggar**

Partner

Membership number: 104315

**D E Udawadia**

Chairman

**Anantha Murthy N**

Company Secretary

**Sanjay Murdeshwar**

Managing Director

**Rajesh Marwaha**

Chief Financial Officer

Place: Bangalore

Date: May 27, 2015

Place: Bangalore

Date: May 27, 2015

# AstraZeneca Pharma India Limited

(Amount in ₹)

Cash Flow Statement	For the Year ended 31 March 2015	For the Year ended 31 March 2014
<b>A) Cash flow from operating activities</b>		
Loss before tax	(208,397,042)	-
<i>Adjustments for:</i>		
Subvention receipt credited to statement of profit and loss	-	(138,889,547)
Depreciation and amortisation expense	152,814,833	101,248,699
Provision for doubtful debts	(21,694,918)	(1,241,369)
Provision for doubtful loans and advances	5,031,004	(2,380,710)
Interest income on deposits with bank	(44,296,073)	(41,948,521)
Profit on sale of fixed assets, net	-	(25,278,363)
Unrealised foreign exchange (gain)	(1,129,608)	(56,718)
Liabilities no longer required, written back	(5,047,872)	-
Write off of investments (included in miscellaneous expense)	-	51,456
Loss on write off of fixed assets	168,551	-
<b>Operating cash flow before working capital changes</b>	<b>(122,551,125)</b>	<b>(108,495,073)</b>
<i>Adjustments for:</i>		
Increase in trade and other receivables	(580,827,072)	(170,070,530)
Decrease/ (Increase) in inventories	96,268,680	(103,884,501)
Increase in liabilities and provisions	156,296,319	449,441,670
Decrease in other bank balances	2,481,388	1,106,445
Cash (used)/ generated from operations	<b>(448,331,810)</b>	<b>68,098,011</b>
Income taxes (paid)	(8,673,390)	(76,174,198)
<b>Net cash used in operating activities (A)</b>	<b>(457,005,200)</b>	<b>(8,076,187)</b>
<b>B) Cash flows from investing activities:</b>		
Interest on deposits with banks	49,219,519	37,569,335
Purchase of fixed assets	(238,052,388)	(216,337,003)
Proceeds from sale of fixed assets	2,393,693	33,067,861
<b>Net cash used in investing activities (B)</b>	<b>(186,439,176)</b>	<b>(145,699,807)</b>



# AstraZeneca Pharma India Limited

(Amount in ₹)

Cash Flow Statement (continued)	For the Year ended 31 March 2015	For the Year ended 31 March 2014
<b>C) Cash flows from financing activities:</b>		
Subvention receipt	-	862,400,000
Unclaimed debenture principal paid	-	(161,393)
Unclaimed debenture interest paid	-	(12,911)
<b>Net cash generated by financing activities (C)</b>	<b>-</b>	<b>862,225,696</b>
<b>D) Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(643,444,376)</b>	<b>708,449,702</b>
<b>E) Cash and cash equivalents as at the beginning of the year*</b>	<b>876,769,689</b>	<b>168,319,987</b>
<b>F) Cash and cash equivalents as at the end of the year*</b>	<b>233,325,313</b>	<b>876,769,689</b>

[Net of book overdraft of ₹ 6,061,119 (previous year: ₹ Nil)]

\* Refer note 2.13 to the financial statements

As per our report of even date attached

for **B S R & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W / W-100022

for and on behalf of the Board of Directors of  
**AstraZeneca Pharma India Limited**

**Sunil Gaggar**  
Partner  
Membership number: 104315

**D E Udvardia**  
Chairman  
  
**Anantha Murthy N**  
Company Secretary

**Sanjay Murdeshwar**  
Managing Director

**Rajesh Marwaha**  
Chief Financial Officer

Place: Bangalore  
Date: May 27, 2015

Place: Bangalore  
Date: May 27, 2015

# AstraZeneca Pharma India Limited

## Notes to the financial statements

### 1. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

#### 1.1. Background

AstraZeneca Pharma India Limited ('the Company') is a public company domiciled in India having its registered office in Bangalore. Its shares are listed in National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and Bangalore Stock Exchange Limited (BgSE). The Company is engaged in the business of manufacture, distribution and marketing of pharmaceutical products.

#### 1.2. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), and the provisions of the Companies Act, 2013 ("the Act"). The financial statements are presented in Indian Rupees (₹).

#### 1.3. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future years.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act.

### *Current-non-current classification*

All assets and liabilities are classified into current and non-current.

#### *Assets*

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

#### *Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

# AstraZeneca Pharma India Limited

## Notes to the financial statements (Continued)

### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

### 1.4. Revenue recognition

Revenue from sale of goods (including sale of scrap) is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amount recognised as sale is exclusive of sales tax and net of trade discounts and sales returns. Sales are presented both gross and net of excise duty.

Interest on deployment of surplus funds is recognised using the time proportion method, based on underlying interest rates.

The Company derives its service income from services for clinical trials provided to its group companies and co-promotion services to its customers. The income from clinical trials is based on a 'cost plus' model as agreed with its group companies. As per the agreement, costs incurred internally are charged with a mark-up and those incurred externally are charged at actual. Revenue from such services is recognised when the service is performed in accordance with agreement with the group companies. The income from co-promotion services is recognised when the service is performed in accordance with the agreement with the customer.

Income from distribution includes the income to realise an arm's length return on revenues received from distribution of saleable products. The appropriate transfer pricing adjustment(s) to provide an arm's length return adequate to compensate the Company (distributor) for the functions performed, assets employed and risks assumed is recognised as Income from distribution. Costs incurred by the Company in connection with marketing and promotion of the newly launched products by the company is reimbursed by the supplier group companies and is adjusted against the relevant expenses.

Revenues which have not been billed, but have been accrued as per the terms of the contract with the customers are debited as unbilled revenue.

The Company derives its rental income from group companies for the assets leased. Income is accrued based on the agreement entered.

### 1.5. Fixed assets and capital work-in-progress

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost includes cost of subsequent improvements thereto including freight, duties, taxes and other incidental expenses related to the acquisition or installation of the assets concerned.

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are recorded at their acquisition cost. The amortisation period and method used for intangible assets are reviewed at each period end.

Advances paid towards acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of fixed assets not ready for its intended use on such date is disclosed as Capital work-in-progress.

### 1.6. Depreciation

Depreciation on fixed assets is provided on the Straight Line Method ('SLM'), based on useful lives of assets as estimated by Management. Depreciation for assets purchased / sold during a period is proportionately charged.

Management's estimate of the useful lives of fixed assets is as follows:

Class of asset	Useful life in years
Buildings*	6 to 20
Roads and culverts*	10
Plant and machinery*	5 to 10
Vehicles*	5
Furniture and fixtures	10
Office equipment*	2 to 10

\*For these classes of assets, based on the internal technical assessment, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence the useful lives of these assets

# AstraZeneca Pharma India Limited

## Notes to the financial statements (Continued)

are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

License for use and application of know-how and trademark are being amortised on straight-line method over its useful life of 60 months as specified in the contract, from the date it was available for use.

Pro-rata depreciation is provided on all assets purchased and sold during the year. Assets costing individually ₹ 5,000 or less are depreciated fully in the year of purchase.

### 1.7. Impairment of assets

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

### 1.8. Foreign exchange transactions

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date,

the resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### 1.9. Employee benefits

#### *Defined contribution plans*

Employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund equal to a specified percentage of the employee's salary. The Company contributes a part of the contributions to the AstraZeneca Pharma India Limited Management Staff Provident Fund Trust. The remaining portion is contributed to the government administrated pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make shortfall, if any, between the returns from the investments of the trust and the notified interest rate.

The Company has an arrangement with ICICI Prudential Life Insurance to administer its superannuation scheme, which is a defined contribution scheme. The contributions to the said scheme are charged to the statement of profit and loss on an accrual basis.

#### *Defined benefit plans*

Liability for gratuity, which is a defined benefit, is provided based on an actuarial valuation at the balance sheet date, carried out by an independent actuary using projected unit credit method and charged to the statement of profit and loss. The Company makes contributions towards gratuity into the approved gratuity fund administered by ICICI Prudential Life Insurance.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expenses in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in

# AstraZeneca Pharma India Limited

## Notes to the financial statements (Continued)

Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

### *Compensated absences*

Compensated absences are accrued based on an actuarial valuation as at the balance sheet date, carried out by an independent actuary using the Projected Unit Cost Method. The Company accrues for the expected cost of short term compensated absences in the period in which the employee renders service.

### **1.10. Employee stock option schemes**

Cost incurred towards reimbursement of employee stock option schemes issued by the holding company to the employees of the Company is accounted as employee benefit cost.

### **1.11. Investments**

Long-term investments are stated at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

### **1.12. Other current assets**

Stock of samples have been valued at cost, as in the ordinary course of business they have a realisable value at least equal to cost before being distributed as free samples.

### **1.13. Inventories**

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present location and condition.

The comparison of cost and net realisable value is made on an item-by-item basis.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

The methods of determination of cost of various categories of inventories are as follows:

(i) Raw materials and packing materials	Monthly moving weighted average cost
(ii) Work-in-process and finished goods (Manufactured)	Weighted average cost of production. Fixed production overheads are allocated on the basis of normal capacity of production facilities
(iii) Traded goods	Weighted average cost
(iv) Goods in transit	Actual cost

# AstraZeneca Pharma India Limited

## Notes to the financial statements (Continued)

### 1.14. Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation as at the balance sheet date. The provisions are measured on an undiscounted basis.

#### *Contingencies*

The disclosure of contingent liability is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require outflow of resources.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

No provision or disclosure is made when, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of outflow of resources is remote.

#### *Onerous contracts*

A contract is considered as onerous when the expected economic benefits to be derived by the company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

### 1.15. Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets/ liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.



## AstraZeneca Pharma India Limited

### Notes to the financial statements (Continued)

#### 1.16. Earnings per share

In determining the basic and diluted earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary item. The number of equity shares used in computing basic and diluted earnings per share is the weighted average number of equity shares outstanding during the year. The Company does not have any potentially dilutive shares.

#### 1.17. Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a

straight line basis over the lease term. The lease term is the non- cancellable period for which the lessee has agreed to take the asset on lease together with any additional periods for which the lessee has the option to continue the lease, only in case this option is reasonably expected to be exercised at the time of inception of the lease, with or without any further payment.

#### 1.18. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax are adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.1 Share capital

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Authorised</b>		
25,000,000 (previous year: 25,000,000) equity shares of ₹ 2 each	50,000,000	50,000,000
<b>Issued, subscribed and paid up</b>		
25,000,000 (previous year: 25,000,000) equity shares of ₹ 2 each, fully paid-up	50,000,000	50,000,000
	50,000,000	50,000,000

#### Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
At the commencement of the year	25,000,000	50,000,000	25,000,000	50,000,000
Movement during the year	-	-	-	-
At the end of the year	25,000,000	50,000,000	25,000,000	50,000,000

#### Terms and rights attached to equity shares

The Company has only one class of share referred to as equity shares having par value of ₹ 2 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. During the current year, the amount of per share dividend recognised as proposed distributions to equity shareholders is ₹ Nil per share (previous year: ₹ Nil per share).

#### Shares held by Holding/ Ultimate Holding Company and/or their subsidiaries/ associates

Name of the share holder	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
<b>Equity shares of ₹ 2 each, fully paid</b>				
AstraZeneca Pharmaceuticals AB, Sweden (Holding Company)	18,750,000	37,500,000	18,750,000	37,500,000

#### Particulars of shareholders holding more than 5% shares in the Company

Name of the share holder	As at 31 March 2015		As at 31 March 2014	
	No of shares	% holding	No of shares	% holding
<b>Equity shares of ₹ 2 each, fully paid</b>				
AstraZeneca Pharmaceuticals AB, Sweden (Holding Company)	18,750,000	75	18,750,000	75

The Company has not allotted any fully paid-up equity shares by way of bonus shares, or in pursuant to contract without payment being received in cash nor has bought back equity shares during the period of five years immediately preceding the balance sheet date.

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.2 Reserves and surplus

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Capital reserve</b>		
At the commencement of the year	723,510,453	-
Receipt under subvention agreement [refer note 2.23]	-	723,510,453
At the end of the year	<b>723,510,453</b>	<b>723,510,453</b>
<b>General reserve</b>		
At the commencement of the year	531,307,958	531,307,958
Amount transferred from Surplus	-	-
At the end of the year	<b>531,307,958</b>	<b>531,307,958</b>
<b>Surplus (Statement of profit and loss)</b>		
At the commencement of the year	411,132,009	416,221,185
Loss for the year	(208,397,042)	(5,089,176)
Amount available for appropriation	202,734,967	411,132,009
Appropriations	-	-
At the end of the year	<b>202,734,967</b>	<b>411,132,009</b>
	<b>1,457,553,378</b>	<b>1,665,950,420</b>

#### 2.3 Other long-term liabilities

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Dealer deposits	4,543,760	4,893,760
Rent equalisation reserve	5,645,358	-
	<b>10,189,118</b>	<b>4,893,760</b>

#### 2.4 Trade payables

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Trade payables		
- Dues to micro and small enterprises [refer note 2.38]	-	-
- Dues to others*	1,112,715,671	1,098,709,835
	<b>1,112,715,671</b>	<b>1,098,709,835</b>

\*Refer note 2.29 for details of dues to related parties

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.5 Other current liabilities

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Book overdraft	6,061,119	-
Security deposit on leased asset	9,860,000	9,860,000
Advance from customers	36,312,575	16,432,948
Purchase of fixed assets	26,759,366	15,356,161
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
- Unclaimed dividends	8,485,847	10,967,235
- Unclaimed redeemed debentures	2,751,658	2,751,658
- Unclaimed interest on debentures	220,133	220,133
Other liabilities		
- Statutory liabilities	48,133,731	44,325,155
- Payable to employees	136,589,096	143,418,637
- Payable to related parties [refer note 2.29]	119,368,458	143,759,592
- Payable for expenses	721,459,345	577,898,790
	<b>1,116,001,328</b>	<b>964,990,309</b>

### 2.6 Short-term provisions

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Provision for employee benefits	164,850,241	147,493,102
Taxation, net of advance tax	7,552,349	7,552,349
Fringe benefit tax, net of advance tax	2,646,970	2,646,970
Provision for contingencies *	194,418,883	213,637,983
	<b>369,468,443</b>	<b>371,330,404</b>

\* includes the following:

- Provision for direct and indirect taxes is utilised to settle adverse outcomes of cases against the Company. The provisions are based on advices obtained by the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.
- Provision for sales return made for expected loss on account of sales return. The provision are based on reliable estimate based on past experience of the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.
- ₹ 92,095,331 (previous year: ₹ 111,314,431) representing provision created towards expected charge backs from certain customers. The provision has been created based on best estimate by the management. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same. In respect of this provision, the disclosures required by Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" (AS 29) have not been provided in accordance with paragraph 72 of AS 29.

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

(Amount in ₹)

Particulars	Provision for direct and indirect tax cases		Provision for expected sales return	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Opening balance	78,649,769	78,649,769	23,673,783	23,673,383
Add: Charge for the year	-	-	20,533,673	24,857,472
Less: Utilisation	-	-	20,533,673	24,460,020
Less: Reversal	-	-	-	397,052
Closing balance	<b>78,649,769</b>	<b>78,649,769</b>	<b>23,673,783</b>	<b>23,673,783</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.7 Fixed assets

(Amount in ₹)

Asset description	Gross book value			Accumulated depreciation and amortisation				Net book value	
	As at 1 April 2014	Additions during the year	Deletions/ write-off during the year	As at 31 March 2015	As at 1 April 2014	Charge for the year*	Deletion/ write-off during the year	As at 31 March 2015	As at 31 March 2014
<b>Tangible assets</b>									
Owned assets									
Freehold land	4,943,674	-	-	4,943,674	-	-	-	4,943,674	4,943,674
Buildings	455,885,230	5,577,990	-	461,463,220	127,566,226	21,148,949	-	312,748,045	328,319,004
Roads and culverts	14,433,561	1,885,970	-	16,319,531	2,914,588	1,407,517	-	11,997,426	11,518,973
Plant and machinery	917,980,474	50,030,760	-	968,011,234	451,217,050	78,986,548	-	530,203,598	466,763,424
Vehicles	17,493,723	-	6,084,697	11,409,026	9,582,705	2,244,996	3,522,453	8,305,248	7,911,018
Office equipment #	144,886,299	86,679,978	-	231,566,277	65,044,731	41,885,546	-	124,636,000	79,841,568
Furniture and fixtures	62,485,195	78,877,868	-	141,363,063	29,443,046	7,141,277	-	104,778,740	33,042,149
<b>Leased assets</b>									
Plant and machinery ##	49,300,000	-	-	49,300,000	39,440,000	-	-	9,860,000	9,860,000
<b>Intangible assets</b>									
License for use and application of know-how and trademark	1,667,408,156	223,052,566	6,084,697	1,884,376,025	725,208,346	152,814,833	3,522,453	1,009,875,299	942,199,810
<b>Total</b>	<b>1,697,476,605</b>	<b>223,052,566</b>	<b>6,084,697</b>	<b>1,914,444,474</b>	<b>755,276,795</b>	<b>152,814,833</b>	<b>3,522,453</b>	<b>1,009,875,299</b>	<b>942,199,810</b>
<i>Previous year</i>	986,439,620	805,852,913	94,815,928	1,697,476,605	741,054,526	101,248,699	87,026,430	942,199,810	

#### Capital work-in-progress

Particulars	As at 31 Mar 2015	As at 31 March 2014
Opening balance	93,109,172	737,029,646
Addition during the year	209,443,790	137,268,352
Assets capitalised during the year	(180,487,661)	(781,188,826)
<b>Closing balance</b>	<b>122,065,301</b>	<b>93,109,172</b>

\* Depreciation for the year includes an amount of ₹ 2,453,187 (previous year: ₹ 7,161,145), charged as a result of accelerated depreciation on account of revision in the useful lives of certain assets (primarily plant and machinery) that would not be used by the Company beyond the financial year 2014-15 (previous year: Financial year 2013-14).

# includes IT equipments

## relates to leased asset which has a security deposit payable for 20% of the value (refer note 2.5)



## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.8 Non-current investments

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Non-trade investments</b>		
<i>Quoted, fully paid, at cost</i>		
Investment in equity shares		
100 (previous year: 100) equity shares of TTK Healthcare Limited of ₹ 10 each	5,325	5,325
2 (previous year: 2) equity shares of Torrent Cables Limited of ₹ 10 each	135	135
	<b>5,460</b>	<b>5,460</b>
At the commencement of the year	5,460	56,916
Additions during the year	-	135
Deletions / adjustments during the year	-	(51,591)
At the end of the year	<b>5,460</b>	<b>5,460</b>
Market value of quoted investments	93,287	52,493

#### 2.9 Long-term loans and advances

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b><i>Secured, considered good</i></b>		
Loan to employees	11,375,063	22,034,806
	<b>11,375,063</b>	<b>22,034,806</b>
<b><i>Unsecured, considered good</i></b>		
Capital advance	4,098,195	6,651,297
Security deposits	36,409,876	34,093,987
Advances recoverable in cash or in kind or for value to be received	44,778,324	46,249,055
Security deposit with related parties [refer note 2.29]	-	18,639,600
Loan to employees	5,668,513	8,413,454
Advance tax, net of provision for tax	243,193,940	234,520,550
	<b>334,148,848</b>	<b>348,567,943</b>
<b><i>Unsecured, considered doubtful</i></b>		
Advances recoverable in cash or in kind or for value to be received	7,577,336	6,068,189
Security deposits	2,670,781	3,359,349
	<b>10,248,117</b>	<b>9,427,538</b>
Less: Provision for doubtful advances	(10,248,117)	(9,427,538)
	<b>-</b>	<b>-</b>
	<b>345,523,911</b>	<b>370,602,749</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.10 Other non-current assets

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Fixed deposit with bank held as margin money for guarantee	5,852,667	3,714,293
	<b>5,852,667</b>	<b>3,714,293</b>

### 2.11 Inventories [refer note 2.28]

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Raw materials	134,116,985	134,888,331
Raw materials-in-transit	-	44,350
Packing materials	23,301,816	25,473,619
Work-in-progress	49,055,013	64,845,064
<i>Finished goods</i>		
Manufactured	83,074,481	242,445,543
Traded	549,521,462	425,159,809
Traded goods-in-transit	16,453,778	54,478,664
Stores and spares	5,783,470	10,240,305
	<b>861,307,005</b>	<b>957,575,685</b>

Inventories are valued at lower of cost and net realisable value.

### 2.12 Trade receivables

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Unsecured</b>		
<i>Receivables outstanding for a period exceeding six months from the date they became due for payment</i>		
Considered good	7,404,505	651,827
Considered doubtful	29,705,973	50,787,143
Other receivables		
Considered good	420,322,989	528,640,038
Considered doubtful	-	613,748
	457,433,467	580,692,756
Less : Provision for doubtful receivables	(29,705,973)	(51,400,891)
	<b>427,727,494</b>	<b>529,291,865</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.13 Cash and bank balances

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Cash and cash equivalents</b>		
Cheques in hand	12,531,356	17,139,736
<i>Balances with banks:</i>		
Current accounts	1,855,076	27,659,983
Exchange earners foreign currency account	-	1,969,970
Short term deposits with bank (with original maturity of 3 months or less)	225,000,000	830,000,000
<i>Other bank balances:</i>		
In unclaimed dividend accounts, redeemable debentures and interest on debentures	11,457,638	13,939,026
	<b>250,844,070</b>	<b>890,708,715</b>

#### Reconciliation of bank deposits

Particulars	As at 31 March 2015	As at 31 March 2014
Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	225,000,000	830,000,000
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	5,852,667	3,714,293
	<b>230,852,667</b>	<b>833,714,293</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.14 Short-term loans and advances

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b><i>Secured, considered good</i></b>		
Loan to employees	9,012,646	12,690,878
	9,012,646	12,690,878
<b><i>Unsecured, considered good</i></b>		
Security deposits	21,381,121	19,882,626
Receivable from related parties [refer note 2.29]	809,116,388	26,426,494
Advances recoverable in cash or in kind or for value to be received	228,561,331	255,292,558
Loan to employees	6,535,020	8,986,507
	1,065,593,860	310,588,185
<b><i>Unsecured, considered doubtful</i></b>		
Security deposits	6,461,944	2,844,665
Advances recoverable in cash or in kind or for value to be received	6,200,997	5,527,762
Loan to employees	129,884	209,973
	12,792,825	8,582,400
Less: Provision for doubtful advances	(12,792,825)	(8,582,400)
	-	-
	<b>1,074,606,506</b>	<b>323,279,063</b>

### 2.15 Other current assets

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Unbilled revenue [refer note 2.29]	-	8,971,417
Interest accrued but not due on deposits	2,200,126	7,123,572
Stock of samples	9,670,327	15,908,424
Other receivables	6,249,772	13,384,503
	<b>18,120,225</b>	<b>45,387,916</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.16 Sale of services and other operating revenues

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<i>Sale of services</i>		
Co-promotion	-	217,453,431
Clinical trials	9,280,801	104,412,761
	<b>9,280,801</b>	<b>321,866,192</b>
<i>Other operating revenues</i>		
Sale of scrap	3,897,206	2,228,117
Income from distribution activities [refer note 2.44]	476,309,028	-
	<b>480,206,234</b>	<b>2,228,117</b>

#### 2.17 Other income

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit on sale/ transfer of assets, net #	-	25,278,363
Interest income on deposits	44,296,073	41,948,521
Liabilities no longer required, written back	5,047,872	-
Rental income	2,443,312	5,385,570
Net gain on account of foreign exchange fluctuations	2,422,960	14,468,834
Miscellaneous income	4,272,482	5,003,097
	<b>58,482,699</b>	<b>92,084,385</b>

# includes ₹ Nil (previous year: ₹ 25,302,199) towards compensation for factory land acquired by National Highway Authority of India during the financial year 2011-12.

#### 2.18 Cost of materials consumed

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<i>Raw material and packing material</i>		
Consumption of raw material	209,394,751	528,189,167
Consumption of packing material	58,417,510	110,397,425
	<b>267,812,261</b>	<b>638,586,592</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.19 Purchase of stock-in-trade

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<i>Stock-in-trade</i>		
Closing stock-in-trade	565,975,240	479,638,473
Cost of stock-in-trade sold	1,586,437,911	1,110,515,980
	<u>2,152,413,151</u>	<u>1,590,154,453</u>
Less: Opening stock-in-trade	(479,638,473)	(367,266,225)
	<u><b>1,672,774,678</b></u>	<u><b>1,222,888,228</b></u>

### 2.20 Changes in inventories of finished good, work-in-progress and stock-in-trade

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Inventories at the beginning of the year</b>		
Finished goods	242,445,543	130,395,119
Work-in-progress	64,845,064	65,524,682
Stock-in-trade	479,638,473	367,266,225
A	<u>786,929,080</u>	<u>563,186,026</u>
<b>Inventories at the end of the year</b>		
Finished goods	83,074,481	242,445,543
Work-in-progress	49,055,013	64,845,064
Stock-in-trade	565,975,240	479,638,473
B	<u>698,104,734</u>	<u>786,929,080</u>
Less: Excise duty on opening stock of finished goods	(38,064,809)	(14,661,974)
Add: Excise duty on closing stock of finished goods	9,316,004	38,064,809
Increase/(decrease) C	<u>(28,748,805)</u>	<u>23,402,835</u>
Changes in inventory (A - B + C)	<u><b>60,075,541</b></u>	<u><b>(200,340,219)</b></u>



## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.21 Employee benefits

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries, bonus and allowances*	1,357,235,387	1,357,043,467
Contribution to provident and other funds [refer note 2.39 and note 2.40]	97,147,120	110,937,752
Employee stock compensation expense #	14,000,000	2,893,655
Staff welfare expense	130,021,204	133,725,761
	<b>1,598,403,711</b>	<b>1,604,600,635</b>

\*Net of re-imbursement towards marketing distribution promotion cost [Refer note 2.44]

# represents reimbursement of cost of employee stock option issued by AstraZeneca Plc, United Kingdom “the ultimate holding company” to the employees of the Company [refer note 2.37]

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.22 Other expense

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Selling, marketing and distribution*	648,821,903	435,719,717
Travel and conveyance*	283,411,937	315,109,491
Legal and professional	154,216,607	154,896,831
Clinical trial*	-	102,813,033
Power and fuel	85,080,813	86,868,236
Rent*	85,429,960	78,879,305
Carriage outwards	68,839,281	60,255,961
Repairs and maintenance		
- Buildings	7,762,545	9,495,570
- Plant and machinery	23,227,548	28,088,357
- Others	22,021,408	16,787,617
Rates and taxes*	45,873,004	54,268,171
Processing charges	36,653,027	54,102,794
Commission	42,704,319	39,164,187
Consumption of stores and spare parts	28,852,956	37,603,836
Communication*	37,529,386	36,852,216
Cost of samples distributed	17,369,784	19,249,140
Insurance	22,650,896	17,279,650
Printing and stationery	8,548,686	9,500,127
Provision for doubtful debts, net	(21,694,918)	(1,241,369)
Provision for doubtful and advances	5,031,004	(2,380,710)
Bad debts written off, net	30,672,923	1,445,670
Discounts	959,790	1,012,953
Loss on sale of fixed asset	168,551	-
Miscellaneous*	51,561,399	47,928,926
	<b>1,685,692,809</b>	<b>1,603,699,709</b>

\*Net of reimbursement towards marketing distribution promotion cost [Refer note 2.44]

### 2.23 Exceptional items

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Subvention receipt	-	138,889,547
	<b>-</b>	<b>138,889,547</b>

Consequent to subvention agreement ('the agreement') dated 7 May 2013 between the Company and AstraZeneca Pharmaceutical AB ('the Promoter Company'), the Promoter Company had agreed to provide a voluntary non-repayable financial grant of approximately USD 22.5 million (Indian rupee equivalent 1,386,000,000) to USD 26.5 million (Indian rupee equivalent 1,632,400,000) over the three year period - financial year 2013-14 to financial year 2015-16 in order to assist the Company in its efforts to establish/ grow its presence in the Indian market despite the apprehended losses that it may suffer. As per the terms of the agreement, the first tranche of USD 14 million (Indian rupee equivalent 862,400,000) was agreed to be provided to the Company during the financial year 2013-14) and for subsequent financial years, the Promoter Company would, at its discretion decide the amount to be paid under this agreement, bearing in mind the need for continuing this support and upon reviewing the Company's financial position. Accordingly, the Company

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

received the first tranche of USD 14 million (Indian rupee equivalent 862,400,000) in the previous year. The Promoter Company vide its letter dated 1 March 2014 had informed the Board of Directors of the Company regarding the revision to the agreement, whereby restricting the payment under the agreement to USD 14 million and period covered under the agreement to financial year 2013-14. Accordingly, the Promoter Company vide letter dated 25 April 2014 had terminated the agreement effective 25 March 2014 on the grounds that the Company's business and financial performance has been inline with recent expectations, and that the Company would not require any further grant for the financial years 2014-15 and 2015-16.

Consequent to the termination of the agreement, out of the total subvention receipt amounting to USD 14 million (Indian rupee equivalent 862,400,000), the Company had credited subvention receipt amounting to ₹ 138,889,547 representing loss incurred by the Company for the previous year to the statement of profit and loss and the balance subvention receipt amounting to ₹ 723,510,453 was transferred to the capital reserve.

#### 2.24 Contingent liabilities

##### (a) Claims against the company not acknowledged as debt

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Excise and service tax matters*	26,311,359	17,782,367
Income tax related # (net of payment under protest)	76,046,266	103,284,455

\* The Company has received a service tax demand of ₹ 23,508,332 for the period April 2006 to March 2012, on the expenditure incurred in foreign currency for various expenses such as registration fee, transportation, accommodation for attending different conferences / seminars, meetings and trainings. The Commissioner vide OIO 62/2014 confirmed the demand along with interest and penalties, against which the Company has filed an appeal with Customs Excise and Service Tax Appellate Tribunal ("CESTAT") on 8 January 2015.

\* The Company has received a service tax demand of ₹ 2,803,027 for the period April 2012 to March 2013, on the expenditure incurred in foreign currency for various expenses such as registration fee, transportation, accommodation for attending different conferences / seminars, meetings and trainings. The final order has been passed by Commissioner (Appeals) confirming the demand along with interest and penalties, against which the Company has filed an appeal with CESTAT on 17 March 2015.

# The Transfer Pricing Officer ("TPO") vide its Order for the period April 2008 to March 2009 made an adjustment to the clinical trial segment of the Company by determining the arm's length margin at 43.73%. Moreover, the Assessing Officer ("AO") carried out adjustments relating to disallowance of provision for doubtful advances, difference between interest income as per books and TDS certificate and disallowance of expenses in respect of sample distribution, grants, sponsorship, medical donations and equipment donation. The Dispute Resolution Panel passed an unfavorable order on 19 November 2013 after which the AO confirmed the demand vide its Order dated 30 December 2013 amounting to ₹ 84,299,533. The Company filed a submission before the Income Tax Appellate Tribunal ("ITAT") on 28 February 2014. 50% of the total demand has been deposited as per the order of the AO amounting to ₹ 42,149,717. The stay order on the balance tax demand expired on 4 August 2014, for which the Company filed an application with the ITAT. The Bench heard both the parties and decided to club the stay matter along with the main hearing to be held on 2 June 2015.

# The TPO vide its Order for the period April 2010 to March 2011 made an adjustment to the clinical trial segment of the Company. Moreover, the AO carried out adjustments relating to disallowance of provision for doubtful advances, difference between interest income as per books and TDS certificate and disallowance of expenses in respect of sample distribution, grants, sponsorship, medical donations and equipment donation. The Company has filed an appeal with the Dispute Resolution Panel on 27 March 2015 and is currently awaiting hearing on the same. The amount demanded as per the order is ₹ 33,896,450.

The Company is not carrying any provision for all the above mentioned amounts in its books of account, as the Company is confident of successfully litigating the matters.

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### (b) Guarantees

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
In respect of bank and other guarantees	20,193,548	26,913,831

#### (c) Others

The Company had received a notice from Bruhat Bangalore Mahanagara Palike (BBMP) on 5 November 2012 demanding a payment of ₹ 155,804,930 as development charges for its factory land. The Company had filed a writ petition in the Honourable High Court of Karnataka challenging the levy of the aforesaid development charges and accordingly on 25 February 2013, the Company received a stay from the Honourable High Court of Karnataka on the payment of the aforesaid development charges. There is no further development during the year.

During the current year, the Company has received a notice dated 07 August 2014 from Bruhat Bangalore Mahanagara Palike (BBMP) demanding ₹ 70,820,430 as improvement charges for its factory land. The Company has filed a writ petition in the Honourable High Court of Karnataka challenging the levy of aforesaid improvement charges. Accordingly on 11 February 2015, the Company has received a stay from Honourable High Court of Karnataka for the execution of demand notice. The case is yet to be listed before the Honourable High Court of Karnataka for hearing as on date.

#### 2.25 Commitments

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	16,084,171	25,638,354
<b>Other commitments</b>		
Contractual liability on cancellation of agreement for custom manufactured products	2,358,798	4,103,843
Amounts payable under non-cancellable lease agreements for residential and office premises	47,943,847	26,809,206

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.26 Auditors' remuneration (included in legal and professional fees)\*

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Audit fees	3,501,250	3,501,250
Tax audit fees	367,500	367,500
Other taxation matters	-	475,000
Reimbursement of out of pocket expenses	545,302	547,437
	<b>4,414,052</b>	<b>4,891,187</b>

\* Excludes service tax

#### 2.27 Earnings/ (loss) per share

The following table sets forth the computation of basic and diluted earnings per share:

(Amount in ₹, except number of shares)

Particulars		As at 31 March 2015	As at 31 March 2014
Net (loss)/ profit for the year attributable to equity shareholders	A	(208,397,042)	(5,089,176)
Weighted average number of equity shares of ₹ 2 each used for calculation of earning per share	B	25,000,000	25,000,000
Earnings/ (loss) per share, basic and diluted	(A/B)	<b>(8.34)</b>	<b>(0.20)</b>

The Company does not have potentially dilutive equity shares.

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.28 (a) Details of goods manufactured and traded

#### (i) Class of goods manufactured

(Amount in ₹)

Particulars	Opening stock <sup>1</sup> as at 1 April 2014	Turnover <sup>2</sup> for the year ended 31 March 2015	Closing stock <sup>1</sup> as at 31 March 2015
Bulk drugs	- (-)	23,472,479 (241,291,496)	- (-)
Liquids	30,835,403 (21,420,978)	266,251,042 (465,170,973)	950,337 (30,835,403)
Tablets and capsules	196,517,597 (67,847,885)	990,211,546 (1,139,178,101)	76,750,606 (196,517,597)
Injectables	23,797,196 (41,984,618)	148,196,518 (135,116,567)	8,462,299 (23,797,196)
Ointments	1,711,412 (222)	33,333,815 (46,220,675)	98,609 (1,711,412)
Inhalation products	- (-)	(1,794) 594,181	- (-)
<b>Subtotal</b>	<b>252,861,608</b> (131,253,703)	<b>1,461,463,606</b> (2,026,383,631)	<b>86,261,852</b> (252,861,608)

#### (ii) Class of goods traded

(Amount in ₹)

Particulars	Opening stock <sup>1</sup> as at 1 April 2014	Turnover <sup>2</sup> for the year ended 31 March 2015	Closing stock <sup>1</sup> as at 31 March 2015
<b>Formulations:</b>			
Tablets and capsules	265,596,143 (122,917,357)	1,738,485,620 (973,372,652)	355,495,153 (265,596,143)
Injectables	206,153,963 (244,568,303)	1,454,581,709 (1,378,533,229)	211,869,715 (206,153,963)
Dry powder	2,165,002 (2,750,824)	2,947,477 (5,259,732)	2,495,735 (2,165,002)
Inhalation products	11,215,724 (10,895,891)	23,801,056 (32,206,591)	2,597,593 (11,215,724)
Liquids	- (-)	(72,411) 140,432	- (-)
<b>Subtotal</b>	<b>485,130,832</b> (381,132,375)	<b>3,219,743,451</b> (2,389,231,772)	<b>572,458,197</b> (485,130,832)
<b>Grand total</b>	<b>737,992,440</b> (512,386,078)	<b>4,681,207,057</b> (4,415,615,403)	<b>658,720,048</b> (737,992,440)



## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### Notes:

1. Stock indicated above is net of provision to bring down the value of the inventories to their net realisable values and to account for obsolescence and includes stock inventory held for distribution as samples (disclosed under other current assets).
2. Turnover indicated above is net of excise duty.
3. Previous year figures are given in brackets.

#### (iii) Work-in-progress

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Bulk drugs	18,463,603	27,772,566
<b>Formulations:</b>		
Liquids	-	5,683,605
Tablets and capsules	25,035,390	21,647,183
Injectables	3,274,834	7,247,338
Ointments	2,281,186	2,494,372
	<b>49,055,013</b>	<b>64,845,064</b>

#### 2.28 (b) Purchase of traded goods\*

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Formulations:</b>		
Tablets and capsules	961,545,818	606,391,306
Injectables	692,632,818	587,378,522
Inhalation products	15,785,823	26,270,555
Dry powder	2,810,219	2,847,845
	<b>1,672,774,678</b>	<b>1,222,888,228</b>

\* Does not includes purchase of traded goods distributed as free samples

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.28 (c) Details of consumption of raw and packing materials

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Raw materials</b>		
Seloken XL 50mg (Bulk tablets)	50,859,466	65,746,704
Crestor 10mg (Bulk tablets)	39,251,458	55,511,270
Seloken XL 25mg (Bulk tablets)	46,212,214	54,846,053
Codeine phosphate	22,061,674	47,677,132
Crestor 20mg (Bulk tablets)	37,880,585	36,372,359
*Other raw materials	13,129,354	268,035,649
	<b>209,394,751</b>	<b>528,189,167</b>
<b>Packing materials</b>		
Bottle amber 100ml	9,232,677	26,771,560
Vial clear glass	10,565,885	11,443,174
*Other packing material	38,618,948	72,182,691
	<b>58,417,510</b>	<b>110,397,425</b>

**Notes:**

\* Items, which in value, individually account for less than 10 per cent of the total value of the raw materials and packing material consumed, have not been disclosed separately.

### 2.28 (d) Consumption of imported and indigenous raw and packing materials

(Amount in ₹)

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	224,582,231	83.86	301,213,454	47.17
Indigenous	43,230,030	16.14	337,373,138	52.83
	<b>267,812,261</b>	<b>100.00</b>	<b>638,586,592</b>	<b>100.00</b>

### 2.28 (e) Consumption of imported and indigenous spares and stores

(Amount in ₹)

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	-	-	-	-
Indigenous	28,852,956	100	37,603,836	100.00
	<b>28,852,956</b>	<b>100</b>	<b>37,603,836</b>	<b>100.00</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.29 Related parties

#### (i) Names of related parties and description of relationship:

Holding Company	AstraZeneca Pharmaceuticals AB, Sweden
Holding Company of AstraZeneca Pharmaceuticals AB, Sweden	AstraZeneca AB, Sweden
Holding Company of AstraZeneca AB, Sweden	AstraZeneca Treasury Limited, United Kingdom
Ultimate Holding Company	AstraZeneca Plc, United Kingdom
Fellow subsidiaries	AstraZeneca SDN Bhd, Malaysia; AstraZeneca Singapore Pte Ltd, Singapore; AstraZeneca Philippines; AstraZeneca Belgium; AstraZeneca India Private Limited; PT AstraZeneca Indonesia; AstraZeneca Pty Ltd, Australia; AstraZeneca China; AstraZeneca Pharmaceuticals LP USA; AstraZeneca Thailand; IPR Pharmaceuticals Inc; AstraZeneca KK, Japan; AstraZeneca Korea; AstraZeneca Vietnam; AstraZeneca GmbH; AstraZeneca Ltd, United Kingdom;
Key management personnel	
- Managing Director	Sanjay Murdeshwar (appointed w.e.f 2 May 2013)
- Whole-time director	Robert Ian Haxton (resigned w.e.f 14 December 2014)
- Directors	Ian Brimicombe Justin Ooi (appointed w.e.f 2 May 2013) Rebekah Martin (appointed w.e.f 3 November 2014)

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### (ii) Related party transactions

(Amount in ₹)

Nature of transactions	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Purchase of materials and traded goods</b>		
AstraZeneca Ltd, United Kingdom	862,086,656	630,949,621
AstraZeneca AB, Sweden	63,561,632	137,631,395
IPR Pharmaceuticals Inc	69,326,273	149,081,277
	<b>994,974,561</b>	<b>917,662,293</b>
<b>Payment towards reimbursement of expenses</b>		
AstraZeneca Ltd, United Kingdom	25,277,270	65,998,080
AstraZeneca AB, Sweden	18,548,205	55,705,206
AstraZeneca Singapore Pte Ltd	3,677,323	449,831
AstraZeneca India Private Limited	4,869,462	9,482,371
AstraZeneca Pty Ltd, Australia	888,393	802,371
AstraZeneca Pharmaceuticals LP	14,001,401	21,362,936
AstraZeneca GmbH	5,816,069	-
	<b>73,078,123</b>	<b>153,800,795</b>
<b>Receipt as reimbursement of expenses</b>		
AstraZeneca AB, Sweden	53,246,786	125,807,392
AstraZeneca Ltd, United Kingdom	264,139,647	80,327,777
AstraZeneca Philippines	15,966,392	12,377,971
AstraZeneca Pharmaceuticals LP USA	14,570,266	6,252,755
AstraZeneca Singapore Pte Ltd	12,122,772	5,028,402
Others	1,481,318	11,188,227
	<b>361,527,181</b>	<b>240,982,525</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.29 Related parties (continued)

##### (ii) Related party transactions (continued)

(Amount in ₹)		
Nature of transactions	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Rent expense</b>		
AstraZeneca India Private Limited	8,075,410	22,062,466
<b>Sales of products</b>		
AstraZeneca AB, Sweden	23,472,479	241,291,495
AstraZeneca Singapore Pte Ltd	-	28,892,170
	<b>23,472,479</b>	<b>270,183,665</b>
<b>Sale of services</b>		
AstraZeneca AB, Sweden	9,280,801	104,412,761
<b>Other operating revenues</b>		
AstraZeneca Ltd, United Kingdom	417,744,016	-
AstraZeneca AB, Sweden	26,688,414	-
IPR Pharmaceuticals Inc	31,876,598	-
	<b>476,309,028</b>	<b>-</b>
<b>Rental income</b>		
AstraZeneca India Private Limited	2,287,832	2,898,537
<b>Director's remuneration</b>		
Sanjay Murdeshwar	19,523,836	19,297,040
Robert Ian Haxton	11,254,810	18,377,860
	<b>30,778,646</b>	<b>37,674,900</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### (iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Long-term loans and advances</b>		
AstraZeneca India Private Limited	-	18,639,600
<b>Other current assets</b>		
AstraZeneca AB, Sweden	-	8,971,417
<b>Short-term loans and advances</b>		
AstraZeneca Ltd, United Kingdom	711,743,896	15,223,308
AstraZeneca AB Sweden	29,987,102	-
AstraZeneca India Private Limited	88,447	3,336,077
AstraZeneca Pharmaceuticals LP USA	17,713,200	3,142,935
AstraZeneca China	542,537	2,938,584
AstraZeneca Singapore Pte Ltd	6,326,690	-
AstraZeneca Philippines	5,827,221	-
IPR Pharmaceuticals Inc	35,816,546	-
Others	1,070,749	1,785,590
	<b>809,116,388</b>	<b>26,426,494</b>
<b>Trade receivables</b>		
AstraZeneca AB, Sweden	17,763,309	79,617,705
	<b>17,763,309</b>	<b>79,617,705</b>
<b>Trade payables and other current liabilities</b>		
AstraZeneca Ltd, United Kingdom	823,846,742	704,795,020
AstraZeneca AB, Sweden	146,781,692	194,252,114
IPR Pharmaceuticals Inc	69,326,273	125,198,360
AstraZeneca Pharmaceuticals LP	35,364,336	21,362,936
AstraZeneca Singapore Pte Ltd	146,970	449,831
AstraZeneca Pty Ltd, Australia	576,528	66,650
Others	6,593,173	32,219
	<b>1,082,635,714</b>	<b>1,046,157,130</b>



# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.30 Segment reporting

The primary segments of the Company are its business segments as follows:

- (i) **Healthcare** - The Company engages in the manufacture, trading and sale of pharmaceutical products.
- (ii) **Clinical trial services** - The Company renders clinical trial services on pharmaceuticals products to its group companies.
- (iii) **Co-promotional services** - The Company rendered co-promotion services for pharmaceuticals products to Bristol Myers Squibb India Private Limited (BMS) till 31 January 2014. Effective 1 February 2014, AstraZeneca Group Companies has acquired the Global Diabetic business of Bristol-Myers Squibb Company. Consequent to the aforesaid acquisition, the Company has entered into a consignment sale agreement with BMS and accordingly sale of diabetic products by BMS in India for the periods post 1 February 2014 has been included as a part of sales of the Company.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments.

Revenue and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other costs, wherever allocable, are apportioned to the segments on an appropriate basis. Certain income and expenses are not specifically allocable to individual segments as the underlying assets and services are used interchangeably. The Company therefore believes that it is not practicable to provide segment disclosures relating to such income and expenses and accordingly such expenses are separately disclosed as 'unallocated' and directly charged against total income.

Assets and liabilities in relation to segments are categorised based on items that are individually identifiable to that segment. Certain assets and liabilities are not specifically allocable to individual segments as these are used interchangeably. The Company therefore believes that it is not practicable to provide segment disclosures relating to such assets and liabilities and accordingly these are separately disclosed as 'unallocated'. Assets are primarily located in India.

Clinical trial services and co-promotion services do not qualify as separate segments as defined in AS - 17 - 'Segment Reporting' and hence have been disclosed as others.

#### Primary segment information

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Segment revenue</b>		
(a) Healthcare	5,161,413,291	4,417,843,520
(b) Others	9,280,801	321,866,192
	5,170,694,092	4,739,709,712
Less: Inter-segment revenue	-	-
<b>Net income from operations</b>	<b>5,170,694,092</b>	<b>4,739,709,712</b>
<b>Segment results</b>		
Profit before tax and interest		
(a) Healthcare	(272,137,152)	(311,379,919)
(b) Others	5,257,411	80,405,987
	<b>(266,879,741)</b>	<b>(230,973,932)</b>
Other un-allocable income, net of interest expenses	58,482,699	92,084,385
Exceptional item (refer note 2.23)	-	138,889,547
<b>Total profit before tax</b>	<b>(208,397,042)</b>	-
Less: Provision for taxation	-	5,089,176
<b>Profit after taxation</b>	<b>(208,397,042)</b>	<b>(5,089,176)</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Segment assets</b>		
(a) Healthcare	3,613,610,675	3,010,609,721
(b) Others	221,000	9,192,417
(c) Unallocated assets	502,096,263	1,136,072,590
	<b>4,115,927,938</b>	<b>4,155,874,728</b>
<b>Segment liabilities</b>		
a) Healthcare	2,428,236,381	2,227,695,499
(b) Others	25,636,603	65,115,540
(c) Unallocated liability	154,501,576	147,113,269
	<b>2,608,374,560</b>	<b>2,439,924,308</b>
<b>Capital expenditure</b>		
(a) Healthcare	252,008,695	161,932,439
(b) Others	-	-
	<b>252,008,695</b>	<b>161,932,439</b>
<b>Depreciation</b>		
(a) Healthcare	152,814,833	101,248,699
(b) Others	-	-
	<b>152,814,833</b>	<b>101,248,699</b>

### Secondary segment information

Secondary segment reporting is performed on the geographical location of customers. The geographical segments are:

- a) Domestic
- b) Exports

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Segment revenue</b>		
(a) Domestic	5,137,940,812	4,365,113,286
(b) Export	32,753,280	374,596,426
	<b>5,170,694,092</b>	<b>4,739,709,712</b>
<b>Segment assets</b>		
(a) Domestic	4,051,271,193	4,076,257,023
(b) Export	64,656,745	79,617,705
	<b>4,115,927,938</b>	<b>4,155,874,728</b>
<b>Capital expenditure</b>		
(a) Domestic	252,008,695	161,932,439
(b) Export	-	-
	<b>252,008,695</b>	<b>161,932,439</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.31 Details of deferred tax asset

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Deferred tax liabilities</b>		
Depreciation on fixed assets	34,711,696	21,250,058
	<u>34,711,696</u>	<u>21,250,058</u>
<b>Deferred tax assets</b>		
Carry forward business loss and unabsorbed depreciation	34,711,696	21,250,058
	<u>34,711,696</u>	<u>21,250,058</u>
<b>Deferred tax assets, net</b>	<u>-</u>	<u>-</u>

In view of the accumulated losses and in accordance with AS 22 - "Accounting for taxes on income", deferred tax assets on unabsorbed depreciation and other temporary timing differences have been recognised only to the extent of those timing differences, the reversal of which will result in sufficient taxable income.

#### 2.32 Value of imports on CIF basis

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw and packing materials (net of returns)	102,623,254	270,261,466
Capital goods	5,435,419	36,049,122
	<u>108,058,673</u>	<u>306,310,588</u>

#### 2.33 Expenditure in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Employee benefits	52,205,525	122,255,377
Legal and professional	23,519,767	29,102,591
Marketing	25,996,438	11,925,305
Others	3,687,025	561,375
	<u>105,408,755</u>	<u>163,844,648</u>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.34 Earnings in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
F.O.B. value of exports	23,472,479	270,183,665
Sale of services (Gross)	9,280,801	104,412,761
	<b>32,753,280</b>	<b>374,596,426</b>

#### 2.35 Leases

The Company is obligated under non-cancellable operating leases for residential and office premises. Total rental expense under non-cancellable operating leases amounted to ₹ 22,122,059 (previous year: ₹ 17,970,905) for the year ended 31 March 2015.

Future minimum lease payments under non-cancellable operating leases are as follows:

Period	As at 31 March 2015	As at 31 March 2014
Not later than 1 year	27,233,772	14,951,706
Later than 1 year and not later than 5 years	20,710,075	11,857,500
Later than 5 years	-	-

The Company is also obligated under cancellable lease for residential and office premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable operating lease entered amounted to ₹ 63,307,901 (previous year: ₹ 60,908,400) for the year ended 31 March 2015.

Further the Company is obligated under operating lease agreements for vehicles. Total lease rental expense under the said agreement amounted to ₹ 647,120 (previous year: ₹ 2,077,881) for the year ended 31 March 2015.

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

**2.36** Forward contracts entered for the hedging purpose, which were outstanding as on 31 March 2015 amounted to ₹ Nil (previous year: ₹ Nil). Foreign currency exposure as on 31 March 2015, which was not hedged, are as follows:

#### Un-hedged foreign currency exposure

Underlying asset / liability		As at 31 March 2015		As at 31 March 2014	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Short term loans and advances	USD	760,545	46,893,436	480,253	29,529,358
	SGD	-	-	100	3,575
Trade receivables	USD	276,938	17,763,309	1,281,346	79,617,705
Trade payables and other current liabilities	USD	732,973	44,902,259	489,299	29,995,279
	SEK	109,617	871,163	283,560	2,550,720
	JPY	-	-	637,376	401,923
	GBP	92,081	9,168,782	419,406	42,218,537
	EUR	92,777	6,882,847	16,377	1,132,340
	AUD	26,627	1,326,574	-	-
			<b>127,808,370</b>		<b>185,449,437</b>

#### 2.37 Employee stock compensation plan [AstraZeneca Plc., UK Restricted Stock Units]

The Holding Company, AstraZeneca Plc. United Kingdom (AZUK), listed on London Stock Exchange had introduced a Long-Term Incentive Stock Compensation Plan in the form of Restricted Stock Units (RSUs) to attract and retain the best people. As per the plan, the awards granted to individuals are AstraZeneca Ordinary Shares registered and purchased on the London Stock Exchange. One restricted stock represents one AZUK share. When the stock vests after three years, restricted stock are automatically exchanged for the same number of AZUK shares. Moreover, the RSUs do not expire. There is no performance criteria. After the vesting period, the employees are free to either hold or sell the shares.

##### For the year ended 31 March 2015

Type of arrangement	Date of grant	Number of RSUs granted	Fair value (in GBP)	Expense recognized during the year	Outstanding asset/(liability) as at the year end
AstraZeneca Restricted Stock Plan	30-Mar-12	2,995	28.05	4,285,266	12,098,853
	28-Mar-13	2,862	32.54	5,134,150	8,893,711
	28-Mar-14	2,229	39.04	4,532,219	4,582,780
	27-Mar-15	1,948	47.62	48,365	48,365
		<b>10,034</b>		<b>14,000,000</b>	<b>25,623,709</b>

##### For the year ended 31 March 2014

Type of arrangement	Date of grant	Number of RSUs granted	Fair value (in GBP)	Expense recognized during the year	Outstanding asset/(liability) as at the year end
AstraZeneca Restricted Stock Plan	30-Mar-12	2,995	28.05	1,321,779	7,813,587
	28-Mar-13	2,862	32.54	1,521,315	3,759,561
	28-Mar-14	2,229	39.04	50,561	50,561
		<b>8,086</b>		<b>2,893,655</b>	<b>11,623,709</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.38 Dues to micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

### 2.39 Gratuity plan

The Company has the following defined Gratuity plan.

#### Leaving service benefit:

Eligibility for benefit: Every employee who has completed 3 years or more of service would be eligible for gratuity benefit as per the terms of the Trust Deed.

#### For Management staff:

Completed years of service (years)	Number of days eligible for every completed year of service (days)
3 to 9	15 days salary subject to maximum limit as per Gratuity Act, 1972
10 to 14	3/4 <sup>th</sup> of month's salary, without limit
15 and above	One month's salary for every year of service, without limit

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### For Non-Management staff:

15 days salary for each year of service, subject to maximum limit specified as per the Gratuity Act, 1972.

### Normal retirement benefit, death and disability benefit:

### For Management staff:

One month's salary last drawn by member for each year of service, without limit.

### For Non-Management staff:

One month's salary last drawn by member for each year of service, subject to maximum limit specified as per the Gratuity Act, 1972.

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Obligations at year beginning</b>	<b>227,777,778</b>	<b>205,586,550</b>
Current service cost	21,162,489	19,692,519
Interest cost	19,439,388	16,903,115
Benefits settled	(23,570,820)	(27,980,390)
Actuarial (gain)/loss	30,453,758	13,575,984
<b>Obligations at year end</b>	<b>275,262,593</b>	<b>227,777,778</b>
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	<b>208,434,070</b>	<b>201,073,129</b>
Expected return on plan assets	18,219,125	16,701,143
Actuarial gain/(loss)	18,753,074	(162,016)
Contributions	35,387,976	18,802,204
Benefits settled	(23,570,820)	(27,980,390)
<b>Plans assets at year end, at fair value</b>	<b>257,223,425</b>	<b>208,434,070</b>
<b>2.39 Gratuity plan</b>		
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	257,223,425	208,434,070
Present value of the defined benefit obligations at the end of the year	275,262,593	227,777,778
<b>Liability recognised in balance sheet</b>	<b>(18,039,168)</b>	<b>(19,343,708)</b>
<b>Gratuity cost for the year</b>		
Service cost	21,162,489	19,692,519
Interest cost	19,439,388	16,903,115
Expected return on plan assets	(18,219,125)	(16,701,143)
Actuarial (gain)/loss	11,700,684	13,738,000
<b>Net gratuity cost</b>	<b>34,083,436</b>	<b>33,632,491</b>



# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Investment details of plan assets</b>		
Equity instruments	13.57%	12.62%
Debt instruments	86.43%	87.38%
<b>Assumptions</b>		
Interest rate	8.00%	8.00%
Discount factor	7.80%	9.00%
Estimated rate of return on plan assets	8.50%	8.50%
Salary increase	1st 2 years 9% and thereafter 8%	1st 2 years 9% and thereafter 8%
Attrition rate	5% to 13% based on the employee designation	5% to 13% based on the employee designation
Retirement age	60 Years	60 Years

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

### History of defined benefit obligations and experience (gains) and losses

Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
Fair value of Plan Asset	257,223,425	208,434,070	201,073,129	232,271,890	129,048,752
Project benefit Obligation, End of period	275,262,593	227,777,847	205,586,619	193,583,642	175,373,598
(Surplus)/Deficit in the plan	18,039,168	19,343,777	4,513,490	(38,688,248)	46,324,846
Experience adjustment on Plan Assets	18,753,074	(162,016)	(2,529,814)	(2,465,531)	(23,991)
(Gain)/Losses due to change in assumption	19,693,403	8,944,397	28,232,652	(5,330,180)	7,297,260
Experience (Gain)/ Losses on PBO	10,760,354	4,631,587	15,900,063	4,428,327	46,987,139
Total(Gain)/ Loss	30,453,757	13,575,984	44,132,715	(901,853)	54,284,399

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.40 Provident fund

The Company contributed ₹ 31,019,778 (previous year ₹ 36,098,407) towards provident fund during the year ended 31 March 2015.

The guidance on implementing AS 15, Employee Benefits (revised 2005) issued by Accounting Standard Board states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities for the year ended 31 March 2015. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at 31 March 2015.

The details of fund plan assets as at 31 March 2015 is given below:

(Amount in ₹)		
Particulars	As at 31 March 2015	As at 31 March 2014
Plan assets at the year end, at fair value	576,486,371	475,385,505
Present value of the defined benefit obligations at the end of the year	559,033,180	475,385,505
Liability recognised in balance sheet	-	-

Assumption used in determining the present value obligation of the interest rate guarantee under the deterministic approach.

Particulars	As at 31 March 2015	As at 31 March 2014
Discount rate	7.77%	9.00%
Remaining term of maturity	8.01 years	8.15 years
Expected guaranteed interest rate	8.75%	8.75%

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

**2.41** Management believes that the Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

**2.42** During the previous year, the Promoter Company (AstraZeneca Pharmaceuticals AB, Sweden), vide its letter dated 1 March 2014 had proposed voluntary delisting (the delisting proposal) offer to the public shareholders of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Delisting Regulations), with a view to delist the equity shares of the Company from the BSE Ltd. (BSE), Bangalore Stock Exchange Ltd. (BgSE) and the National Stock Exchange of India Ltd. (NSE) where the equity shares of the Company are listed. The Board of Directors of the Company, in their meeting dated 15 March 2014 had approved the delisting proposal submitted by the Promoter Company. Further, the Delisting Proposal has been approved by the requisite majority of shareholders of the Company as required under Regulation 8 of SEBI (Delisting of Equity Shares) Regulations, 2009. The Company has received in-principle approval of National Stock Exchange, Bombay Stock Exchange and Bangalore Stock Exchange, for voluntary delisting of equity shares from the said exchanges.

A writ petition has been filed by two shareholders of the Company before the Honourable High Court of Judicature at Bombay ("the Court"), seeking inter-alia an order from the Court, restraining the Company and AstraZeneca Pharmaceuticals AB, Sweden ("AZPAB") from implementing the delisting proposal of AZPAB. The Court which heard the petition on 8 October 2014 has disposed the same, with the directions that the Petitioners as well as the Company and AZPAB are at liberty to prefer appeal against Securities Exchange Board of India (SEBI) Order dated 24 June 2014, to the Securities Appellate Tribunal, within six weeks; until the SAT hears and disposes of the Petitioners' appeal, the Company and AZPAB, shall not take any further steps in the process of delisting of equity shares of the Company; and the SAT to hear and decide the appeals as expeditiously as possible and preferably by 28 February 2015. Further, an appeal has also been filed by two shareholders of the Company before the Securities Appellate Tribunal (SAT), Mumbai, against part of SEBI's Order dated 24 June 2014, in relation to delisting proposal of AZPAB. There has been no further update in the aforesaid case as on date. At the hearing held on 5 May 2015, the hearing has been posted on 9 July 2015.

**2.43** During the financial year 2011-12, a First Information Report (FIR) was filed by the Central Bureau of Investigation ('CBI') against the Company on 23 February 2012 wherein it is alleged that the Company submitted a false affidavit with respect to rates quoted by the Company to the institution (Directorate of Health Services, Delhi). It is further alleged that unknown officers of the Directorate of Health Services, Delhi (DHS) and unknown officials of the Company and other private persons conspired to cancel the recovery proceedings by DHS. During the previous year, the investigation was concluded and a charge sheet was filed in the Court by CBI on 5 August 2013. Neither the Company nor any of its officials/employees have been named as accused in the charge sheet.

**2.44** During the current year, the Company entered into agreements with group companies - AstraZeneca UK, London (AZ UK) on 24 March 2015, AstraZeneca AB, Sweden (AZ PAB) on 25 March 2015 and with IPR Pharmaceuticals Inc. Puerto Rico (AZ IPR) on 26 March 2015. The Company would receive from the group companies, the reimbursement of certain costs incurred for the marketing and promotion of the new launch products and support for the distribution of other products supplied by group companies, in accordance with the arm's length return on revenues. Accordingly, the Company has billed ₹ 677,579,383 to the group companies during the year ended 31 March 2015. Out of the total amount, ₹ 201,270,355

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

has been received towards the reimbursement of certain costs incurred for the marketing and promotion of the new launch product during the year ended 31 March 2015. The balance amount aggregating ₹ 476,309,028 has been received towards support for the distribution of other products supplied by group companies, in accordance with the arm's length return on revenues. The amount received towards the transfer pricing adjustment has been accounted as other operating income and the reimbursement towards marketing and promotion cost has been reduced from the respective expenses incurred as below:

Particulars	For the year ended 31 March 2015
Salaries, bonus and allowances	80,180,803
Selling, marketing and distribution	75,607,539
Travel and conveyance	21,062,377
Clinical trial	13,003,569
Rates and taxes	2,361,032
Communication	1,646,674
Rent	1,228,593
Miscellaneous	6,179,768
<b>Total</b>	<b>201,270,355</b>

As per our report of even date attached

for **B S R & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W / W-100022

**Sunil Gaggar**  
Partner  
Membership number: 104315

Place: Bangalore  
Date: May 27, 2015

for and on behalf of the Board of Directors of  
**AstraZeneca Pharma India Limited**

**D E Udawadia**  
Chairman

**Anantha Murthy N**  
Company Secretary

**Sanjay Murdeshwar**  
Managing Director

**Rajesh Marwaha**  
Chief Financial Officer

## TEN YEAR SUMMARY

Particulars	Unit	2005	2006	2007	2008
<b>Sales &amp; Earnings</b>					
Total income	₹	2,328.78	2,773.65	3,135.63	3,681.40
Profit before depn, int & tax	₹	700.25	806.82	1,011.89	1,261.15
Profit before int & tax	₹	648.31	749.51	953.49	1,192.39
Profit before tax	₹	647.76	749.51	953.49	1,143.76
Profit after tax	₹	430.58	487.36	614.59	738.35
Deferred Tax Liability for earlier years	₹	-	-	-	-
Balance Profit after Tax	₹	430.58	487.36	614.59	738.35
Dividend paid	₹	100.00	300.00	375.00	375.00
Retained earnings	₹	316.56	145.29	175.86	299.62
<b>Capital Employed</b>					
Fixed assets					
- Gross including Cwip & Cap Adv	₹	742.92	793.54	829.89	811.52
- Net	₹	312.16	332.77	332.34	304.50
Investments	₹	0.12	0.07	0.07	0.06
Deferred tax assets	₹	12.24	9.81	17.26	23.71
Net Current Assets (Working capital)	₹	947.44	1,074.60	1,243.43	1,458.23
<b>Total</b>		<b>1,271.95</b>	<b>1,417.24</b>	<b>1,593.10</b>	<b>1,786.50</b>
<b>Represented by</b>					
Networth	₹	1,271.95	1,417.24	1,593.10	1,161.50
Share capital	₹	50.00	50.00	50.00	50.00
Reserves	₹	1,221.95	1,367.24	1,543.10	1,111.50
Borrowings - secured	₹	-	-	-	625.00
Deferred tax Liability	₹	-	-	-	-
<b>Total</b>		<b>1,271.95</b>	<b>1,417.24</b>	<b>1,593.10</b>	<b>1,786.50</b>
<b>Ratios</b>					
<b>Measures of Performance</b>					
PBT to total income	%	27.82	27.02	30.41	31.07
PAT to total income	%	18.49	17.57	19.60	20.06
Material consumption to sales	%	33.85	34.66	31.67	29.29
Employee cost to sales	%	16.90	16.74	16.97	18.30
Net fixed assets to net worth	%	24.54	23.48	20.86	26.22
Fixed assets usage	Times	7.86	9.15	9.48	12.12
<b>Measures of Investments</b>					
Return on Networth	%	33.85	34.39	38.58	63.57
Earnings per share @	₹	17.22	19.49	24.58	29.53
Dividend payout ratio	%	116.12	61.56	61.02	50.79
Dividend coverage ratio	Times	4.31	1.62	1.64	1.97
<b>Measures of Financial Status</b>					
Current ratio	Unit	2.96	2.10	2.43	2.33
Quick ratio	Unit	2.44	1.75	2.16	2.02
Debt equity ratio	Unit	-	-	-	0.54
Inventory holding (on sales)	Days	41	47	29	37
<b>Other information</b>					
Contribution to exchequer*	₹	717.52	970.29	1,024.34	1,096.15
Employee					
- Cost	₹	375.95	442.65	502.03	621.73
- Numbers		902	895	937	1038
Number of shareholders		5,026	6,981	7172	7375
Dividend	%	200.00	600.00	750.00	750.00
Book value = net worth per share @	₹	50.88	56.69	63.72	46.46

\* inclusive of sales tax, @ Stock split since 2006

(₹ in Million)

2009	2010-11 (15 months)	2011-12	2012-13	2013-14	2014-15
4,023.77	6,003.06	5,378.51	4,008.84	4,831.79	5,229.18
946.06	1,097.98	365.93	(579.92)	(37.64)	(55.58)
885.29	1,009.85	292.55	(702.70)	-	(208.40)
883.92	1,009.85	292.55	(702.70)	-	(208.40)
576.17	641.30	197.65	(895.32)	(5.09)	(208.40)
-	-	-	-	-	-
576.17	641.30	197.65	(895.32)	(5.09)	(208.40)
250.00	250.00	87.50	-	-	-
283.68	351.71	95.96	(895.32)	(5.09)	(208.40)
831.29	1,169.89	1,558.27	1,732.57	1,797.24	2,040.61
303.44	513.88	901.82	982.41	1,035.31	1,131.94
0.06	0.06	0.06	0.06	0.01	0.01
29.40	75.42	177.62	-	-	-
1,112.29	1,207.54	813.35	15.06	680.64	375.61
<b>1,445.18</b>	<b>1,796.90</b>	<b>1,892.85</b>	<b>997.53</b>	<b>1,715.95</b>	<b>1,507.55</b>
1,445.18	1,796.90	1,892.85	997.53	1,715.95	1,507.55
50.00	50.00	50.00	50.00	50.00	50.00
1,395.18	1,746.90	1,842.85	947.53	1,665.95	1,457.55
-	-	-	-	-	-
-	-	-	-	-	-
<b>1,445.18</b>	<b>1,796.90</b>	<b>1,892.85</b>	<b>997.53</b>	<b>1,715.95</b>	<b>1,507.55</b>
21.97	16.82	5.44	(17.53)	-	(3.99)
14.32	10.68	3.67	(22.33)	(0.11)	(3.99)
31.38	31.21	35.76	43.05	37.62	42.74
21.49	26.20	32.41	41.74	36.34	34.15
21.00	28.60	47.64	98.48	60.33	75.08
13.40	21.87	16.97	16.34	5.13	5.18
39.87	35.69	10.44	(89.75)	(0.30)	(13.82)
23.05	25.65	7.91	(35.81)	(0.20)	(8.34)
43.39	38.98	44.27	-	-	-
2.30	2.57	2.26	-	-	-
2.24	1.95	1.30	0.80	1.12	1.01
1.85	1.50	0.80	0.39	0.73	0.68
-	-	-	-	-	-
33	45	55	88	79	67
765.51	1,052.90	803.37	761.28	568.67	634.69
828.29	1,504.98	1,619.12	1,484.60	1,604.60	1,598.40
1464	1705	1674	1588	1559	1654
7025	6058	8125	14571	13978	12978
500.00	500.00	175.00	-	-	-
57.81	71.88	75.71	39.90	68.64	60.30

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**AstraZeneca Pharma India Limited**

Registered Office: Block N1, 12<sup>th</sup> Floor, Manyata Embassy Business Park, Rachenahalli,  
Outer Ring Road, Bangalore - 560 045, Karnataka, INDIA  
CIN: L24231KA1979PLC003563, Tel: (080) 67748000, Fax: (080) 67748557

Date: 04-08-2015

Dear Shareholder(s),

Pursuant to Section 88 of the Companies Act, 2013 read with Rule 3(1) of the Companies (Management & Administration) Rules, 2014, every Company is required to maintain its Register of Members in new format duly updated. Further, with a view to encourage 'Green Initiative' in corporate governance for sending notices etc., electronically, you may register your E-mail Ids and thereby provide your consent for receiving from the Company all notices / communications etc., electronically. In this connection, we request you to provide the following details duly filled and signed, to our Registrar & Transfer Agent, at the address mentioned below:

INTEGRATED ENTERPRISES (INDIA) LIMITED  
**Unit: AstraZeneca Pharma India Limited**  
NO.30, RAMANA RESIDENCY, 4<sup>TH</sup> CROSS,  
SAMPIGE ROAD, MALLESWARAM, BANGALORE - 560003  
TELEPHONE: (080) 23460815 to 23460818, FAX:(080) 23460819, E-MAIL: irg@integratedindia.in  
CIN:U65993TN1987PLC014964

Yours faithfully,  
Anantha Murthy N  
Legal Counsel & Company Secretary

- - - - - tear here and send back - - - - -

Dear Sir,

I / We wish to furnish the following details for updation in the Company's Register of Members pursuant to Section 88 of the Companies Act, 2013 read with Rule 3(1) of the Companies (Management & Administration) Rules, 2014 and also for serving notices / communications etc., electronically:

Sl. No.	Description	Details
1	Folio Number	
2	Name of the Shareholder(s)	
3	Occupation	
4	Nationality	
5	Unique Identification Number (Please enclose a self attested copy of the document such as Aadhaar Card)	
6	CIN, in case the shareholder is a Company	
7	E-mail Id to which documents / notices can be served electronically	
8	PAN (Please enclose self attested copy of PAN Card)	
9	A. Bank Name	
	B. Full Address of the Bank	
	C. 9-digit account code number of the Bank & branch appearing on the MICRCTS cheque issued by the Bank. (Please attach photocopy of a cheque or a cancelled cheque issued by your Bank for verifying the accuracy of the code number)	
	D. Account Type (Savings/Current)	
	E. Bank Account Number	
	F. IFSC	

Important Note: The Shareholders holding shares in demat form are requested to update their details with their respective Depository Participant, with whom the Demat Account is maintained.

Signature of the Shareholder





Young Health Programme (YHP) India has directly been able to reach out to 104,343 young people (47,088 boys and 57,255 girls) and has influenced 103,940 wider community members, including health professionals, educators and policy makers.

The several achievements of YHP India have been through two key approaches namely, the establishment of 15 Health Information Centers (HICs) which act as a forum for youth. The second vital approach is the training and support of 2,136 Peer Educators (of which 1,103 are girls) who are responsible for spreading awareness in their respective communities.

YHP India continues to enhance knowledge of health issues and ways to cope with it for adolescents and hopes to reach a larger audience as the year progresses.



**AstraZeneca Pharma India Limited**

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