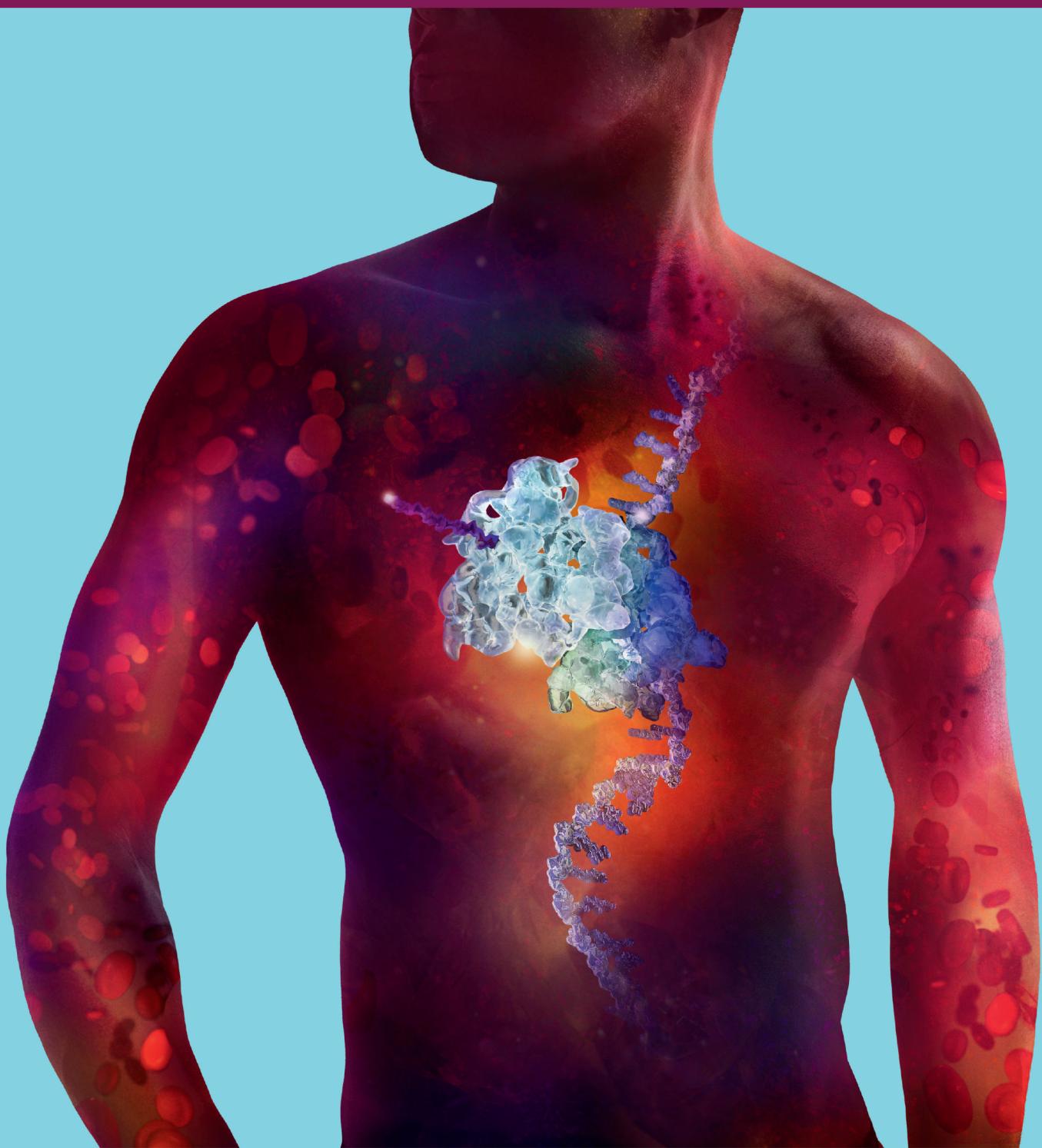
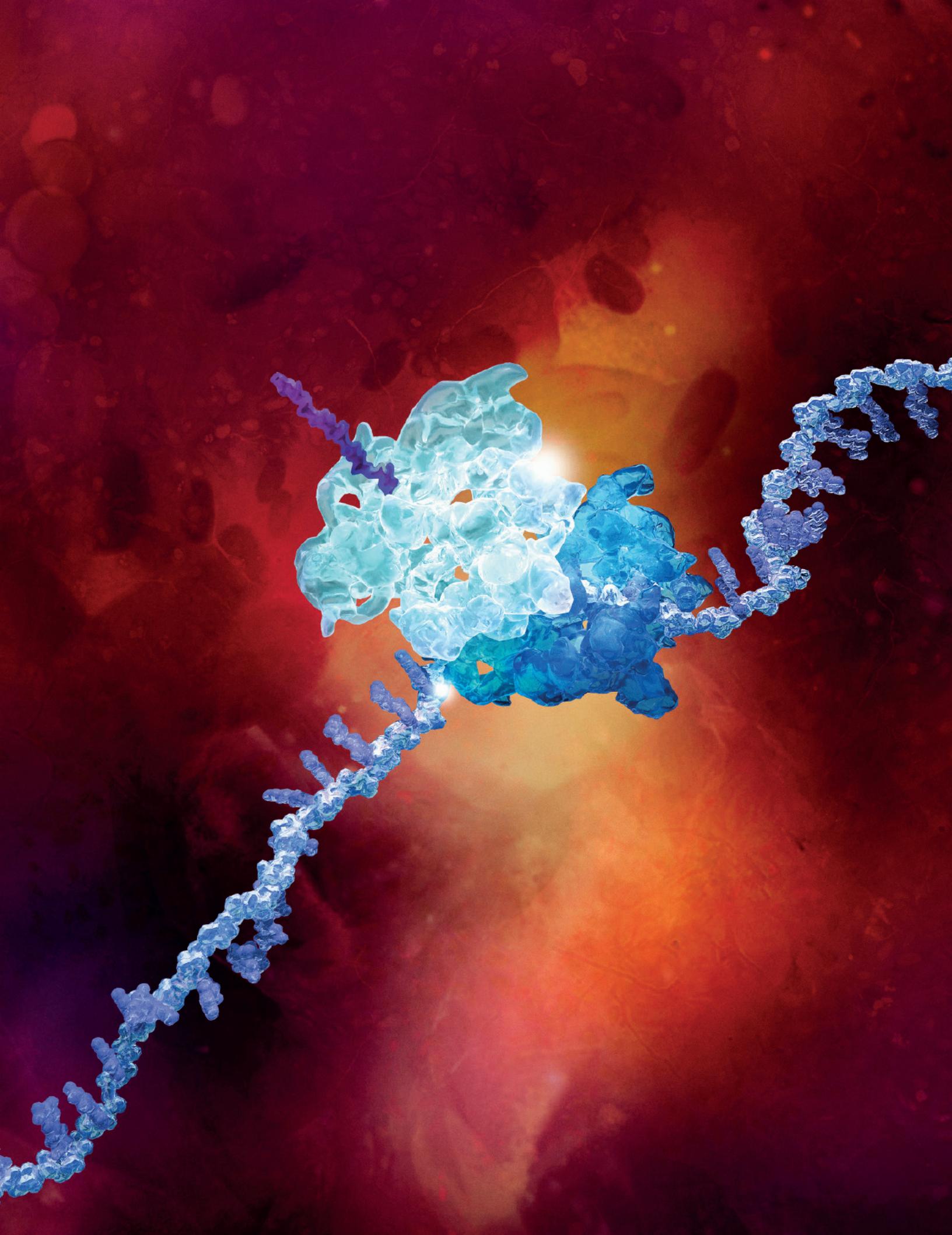


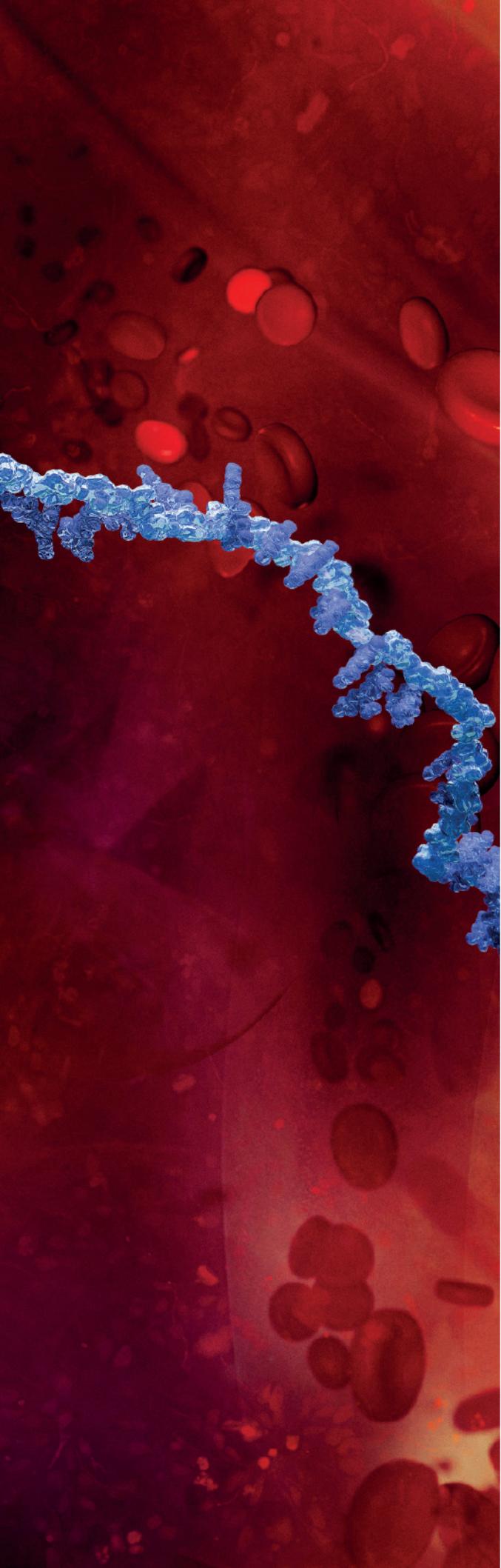
# What science can do

**AstraZeneca Pharma India Limited**

Annual Report 2016-17







Welcome to  
AstraZeneca Pharma India Limited  
Annual Report 2016-17.

We are a global, science-led biopharmaceutical business and in this Annual Report we report on the progress we made in 2016-17 in pushing the boundaries of science to deliver life-changing medicines.

**AstraZeneca.**  
What science can do.

# AstraZeneca India at a glance

Aligned with the global strategy, AstraZeneca India is focusing on its three main therapy areas.

**Pushing the boundaries**

**Respiratory, Inflammation and Autoimmunity**  
We have pushed the boundaries of science in respiratory disease for 40 years

**Breaking through conventional thinking**

**Cardiovascular and Metabolic diseases**  
We take an integrated patient approach to reduce cardiovascular morbidity and mortality

**Redefining the treatment paradigm**

**Oncology**  
We are committed to advancing the science of oncology

Our values are the point of reference for our decision-making and support the creation of a strong AstraZeneca culture.

**We follow the science**

**We put patients first**

**We play to win**

**We do the right thing**

**We are entrepreneurial**

Our strategic priorities reflect how we are working to achieve our purpose of pushing the boundaries of science to deliver life-changing medicines.

**1**

**Achieve scientific leadership**

**2**

**Accelerate to growth**

**3**

**Great place to work**

AstraZeneca has a strong presence in India across sales, marketing, clinical and manufacturing operations.

### Commercial



Over 1000 employees in marketing, manufacturing and sales work relentlessly to bring life changing medicines to patients in India.

### Operations



AstraZeneca's state of the art manufacturing facility in Bengaluru supplies products for customers in India.

### Clinical



Robust clinical operations with ongoing clinical trials covering more than 100 sites in India.

AstraZeneca's global community initiative, the 'Young Health Programme' in India is focused on improving the health and well-being of young people in marginalised communities.



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# AstraZeneca Pharma India Limited

## Board of Directors

### **Current Directors:**

#### **Independent Directors**

Mr. Narayan K Seshadri, Chairman  
Ms. Revathy Ashok, w.e.f 02.12.2016  
Ms. Kimsuka Narsimhan, w.e.f 02.02.2017

#### **Non-Executive Directors**

Mr. Gregory David Emil Mueller, w.e.f 02.12.2016  
Mr. Ian John Parish, w.e.f 08.08.2017

#### **Executive Directors**

Mr. Rajesh Marwaha, Whole-time Director,  
w.e.f 02.12.2016  
Mr. Gagan Singh Bedi, Managing Director,  
w.e.f 01.07.2017

#### **Directors resigned during the year:**

Mr. D.E Udwadia, Chairman, w.e.f 02.12.2016  
Mr. K.S Shah, w.e.f 02.12.2016  
Ms. Claire-Marie O' Grady, w.e.f 02.12.2016  
Mr. Ian Brimicombe, w.e.f 31.05.2017  
Mr. Sanjay Murdeshwar, Managing Director,  
w.e.f 30.06.2017

## Other Corporate Information

### **Corporate and Registered Office**

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

### **Factory**

12<sup>th</sup> Mile on Bellary Road  
Kattigenahalli Village, Yelahanka  
Bangalore 560063

### **Sales Outlets**

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

## Committees of Directors

#### **Audit Committee**

Ms. Revathy Ashok, Chairman  
Mr. Narayan K Seshadri  
Mr. Gregory David Emil Mueller

#### **Nomination & Remuneration Committee:**

Ms. Kimsuka Narsimhan, Chairman  
Mr. Narayan K Seshadri  
Mr. Gregory David Emil Mueller  
Mr. Ian John Parish

#### **Stakeholders' Relationship Committee:**

Ms. Revathy Ashok, Chairman  
Mr. Gagan Singh Bedi  
Mr. Rajesh Marwaha

#### **Corporate Social Responsibility Committee:**

Mr. Ian John Parish, Chairman  
Ms. Revathy Ashok  
Mr. Gregory David Emil Mueller  
Mr. Gagan Singh Bedi

### **Auditors**

Price Waterhouse & Co. Chartered Accountants

### **Bankers**

The Hongkong and Shanghai  
Banking Corporation Limited

### **Chief Financial Officer**

Mr. Rajesh Marwaha

### **Company Secretary & Legal Counsel**

Mr. Pratap Rudra w.e.f 02.02.2017

Annual General Meeting  
at 3.00 p.m. on Wednesday, September 13, 2017  
at 'The Mysore Hall', ITC Gardenia, No.1,  
Residency Road, Bangalore - 560025

# 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 6774 8000, **Fax:** +91 80 67748557

## NOTICE

**NOTICE** is hereby given that the 38<sup>th</sup> Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held on **Wednesday, September 13, 2017 at 3.00 p.m.** at '**The Mysore Hall**', ITC Gardenia, No.1, Residency Road, Bangalore - 560025, to transact the following business:

### ORDINARY BUSINESS

#### Item No.1

To receive, consider and adopt the financial statements viz., the Audited Balance Sheet as at March 31, 2017, 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 Board of Directors and Auditors thereon.

#### Item No. 2

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

**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules thereof, the appointment of Messrs Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E/E-300009) be and is hereby ratified as the Statutory Auditors of the Company to hold office from the conclusion of 38<sup>th</sup> Annual General Meeting till the conclusion of the 39<sup>th</sup> Annual General Meeting, and that the Board of Directors be and are hereby authorised to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditor.

### SPECIAL BUSINESS

#### Item No. 3

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 ₹ 1,50,000/- (Rupees one lac fifty thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses, at actuals, to Messrs 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 cost records for the financial year ending March 31, 2018, be and is hereby confirmed, approved and ratified.

#### Item No. 4

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

**RESOLVED THAT** Mr. Ian John Parish (DIN: 00391534) who was appointed on August 8, 2017 as a Director (Non-Executive) in the casual vacancy caused by the resignation of Mr. Ian Brimcombe, Non-Executive Director and who, in terms of Section 161 of the Companies Act, 2013 holds office upto the date of this Annual General Meeting and who is eligible for appointment, be and is hereby appointed as a Director of the Company (Non-Executive), liable to retire by rotation.

#### Item No. 5

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

**RESOLVED THAT** pursuant to Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Revathy Ashok (DIN: 00057539), who was appointed as an Additional Director of the Company with effect from December 2, 2016, who holds office up to the date of this Annual General

Meeting of the Company in terms of Section 161 of the Companies Act, 2013, being eligible, be and is hereby appointed as Independent Director of the Company to hold office for a term of five consecutive years, with effect from December 2, 2016, not liable to retire by rotation.

#### **Item No. 6**

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

**RESOLVED THAT** pursuant to Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Kimsuka Narsimhan (DIN: 02102783), who was appointed as an Additional Director of the Company with effect from February 2, 2017, who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013, being eligible, be and is hereby appointed as Independent Director of the Company to hold office for a term of five consecutive years, with effect from February 2, 2017, not liable to retire by rotation.

#### **Item No. 7**

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

**RESOLVED THAT** pursuant to Sections 152 and other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Gregory David Emil Mueller (DIN: 076667074), who was appointed as an Additional Director of the Company with effect from December 2, 2016, who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013, being eligible, be and is hereby appointed as Non-Executive Director of the Company, liable to retire by rotation.

#### **Item No. 8**

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

**RESOLVED THAT** in accordance with the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Gagan Singh Bedi (DIN : 07844333), who was appointed as an Additional Director of the Company with effect from July 1, 2017 pursuant to Section 161 of the Act and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

#### **Item No. 9**

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

**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the requisite approval of the Central government, as may be necessary, approval of the members of the Company be and is hereby accorded for the appointment of Mr. Gagan Singh Bedi as a Managing Director of the Company, for a period of 3 (three) years with effect from July 1, 2017, liable to retire by rotation, on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with liberty and power to the Board of Directors (including the Nomination and Remuneration Committee), to alter and vary from time to time the terms and conditions of the appointment of the Managing Director, to grant increments, subject to the applicable provisions of the Companies Act, 2013 and subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013, as may be applicable, taking into consideration the amendment vide Notification No. S.O 2922 (E) dated September 12, 2016 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during his tenure as the Managing Director, Mr. Gagan Singh Bedi be paid the aforesaid remuneration as minimum remuneration for that year.

**RESOLVED FURTHER THAT** the Board of Directors 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, expedient or desirable to give effect to the above resolution.

#### **Item No. 10**

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

**RESOLVED THAT** in accordance with the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rajesh Marwaha (DIN : DIN 01458768), who was appointed as an Additional Director of the Company with effect from December 2, 2016 pursuant to Section 161 of the Act and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

#### **Item No. 11**

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

**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approvals, as may be necessary, approval of the members of the Company be and is hereby accorded for the appointment of Mr. Rajesh Marwaha as a Whole-time Director of the Company, for a period of 3 (three) years with effect from December 2, 2016, liable to retire by rotation, on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with liberty and power to the Board of Directors (including the Nomination and Remuneration Committee) or the Managing Director of the Company, with authority conferred by the Board in this regard in terms of the relevant provisions of the Companies Act, 2013, to alter and vary from time to time the terms and conditions of the appointment of the Whole-time Director, to grant increments, subject to the applicable

provisions of the Companies Act, 2013 and subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013, as may be applicable, taking into consideration the amendment vide Notification No. S.O 2922 (E) dated September 12, 2016 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during his tenure as Whole-time Director, Mr. Rajesh Marwaha be paid the aforesaid remuneration as minimum remuneration for that year.

**RESOLVED FURTHER THAT** the Board of Directors 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, expedient or desirable to give effect to the above resolution.

#### **Item No. 12**

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

**RESOLVED THAT** subject to the provisions of Regulation 23 (4) of Securities and Exchange Board of India (Disclosure Obligations & Listing Requirements) Regulations, 2015 ('the Listing Regulations'), 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 Listing Regulations, during the financial year 2016-17:

(₹ in Crores)

<b>Sl. No.</b>	<b>Nature of Material Related Party Transactions</b>	<b>Transaction Value in (FY 2016-17)</b>
1.	Purchase of raw materials and traded goods by the Company from AZ UK	120.83
2.	Reimbursement by AZ UK to the Company of the cost of employees deputed by the Company outside India	2.02
	<b>Total</b>	<b>122.85</b>

**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.

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

Place: Bengaluru  
Date: August 8, 2017

**Pratap Rudra**  
Company Secretary & Legal Counsel

## **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 of attorney 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 **8 days i.e., from September 6, 2017 to September 13, 2017** (both days inclusive) in connection with the Annual General Meeting.**
- 3. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning items 3, 4, 5, 6, 7, 8, 9, 10 11 and 12 of the Notice, being Special Business, 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. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred under Section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund, established under Section 125 of the Companies Act, 2013.**
- 7. Details as required under the Listing Regulations in respect of the Director seeking appointment/ reappointment at the Annual General Meeting form an integral part of the Notice. The Directors have furnished requisite declarations for their appointment.**
- 8. Electronic copy of the Annual Report for 2016-17 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 2016-17 is being sent in the permitted mode.**
- 9. Electronic copy of the Notice of the 38<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 38<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.**
- 10. Members may also note that the Notice of the 38<sup>th</sup> Annual General Meeting and the Annual Report for 2016-17 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.

## **11. 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 Regulation 44 of the Listing Regulations, 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 with a copy marked to evoting@nsdl.co.in.

### **B. In case a Member receives physical copy of the Notice of AGM [i.e., members 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 September 9, 2017 (9.00 a.m. IST) and ends on September 12, 2017 (5.00 p.m. IST) for four 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) September 6, 2017 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 September 6, 2017.
  - (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. September 6, 2017, 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 end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutineer, 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.
- 12.** 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. 3**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of Messrs Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 0000065) to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel or their relatives, is concerned or interested, in this Resolution.

The Board recommends the resolution set out at Item No. 3 of this Notice for the approval of the Members.

## **Item No. 4**

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Ian John Parish, was appointed as Non-Executive Director on the Board of the Company with effect from August 8, 2017, in the casual vacancy caused due to the resignation of Mr. Ian Brimcombe. Pursuant to Section 161(4) of the Companies Act, 2013 (“the Act”), Mr. Ian John Parish will hold office upto the date of this Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Act along with the requisite deposit from a member signifying his intention to propose the appointment of Mr. Ian John Parish as Director of the Company.

Mr. Ian John Parish is not related to any Director or Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives except Mr. Ian John Parish and his relatives, are concerned or interested in the above resolution.

The Board recommends the resolution as set out at Item No. 4 of this Notice for the approval of the Members.

## **Item No. 5**

Based on the recommendation of the Nomination and Remuneration Committee, Ms. Revathy Ashok was appointed as an Additional Director (Independent) on the Board of the Company with effect from December 2, 2016 to hold office for a period of five consecutive years with effect from December 2, 2016, not liable to retire by rotation, subject to consent by the members of the company at the ensuing Annual General Meeting.

As an Additional Director, Ms. Revathy Ashok holds office till the date of the Annual General Meeting and is eligible for being appointed as an Independent Director.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (“the Act”) along with the requisite deposit from a member signifying his intention to propose the appointment of Ms. Revathy Ashok as Director of the Company.

Ms. Revathy Ashok is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has also given her consent to act as a Director of the Company. The Company has also received a declaration from Ms. Revathy Ashok confirming that she meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

In the opinion of the Board, Ms. Revathy Ashok fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations and she is independent of the management.

Considering her vast experience, her presence on the Board will be of immense value to the Company.

A copy of the draft letter of appointment for Independent Directors setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the Registered Office of the Company on all working days between 10 am to 12 noon and is also available on the website of the Company [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

Ms. Revathy Ashok is not related to any Director or Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives except Ms. Revathy Ashok and her relatives, are concerned or interested in the above resolution.

The Board recommends the resolution as set out at Item No. 5 of this Notice for the approval of the Members.

### **Item No. 6**

Based on the recommendation of the Nomination and Remuneration Committee, Ms. Kimsuka Narsimhan was appointed as an Additional Director (Independent) on the Board of the Company with effect from February 2, 2017 to hold office for a period of five consecutive years with effect from February 2, 2017, not liable to retire by rotation, subject to consent by the members of the Company at the ensuing Annual General Meeting.

As an Additional Director, Ms. Kimsuka Narsimhan holds office till the date of AGM and is eligible for being appointed as an Independent Director.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 ("the Act") along with the requisite deposit from a member signifying his intention to propose the appointment of Ms. Kimsuka Narsimhan as Director of the Company.

Ms. Kimsuka Narsimhan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has also given her consent to act as a Director of the Company. The Company has also received a declaration from Ms. Kimsuka Narsimhan confirming that she meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Ms. Kimsuka Narsimhan fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations and she is independent of the management.

Considering her vast experience, her presence on the Board will be of immense value to the Company.

A copy of the draft letter of appointment for Independent Directors setting out the terms and conditions for appointment of Independent

Directors is available for inspection by the Members at the Registered Office of the Company on all working days between 10 am to 12 noon and is also available on the website of the Company [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

Ms. Kimsuka Narsimhan is not related to any Director or Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives except Ms. Kimsuka Narsimhan and her relatives, are concerned or interested in the above resolution.

The Board recommends the resolution as set out at Item No. 6 of this Notice for the approval of the Members.

### **Item No. 7**

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Gregory David Emil Mueller was appointed as Non-Executive Director on the Board of the Company with effect from December 2, 2016.

As an Additional Director, Mr. Gregory David Emil Mueller holds office till the date of the Annual General Meeting and is eligible for being appointed as a Director.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 ("the Act") along with the requisite deposit from a member signifying his intention to propose the appointment of Mr. Gregory David Emil Mueller as Director of the Company.

Considering his vast experience, his presence on the Board will be of immense value to the Company

Mr. Gregory David Emil Mueller is not related to any Director or Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives except Mr. Gregory David Emil Mueller and his relatives, are concerned or interested in the above resolution.

The Board recommends the resolution as set out at Item No. 7 of this Notice for the approval the Members.

## Item No. 8 and 9

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Gagan Singh Bedi was appointed as an Additional Director on the Board of the Company with effect from July 1, 2017 to hold office upto the date of the Annual General Meeting. He was also appointed as the Managing Director of the Company with effect from July 1, 2017, subject to the approval of the Members and the Central Government, as may be necessary under the Companies Act, 2013.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the requisite deposit from a member signifying his intention to propose the appointment of Mr. Gagan Singh Bedi as Director of the Company.

Mr. Gagan Singh Bedi satisfies all the conditions stated in the Part I of the Schedule V to the Companies Act, 2013 except to the extent his appointment will require the approval of the Central Government since he has not been staying in India for not less than twelve months immediately preceding the date of his appointment as the Managing Director.

The remuneration and other terms relating to Mr. Gagan Singh Bedi's ( Mr. Singh) appointment as a Managing Director of the Company are contained in the agreement dated July 25, 2017 between Mr. Singh and the Company (the 'Agreement'). The key terms of Mr. Singh's appointment are set out below:

1. Mr. Singh to be the Managing Director for a period of three (3) years from July 1, 2017, unless his employment is previously determined in pursuance of any of the provisions of the Agreement.
2. Mr. Singh shall, as Managing Director of the Company, exercise such powers and perform and discharge such duties, functions and responsibilities as the Board shall from time to time in its absolute discretion determine and entrust to him. Mr. Singh shall report, and be answerable and responsible, to the Board and promptly and faithfully obey and observe all directions that may from time to time be given to him by the Board.
3. Mr. Singh shall, so long as he holds the office of Managing Director, be a director liable to retire by rotation in accordance with the applicable provisions of the Act, or any statutory modification

or re-enactment thereof for the time being in force and the Company's Articles of Association.

4. Mr. Singh shall devote his whole time and attention during business hours to the business and affairs of the Company and shall exert his best endeavors to promote its interests and welfare.
5. In consideration of the faithful and proper performance by Mr. Singh of his duties and responsibilities as Managing Director, the Company shall pay to him:
  - i. (a) Salary: A salary of ₹ 678,129/- (Rupees six lakhs seventy eight thousand one hundred and twenty nine only) per month with such annual increments as the Board may in its absolute discretion determine;
  - (b) Personal Pay: An amount of ₹ 961,694/- (Rupees nine lakhs sixty one thousand six hundred and ninety four only) per month with such annual increments as the Board may in its absolute discretion determine;
  - (c) Medical reimbursement: An amount of ₹ 1250/- (Rupees one thousand two hundred and fifty only) per month, as per the Income Tax rules, and such annual increments as the Board may in its absolute discretion determine;
  - (d) Leave Travel Allowance: An amount of ₹ 54,250/- (Rupees fifty four thousand two hundred and fifty only) per month, as per Income Tax rules, and such annual increments as the Board may in its absolute discretion determine;
  - (e) Housing Assistance: Company leased house in Bangalore with a rental limit of upto ₹ 393,000/- (Rupees three lakhs ninety three thousand only) per month subject to such annual rental increments as may be agreed with the Lessor and approved by CFO or VP-HR;
  - (f) Variable Performance Bonus as per the Company's Bonus Scheme for the time being and from time to time in force, as the Board may in its absolute discretion determine. The payment of Variable Performance Bonus shall be based both on the Company's overall performance as well as the Managing Director's individual performance; it being expressly agreed and understood that there is no contractual entitlement to bonus.

- ii. In addition to the foregoing, Mr. Singh shall also be entitled to the following benefits:
    - (a) the use of a telephone and one internet facility at the Managing Director's residence in Bangalore, the rent, call charges and other outgoings in respect thereof being paid by the Company;
    - (b) reimbursement of entertainment expenses actually incurred by Mr. Singh exclusively for the purpose of the Company's business;
    - (c) utilisation of a club facility, in accordance with the policy of the Company for the time being in force;
    - (d) use of a Company owned and maintained or leased motor car with driver, all expenses for running and maintenance of such motor car to be borne and paid by the Company;
    - (e) the benefit of a personal accident insurance, medical insurance and life insurance policy in accordance with the Company's Scheme for the time being in force;
    - (f) the benefit of the Company's Provident Fund Scheme in accordance with the Rules of the Scheme for the time being in force, subject to the condition that the Company's contribution thereto shall not exceed such percentage of Mr. Singh's salary as may be permitted from time to time under the Income Tax Rules, 1962 for the time being in force;
    - (g) the benefit of the Company's Superannuation Scheme in accordance with the Rules of the Scheme for the time being in force, subject to the condition that the Company's contribution thereto together with the Company's contribution to the Provident Fund shall not exceed such percentage of Mr. Singh's salary as is permitted from time to time under the Income Tax Rules, 1962 for the time being in force;
    - (h) gratuity as per prevalent policy of the Company;
    - (i) encashment of unavailed privilege leave at the end of his tenure of office as Managing Director of the Company in accordance with the Rules of the Company for the time being in force;
    - (j) expenses for providing Security Guard at residence;
  - iii. In line with the applicable rewards guidelines in force, Mr. Singh shall be entitled to ESOPs / RSUs and such other equity linked benefits by the Company or by the parent/ group company.
- Income Tax, if any, on or in respect of all of the remuneration described in Clauses 5 (i), (ii) and (iii) above shall be borne and paid by Mr. Singh.
- 6. It is expressly agreed and understood that if in any financial year of the Company during the continuance of the employment of Mr. Singh as Managing Director, the Company has no profits or its profits are inadequate, Mr. Singh shall be entitled to remuneration as aforesaid subject to the limits prescribed in Schedule V to the Act.
  - 7. To enable Mr. Singh to assume the office of Managing Director of the Company in Bangalore, the Company will provide the following relocation support to the Managing Director and his immediate family (spouse and two children):
    - (a) one way economy class airfare from London to Bangalore;
    - (b) reimbursement by the Company of shipping costs of his personal belongings to Bangalore in line with applicable Company policy for the time being in force;
    - (c) the Company shall provide Mr. Singh, for the purpose of assuming the office of Managing Director, temporary living accommodation in Bangalore until such time that the Company leased accommodation is made available to Mr. Singh;
    - (d) Education Assistance: One time Education Assistance for two children at Bangalore, as per the Relocation Policy of the Company;
  - 8. Either party to be entitled to terminate the Agreement at any time by giving to the other not less than three (3) months prior notice in writing without assigning any reason therefor.
  - 9. However, the Company is entitled to terminate Mr. Singh's employment at any time by payment to him of 3 (three) months' salary in lieu of notice.
- The terms of appointment of Mr. Gagan Singh Bedi are more fully set out in the said Agreement dated July 25, 2017 which will be available for inspection by any member at the registered office of the Company between 10 am to 12 noon on all working days upto the date of the Annual General Meeting.

Mr. Gagan Singh Bedi is not related to any other Director and Key Managerial personnel of the Company.

Further, Mr. Gagan Singh Bedi does not have any interest in the capital of the company or its holding company or any of its subsidiaries directly or indirectly or through any other statutory structures and does not have having any direct or indirect interest and not related to the directors or promoters of the Company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and he possesses graduate level qualification with expertise and specialized knowledge in the field in which the Company operates. He accordingly fulfils the conditions pursuant to Notification no. S.O. 2922(E) dated September 12, 2016 issued by the Ministry of Corporate Affairs which permits the Company, with the approval of Members by passing special resolution to pay remuneration to its Managing Director / Whole-time Director in case it has no profit or inadequacy of profit, without approval of the Central Government.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Gagan Singh Bedi and his relatives, are concerned or interested in the resolution.

This Explanatory Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Mr. Gagan Singh Bedi as the Managing Director of the Company.

The Board recommends the Special resolution as set out in Item No. 8 and 9 of this Notice for the approval of Members.

## **Item No. 10 and 11**

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Rajesh Marwaha was appointed as an Additional Director on the Board of the Company with effect from December 2, 2016 to hold office upto the date of the Annual General Meeting. He was also appointed as the Whole-time Director/Executive Director of the Company with effect from December 2, 2016, subject to the approval of the Members, as may be necessary under the Companies Act, 2013.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the requisite deposit from a member signifying his intention to propose the appointment of Mr. Rajesh Marwaha as Director of the Company.

The remuneration and other terms relating to Mr. Rajesh Marwaha's appointment as a Whole-time Director of the Company are contained in the agreement dated January 4, 2017 as amended on June 29, 2017 between Mr. Rajesh Marwaha ('Mr. Rajesh') and the Company ('the Agreement'). The key terms of Mr. Rajesh's appointment are set out below:

1. Mr. Rajesh to be the Whole-time Director for a period of three (3) years from December 2, 2016, unless his employment is previously determined in pursuance of any of the provisions of the Agreement.
2. Mr. Rajesh shall, as Whole-time Director of the Company, exercise such powers and perform and discharge such duties, functions and responsibilities relating to finance. Mr. Rajesh shall report, and be answerable and responsible, to the Managing Director and promptly and faithfully obey and observe all directions that may from time to time be given to him by the Managing Director.
3. Mr. Rajesh shall, so long as he holds the office of Whole-time Director, be a director liable to retire by rotation in accordance with the applicable provisions of the Act, or any statutory modification or re-enactment thereof for the time being in force and the Company's Articles of Association.
4. Mr. Rajesh shall devote his whole time and attention during business hours to the business and affairs of the Company and shall exert his best endeavors to promote its interests and welfare.
5. In consideration of the faithful and proper performance by Mr. Rajesh of his duties and responsibilities as Whole-time Director, the Company shall pay to him:
  - i. (a) Basic Salary: A salary of ₹ 419,039/- (Rupees four lakhs, nineteen thousand and thirty nine only) per month;
  - (b) Employee Performance Bonus as per the Company's Bonus Scheme for the time being and from time to time in force. The payment of Employee Performance Bonus shall be based both on the Company's overall performance as well as the Whole time Director's individual performance; it being expressly agreed and understood that there is no contractual entitlement to bonus.

- ii. In addition to the above, the Company will provide to Mr. Rajesh:
  - (a) House Rent Allowance – ₹ 167,616/- (Rupees One Sixty Seven Thousand Six Hundred and Sixteen only) per month.
  - (b) Leave Travel Allowance – ₹ 33,523/- (Rupees Thirty Three Thousand Five Hundred and Twenty Three only) per month.
  - (c) Medical Allowance- ₹ 1,250/- (Rupees One Thousand Two Fifty only) per month.
  - (d) Personal Pay – An amount of ₹ 374,457/- (Rupees three lakhs, seventy four thousand, four hundred and fifty seven only) per month with such increments as the Managing Director may in its absolute discretion determine.
  - (e) Car Allowance – ₹ 24,583/- (Rupees Twenty Four Thousand Five Hundred and Eight Three only) per month.
  - (f) Petrol Allowance – ₹ 17,875/- (Rupees Seventeen Thousand Eight Hundred and Seventy Five only) per month.
  - (g) Maintenance – ₹ 2,000/- (Rupees Two Thousand only) per month.
  - (h) Driver – ₹ 7,254/- (Seven Thousand Two Hundred and Fifty Four) per month.
- iii. In addition to the foregoing, Mr. Rajesh shall also be entitled to the following benefits:

**Retirement Benefits per annum:**

- (a) Provident Fund: ₹ 603,416/- (Rupees Six Lakhs Three Thousand Four Hundred and Sixteen only)
- (b) Gratuity – ₹ 241, 869/- (Rupees Two Lakhs Forty One Thousand Eight Hundred and Sixty Nine only)

**Other Benefits per annum:**

- (a) Medical Insurance as per Company's policy. Approximate cost for calendar year – ₹ 33,925/- (Rupees Thirty Three Thousand Nine Hundred and Twenty Five only)
- (b) Group Personal Accident Insurance as per Company Policy. Approximate cost for calendar year – ₹ 48,399/- (Rupees Forty Eight Thousand Three Hundred and Ninety Nine only)

(c) Group Life Insurance as per Company Policy. Approximate cost for calendar year – ₹ 5,448/- (Rupees Five Thousand Four Hundred and Forty Eight only)

(d) Employee Deposit Linked Insurance as per Company Policy. Approximate cost for calendar year – ₹ 931/- (Rupees Nine Hundred and Thirty One)

- iv. In line with the applicable rewards guidelines in force, Mr. Rajesh shall be entitled to ESOPs/ RSUs and such other equity linked benefits by the Company or by the parent/group company.

Annual Employee Performance Bonus and annual increment in the remuneration payable to Mr. Rajesh including issue/grant of ESOPs/ RSUs etc., shall be as the Managing Director may in his absolute discretion determine from time to time.

Income Tax, if any, on or in respect of all of the remuneration described in Clauses 5 (i), (ii), (iii) and (iv) above shall be borne and paid by Mr. Rajesh.

- 6. It is expressly agreed and understood that if in any financial year of the Company during the continuance of the employment of Mr. Rajesh as Whole-time Director, the Company has no profits or its profits are inadequate, Mr. Rajesh shall be entitled to remuneration as aforesaid subject to the limits prescribed in Schedule V to the Act.

- 7. Either party to be entitled to terminate the Agreement at any time by giving to the other not less than ninety (90) days prior notice in writing without assigning any reason therefor.

- 8. However, the Company is entitled to terminate Mr. Rajesh's employment at any time by payment to him of 3 (three) months' salary in lieu of notice.

The terms of Mr. Rajesh Marwaha's appointment are more fully set out in the said Agreement dated January 4, 2017 as amended on June 29, 2017 which will be available for inspection by any member at the registered office of the Company between 10 am to 12 noon on all working days, upto the date of the Annual General Meeting.

Mr. Rajesh Marwaha is not related to any other Director or Key Managerial personnel of the Company.

Further, Mr. Rajesh Marwaha does not have any interest in the capital of the company or its holding company or any of its subsidiaries directly or

indirectly or through any other statutory structures and does not have any direct or indirect interest and not related to the directors or promoters of the Company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and he possesses graduate level qualification with expertise and specialized knowledge in the field in which the Company operates. He accordingly fulfils the conditions pursuant to Notification no. S.O. 2922(E) dated September 12, 2016 issued by the Ministry of Corporate Affairs which permits the Company, with the approval of Members by passing special resolution to pay remuneration to its Whole-time Director in case it has no profit or inadequacy of profit, without approval of the Central Government.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Rajesh Marwaha and his relatives, are concerned or interested in the resolution.

This Explanatory Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Mr. Rajesh Marwaha as the Whole-time Director of the Company.

The Board recommends the resolution as set out at Item No. 10 and 11 of this Notice for the approval of the Members

### **Item No. 12**

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.

AstraZeneca UK Limited ("AZ UK"), with whom the Company has entered into the material related party transaction set out in the resolution at Item No.12 of the Notice, is a related party as defined in Section 2(76) of the Act and in the Listing Regulations.

Regulation 23 (4) of the Listing Regulations provides that all material transactions with a Related Party which constitute material transactions as defined in the Listing Regulations, require the approval of the Members by a resolution passed in general meeting.

The transactions entered into by the Company with AZ UK a related party during the financial year 2016-17 constitute material transactions as defined in the Listing Regulations. They will accordingly require to be approved by the Members at the ensuing Annual General Meeting by an ordinary resolution. Hence the resolution at Item No.12 of the Notice. The Related Party viz, AZ UK is not a member of the Company.

The following information is placed before the members:

Particulars	Information
Name of the Related Party	AstraZeneca UK Limited ("AZ UK")
Nature of relationship	AZ UK is the Parent Company of AstraZeneca Treasury Limited, United Kingdom, 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. Gregory David Emil Mueller and Mr. Ian John Parish (being representatives of AstraZeneca Group on the Board of the Company)
Nature, material terms, monetary value and particulars of the transactions	<p><b>Nature of the Transactions:</b></p> <p>Formulation, packaging and resale by the Company of the Related Party's products as defined therein pursuant to the Formulation, Packaging and Distribution Agreement dated June 20, 2005 entered into by the Company with AZ UK.</p> <p><b>Material Terms:</b> Credit period: 270 days. Transactions to take place at agreed transfer pricing. Termination of Agreement by 6 months written Notice by either party. Monetary Value of the transactions during 2016-17 is ₹ 120.83 Crores.</p>
Any other relevant or important information for the Members	<p><b>Other Particulars</b></p> <p>(a) Either party can terminate the Agreement with immediate effect by giving notice to the other, in the event of breach of any of the provisions of the Agreement, not remedied within 30 days of receiving written notice from the other.</p> <p>(b) AZ UK is entitled to cancel or suspend further delivery of Products to the Company, if the payment by the Company for the invoice amount is delayed by 30 days beyond the time stipulated for payment.</p> <p>The Company had sent its personnel to the Related Party viz., AZ UK, on deputation. The Related Party has reimbursed the Company the cost of deputation of such personnel. The aggregate reimbursement made by the Related Party to the Company is ₹ 2.02 Crores as indicated in the text of the resolution at Item No.12 of the Notice.</p> <p>The aggregate value of all of the material transactions with AZ UK shown in the text of the resolution at Item No.12 of the Notice during the financial year 2016-17 was ₹ 122.85 Crores.</p>

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Gregory David Emil Mueller and Mr. Ian John Parish, non-executive directors, being representatives of AstraZeneca group on the Board of the Company may be deemed to be concerned or interested in the resolution.

The Board recommends the resolution as set out at Item No.12 of this Notice for the approval of the Members.

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

Place: Bengaluru

Date: August 8, 2017

**Pratap Rudra**  
Company Secretary & Legal Counsel

## Annexure I to Notice

### **Statement of information in terms of Section II of Part II of Schedule V to the Companies Act, 2013 is given below**

#### I. General Information

1. Nature of Industry	Pharmaceuticals
2. Date or expected date of commencement of commercial production	The Company commenced its commercial production on November 6, 1979
3. Financial performance based on given indicators	For the year ended March 31, 2017 (₹ in Million)
	Total Revenue 5,592
	Profit before Tax 332
	Profit after Tax 244
4. Foreign investments or collaborations, if any	AstraZeneca Pharmaceuticals AB, Sweden, the Company's promoter holds 18,750,000 equity shares constituting 75% of the paid-up equity share capital of the Company.

#### II. Information about the appointee

Particulars	Mr. Gagan Singh Bedi	Mr. Rajesh Marwaha
(1) Background details	<p>Mr. Gagan Singh Bedi ("Mr. Singh") joined AstraZeneca Pharma India Limited in February 2006. He held various roles as a Business Director and later as Director Strategic Planning. He also held the position of Vice President-Sales &amp; Marketing – Cardiac and Diabetes.</p> <p>In 2012, Mr. Singh was appointed as the Country President for AstraZeneca Philippines. Post a successful stint in this role, he moved to the United Kingdom as Global Head of Established Brands and Global Medical Lead – Gastrointestinal / Cardio Vascular.</p> <p>Prior to AstraZeneca, Mr. Singh had worked with Baxter India and Eli Lilly. Mr. Singh holds a degree in Economics from the University of Delhi.</p>	<p>Mr. Rajesh Marwaha is a Chartered Accountant with over 24 years of Indian and international working experience, in varied roles in FMCG, Home Appliances, Pharmaceutical and Retail Mall sector.</p> <p>Prior to joining AstraZeneca, Mr. Rajesh Marwaha had worked with PepsiCo for seven years. He joined Groupe SEB SA, a French company in home appliances business in 1996. There, he worked in different functions; finance in India, Global internal audit at headquarters in France, Regional controller sales &amp; commercial in Dubai. He came back to India to join MSD pharmaceuticals in India in 2008 and worked there for 6 years.</p> <p>In his previous work engagements, he has set up new subsidiaries in different countries which has developed a strong business enabling approach in him.</p>
(2) Past remuneration	For FY 2016-17, Mr. Singh was paid a remuneration of ₹ 19,959,040/- in his capacity as Global Head of Established Brands and Global Medical Lead.	For FY 2016-17, Mr. Rajesh Marwaha was paid a remuneration of ₹ 16,357,381/- and for FY 2015-16, a remuneration of ₹ 12,638,578/- in his capacity as CFO of the Company
(3) Recognition or awards	-	-

Particulars	Mr. Gagan Singh Bedi	Mr. Rajesh Marwaha
(4) Job profile and his suitability	Mr. Singh has with him wide ranging experience in the pharmaceutical industry. He had joined AstraZeneca in 2006 and handled various roles and is best suited for the position for which he is appointed.	Mr. Rajesh Marwaha carries with him nearly two decades of wide ranging experience which includes varied roles in FMCG, Home Appliances, Pharmaceutical and Retail Mall sector and is best suited for the position for which he is appointed.
(5) Remuneration proposed	As set out in the Explanatory Statement	As set out in the Explanatory Statement
(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)	The remuneration proposed to be paid to Mr. Singh is commensurate with his job profile, experience, qualification, size of the Company, remuneration being paid in the same industry.	The remuneration proposed to be paid to Mr. Rajesh Marwaha is commensurate with his job profile, experience, qualification, size of the Company, remuneration being paid in the same industry.
(7) Pecuniary relationship/ relationship with the managerial personnel, if any.	Mr. Singh is not having any interest in the capital of the Company, directly or indirectly or through any other statutory structures or having any direct or indirect interest or related to the directors or promoters of the Company at any time during the last two years before and has no other pecuniary relationship with the Company or with the managerial personnel, except the remuneration being paid to him as Managing Director of the Company.	Mr. Rajesh Marwaha is not having any interest in the capital of the Company, directly or indirectly or through any other statutory structures or having any direct or indirect interest or related to the directors or promoters of the Company at any time during the last two years before and has no other pecuniary relationship with the Company or with the managerial personnel, except the remuneration being paid to him as Whole-time Director of the Company.

### III. Other information

Reasons for loss or inadequate profits/ Steps taken or proposed to be taken for improvement/ Expected increase in productivity and profits in measurable terms	<p>The Company made a net profit of ₹ 53 Million during the financial year 2015-16. The Company registered sales of ₹ 5,047 Million with a de-growth of 2.3% achieving a Net Profit of ₹ 244 Million, during the year. The Company aligned its portfolio to AstraZeneca's global Therapeutic Focus which is in core area of Cardio-Metabolism, Oncology &amp; Respiratory. Accordingly, certain brands were divested globally and locally in therapy areas of Antibiotics, Local Anesthesia, Maternal health care and other products. This resulted in de-growth in FY 2016-17 sales, however, the underlying growth of the Company for 2016-17 for non-divested brands was at 15.8%.</p> <p>In the last Board's Report, members were informed that the Company had entered into Distribution Services Agreement with Dr. Reddy's Laboratories to distribute Saxagliptin and with Sun Pharma to distribute Dapagliflozin and Ticagrelor under different brand names. During the year, these partnerships have enabled us to increase our access to a wider reach of health care professionals thereby benefitting more number of patients.</p> <p>The Company remains committed to accelerate growth in key therapy areas viz. Cardiovascular and metabolic diseases, respiratory and oncology through science led innovation strategy. Further, the company will continue to have increased investment in these growth platforms and will remain committed to maintaining a strong focus on cost optimisation and controls. All the above would enable the company to improve performance in the near future.</p>
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## Annexure II to Notice

[Pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings]

### Details of Directors Seeking appointment / re-appointment at 38<sup>th</sup> Annual General Meeting

Particulars	Ms. Revathy Ashok	Ms. Kimsuka Narsimhan	Mr. Gregory David Emil Mueller	Mr. Rajesh Marwaha	Mr. Gagan Singh Bedi	Mr. Ian John Parish
Date of Birth	January 16, 1959	May 3, 1964	August 19, 1971	March 26, 1963	December 26, 1971	June 1, 1972
Date of Appointment / reappointment	December 2, 2016	February 2, 2017	December 2, 2016	December 2, 2016	July 1, 2017	August 8, 2017
Qualification	Degree in Science and MBA from IIMB	Degree in Commerce and Member of Institute of Chartered Accountants of India and Institute of Cost Accountants of India	Degree in Commerce and Law	Degree in Commerce and Member of Institute of Chartered Accountants of India	Degree in Economics	Chartered Management Accountant
Brief profile and nature of their expertise in specific functional areas	Appended to this notice					
Directorships held in other listed companies	1. ADC India Communications Limited 2. Welspun Corp Limited 3. Quess Corp Limited	Akzo Nobel India Limited	Nil	Nil	Nil	Nil
Membership/ Chairmanships of Committees held in other listed Companies	1. ADC India Communications Limited (as Audit Committee-Chairman) 2. Quess Corp Limited (as Audit Committee Member and Stakeholders' Relationship Committee as Member)	Akzo Nobel Limited (as Audit Committee-Member)	Nil	Nil	Nil	Nil
Shareholding in the Company (No. of shares)	Nil	Nil	Nil	Nil	Nil	Nil
Relationship between Directors, inter-se	Nil	Nil	Nil	Nil	Nil	Nil

#### Notes:

- (a) Other details such as number of meetings of the Board attended during the year, remuneration drawn etc., are as provide in the Report on the Corporate Governance.
- (b) Pursuant to Regulation 26 of the Listing Regulations, only two Committees viz., Audit Committee and Stakeholders Committee have been considered.
- (c) Profile of each director/nature of their expertise is appended separately to this notice.

**Profile of Directors seeking appointment:****Ms. Revathy Ashok**

- Revathy Ashok runs an Independent Consulting Practice, Iris Consulting working with mid and early stage companies, helping them build value and scale. She is an angel investor with investments in over 15 start-ups and works closely with her investee companies on various strategic matters.
- She has had successful leadership experience of over thirty-five years spanning variety of industries - Private Equity, software and IT enabled services, manufacturing and infrastructure in Senior Management positions handling a wide variety of portfolios, namely, Capital Raising, Business Development, Finance, Commercial and other strategic general management functions. Her immediate previous positions were Managing Director & Head Finance of Tishman Speyer in India and CFO of Syntel Inc, a Nasdaq listed IT major.
- She currently serves on the Boards of leading listed companies and multinationals in India and chairs some of the Audit Committees. She has previously headed the CII Finance and Taxation Committee for Southern Region and served on the Governing Council of TiE Bangalore. Her social and philanthropic commitments are manifold.
- In 2011, Revathy was nominated by CII as one of the top women achievers in Business in South India and in 2005, she was named as one of the 10 most powerful women in the Indian IT industry by Dataquest.
- She has a bachelor's degree in science from Mount Carmel College and is a gold medalist from the Indian Institute of Management, Bangalore.

**Ms. Kimsuka Narsimhan**

- Ms. Kimsuka Narsimhan is currently the Asia-Pacific Region CFO for Kimberly-Clark. She has over 27 years of experience in consumer products companies including Unilever and PepsiCo, in a number of categories across Personal care, Home care, Frozen Desserts, Foods and Beverages in India, Europe, South East Asia and Middle East.
- She is a Member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India and a Bachelor of Commerce from the University of Madras. She has been a Gold medallist at the Institute of Chartered Accountants of India and University ranker.
- She is an Independent Director on the Board of Akzo-Nobel Limited.

**Mr. Gregory David Emil Mueller**

- Mr. Gregory David Emil Mueller, is the Deputy General Counsel, International & Japan for AstraZeneca PLC and has the responsibility for managing all commercial legal risks for the company outside of the US, Canada and the EU. His geographic responsibility includes Asia-Pacific, the Middle-East & Africa, Russia & Eurasia and Latin America, a combined region in which AZ employs over 20,000 people and generates ~ USD 9 billion in annual revenue.
- Prior to his current role, Mr. Gregory David Emil Mueller was the Regional Legal Director for AstraZeneca's Asia-Pacific region and before that, he was the Legal Director for AstraZeneca's Canadian affiliate.
- He holds a Bachelor of Commerce specialist degree from the University of Toronto and a law degree from Queen's University in Canada.
- Before joining AstraZeneca, he worked for Blake, Cassels & Graydon, LLP, a law firm, based in Toronto, Canada, where he practiced Corporate and Commercial law, with a focus on the pharmaceutical industry.

### **Mr. Rajesh Marwaha**

- Mr. Rajesh Marwaha has been the Chief Financial Officer of the Company since August 2014.
- He has over twenty four years of Indian and International working experience. His experience includes varied roles in FMCG, Home Appliances, Pharmaceutical and Retail Mall sector. During his past work tenure, his main experience has been to set up new subsidiaries in different countries which has developed a strong business enabling approach in him.
- He is a member of the Institute of Chartered Accountants of India.
- Prior to joining AstraZeneca, he had worked with PepsiCo for seven years. He joined Groupe SEB SA, a French company in home appliances business in 1996. There, he worked in different functions; finance in India, Global internal audit at headquarter in France, Regional Controller Sales & Commercial in Dubai. Post a successful stint, he came back to India to join MSD pharmaceuticals in India in 2008 and worked there for 6 years.

### **Mr. Gagan Singh Bedi**

- Mr. Gagan Singh Bedi joined the Company in February 2006. He held various roles as a Business Director and later as Director Strategic Planning. He also held the position of Vice President-Sales & Marketing – Cardiac and Diabetes.
- In 2012, he was appointed as the Country President for AstraZeneca Philippines. Post a successful stint in this role, he moved to the United Kingdom as Global Head of Established Brands and Global Medical Lead – Gastrointestinal / Cardio Vascular.
- Prior to joining AstraZeneca, he had worked with Baxter India and Eli Lilly. Mr. Singh holds a degree in Economics from the University of Delhi.

### **Mr. Ian John Parish**

- Mr. Ian John Parish joined AstraZeneca UK Limited in April 2015. He is a member of AstraZeneca Global Finance Leadership Team providing business partnering financial support to the areas of Operations, IT, and Enabling Functions.
- He is qualified as a Chartered Management Accountant, UK.
- Prior to joining AstraZeneca, he worked with Henkel KGaA, a German listed Adhesives and Consumer Products manufacturer where for 15 years he held various Business Finance and Corporate Finance positions, worked in different regions viz., Asia Pacific, America and in the German Headquarters in Dusseldorf where he held the position of Head of Internal Audit. He had also worked for 7 years with Mercedes Benz in the UK Sales & Marketing Headquarters.

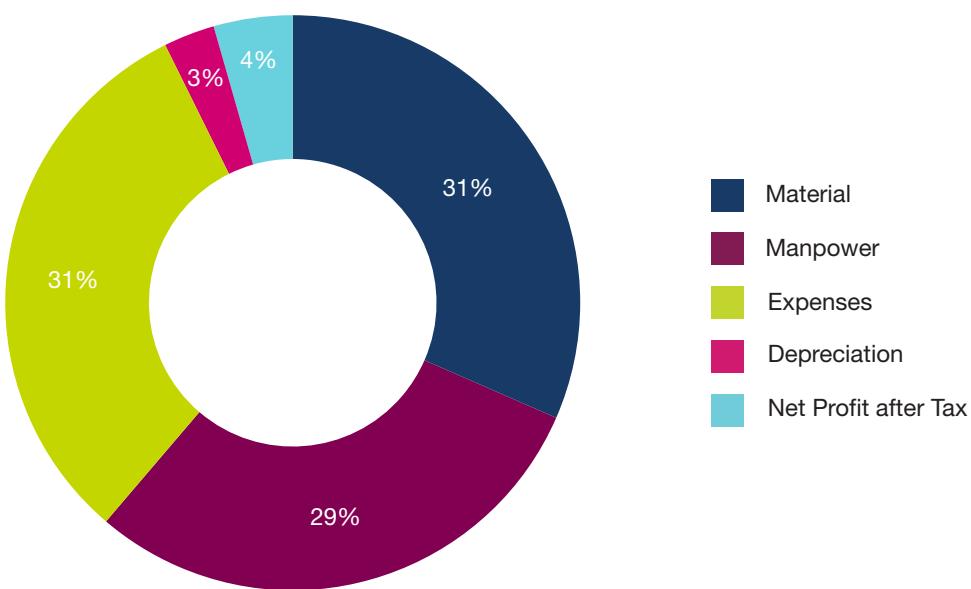
## BOARD'S REPORT

Your Directors are pleased to present the 38<sup>th</sup> Annual Report together with the Audited Financial Statements of the Company for the financial year ended March 31, 2017.

### FINANCIAL RESULTS

Particulars	2016-17	2015-16
Sales and Other Income	5,592	5,705
Profit/(Loss) before Tax	332	58
Provision for Taxation		
- Income Tax	88	5
- Adjustment for Deferred Tax	-	-
Total Tax	88	5
Profit/(Loss) after Taxation	244	53
Surplus brought forward from the previous year	255	203
<b>Total amount available for appropriation</b>	<b>500</b>	<b>255</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	500	255

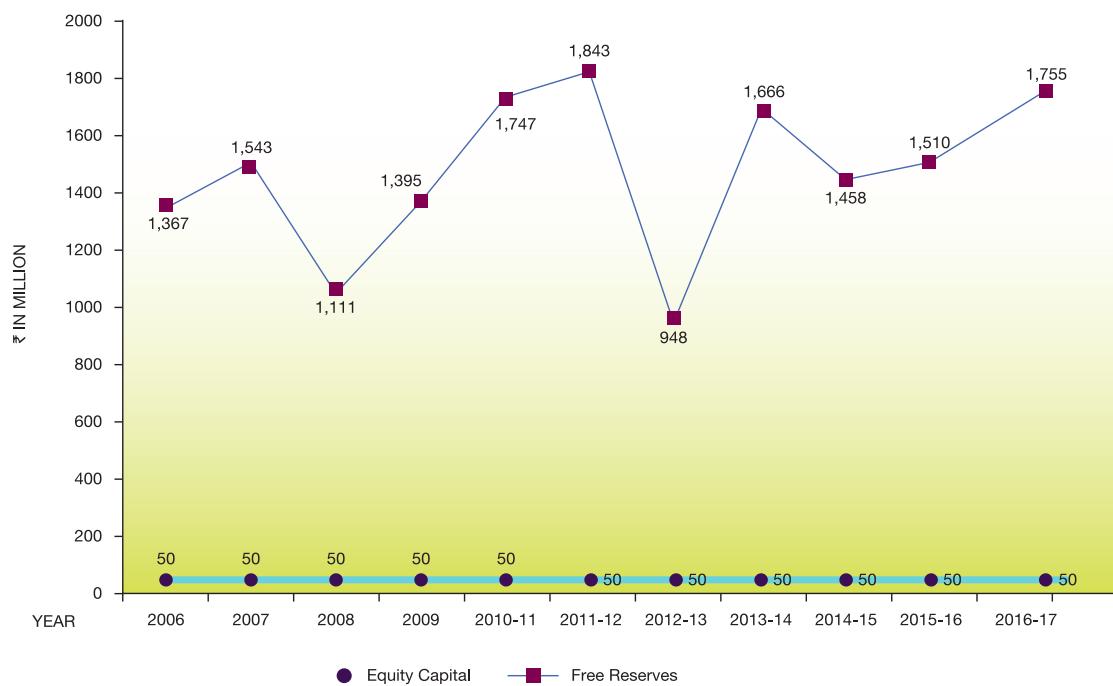
### Distribution of Total Revenue (%)



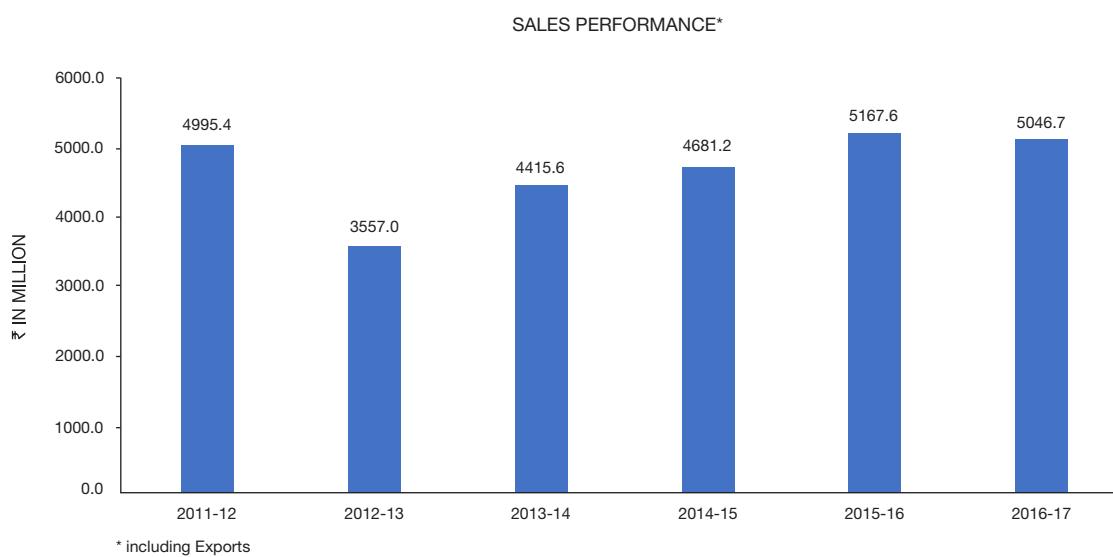
## Dividend

Though the Company made significant progress during the year in terms of its business performance, considering its overall financial position, the Directors are not recommending any dividend for the year 2016-17.

## Net Worth



## Sales and Marketing



## Business

The Company registered sales of ₹ 5,047 million with a de-growth of 2.3% achieving a Net Profit of ₹ 244 million, during the year. The Company aligned its portfolio to AstraZeneca's Global Therapeutic Focus which is in core areas of Cardio-Metabolism, Oncology and Respiratory. Accordingly, certain brands were divested globally and locally in therapy areas of Antibiotics, Local Anaesthesia, Maternal Health Care and other Products. This resulted in de-growth in financial year 2016-17 sales, however, the underlying growth of the company for 2016-17 for non-divested brands was at 15.8%.

The Company's Growth Platform including the innovative drugs Brilinta, Forxiga, Symbicort, Onglyza and Kombiglyze now constitutes 54% of total sales and grew by 30%.

In the last Board's Report, members were informed that the Company had entered into Distribution Services Agreement with Dr. Reddy's Laboratories to distribute Saxagliptin and with Sun Pharma to distribute Dapagliflozin and Ticagrelor under different brand names. During the year, these partnerships have enabled us to increase our access to a wider reach of health care professionals thereby benefitting more patients.

Brilinta (Ticagrelor) prescribed for treatment in Acute Coronary Syndrome (ACS) disease, continued to

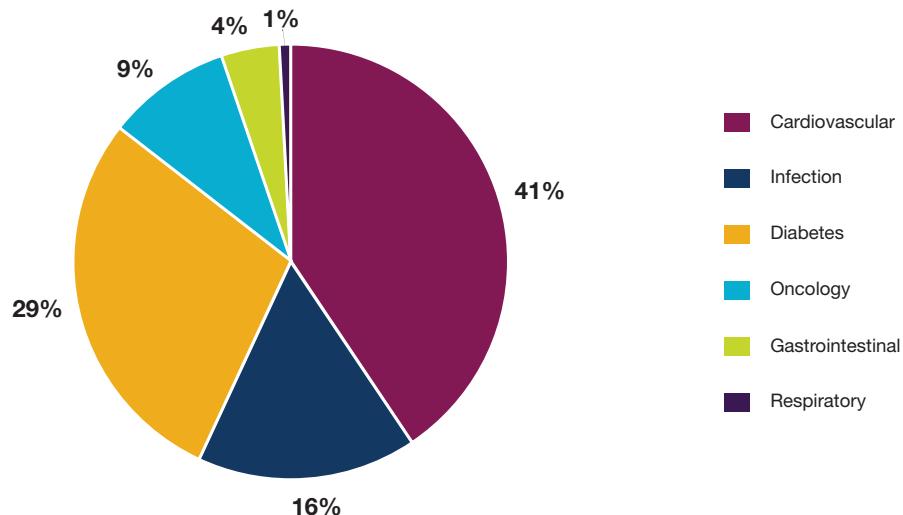
register rapid growth. This franchise crossed the ₹ 1,000 million milestone within 5 years of launch and as per IMS Health, Ticagrelor franchise enjoyed 22% market share (MAT Mar 2017). Brilinta continues to be the #1 Oral Antiplatelet brand and won the prestigious award from AWACS for "Brand of the Year" in chronic category.

Forxiga, which is part of a newer class of anti-diabetic known as SGLT2 (Sodium Glucose Cotransporter 2) inhibitors, also experienced a robust growth. Forxiga won the "New Introduction of the Year" award for the best launch in chronic category by AIOCD-AWACS. As per IMS Health, the Dapagliflozin franchise enjoyed a 32 % market share within SGLT2 class (MAT Mar 2017).

## Manufacturing

Manufacturing Operations in India continue to progress and develop. Several quality and compliance programs have been launched at the plant during last 3 years and have been instrumental in propagating the cGMP culture at the plant. The plant has successfully completed the Worldwide Audit Group audit this year and also passed inspections from the state drug authorities. The plant has undertaken several initiatives around Safety, Health & Environment, Engineering Efficiencies and achieved overall productivity improvements. The overall capacity utilization of the plant has been a specific area of focus and initiatives were undertaken to assess opportunities.

### Therapeutic Area-wise Sales Contribution (%)



## **Material changes and commitment, if any, affecting financial position of the Company from the end of the Financial Year and till the date of this Report**

There has been no material change or commitment affecting the financial performance of the Company between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

### **Deposits**

During the year under review, the 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.

### **Safety Health and Environment**

Safety as well as Health and Wellbeing of employees is an important issue for the Company. During the year, the Company's field force was trained in defensive driving techniques to enhance their on-road safety. This led to a significant reduction in the number of road accidents in the field. Further, new initiatives were introduced on building a safe working environment for our women employees. Many health awareness activities too were carried out throughout the year.

### **Human Resources and Employee Relations**

The Company is committed to provide career opportunities for its employees and enable their growth and development. Further, there is a focus on hiring science and pharmacy graduates to strengthen the scientific orientation in the workforce. There continues to be a focus on building gender diversity in the workforce. Training programs to strengthen scientific and technical knowledge of the employees were extensively implemented across the business.

We continued our strong focus on cost optimization and controls. Measures were undertaken to reduce unproductive, discretionary and non-customer facing spends, develop simple and more efficient processes and encourage higher accountability to improve decision making and communication.

The Company continued to provide career development and learning opportunities for its employees. During the year, the India Development

Week was conducted to enable employees to develop capabilities to further their development within AstraZeneca to enable them to be ready for the focus on newer challenges and portfolio. We also continued to focus on building a diverse organization with employees from different backgrounds and cultures.

### **Number of Employees**

The total number of employees of the Company as on March 31, 2017 was 1,141 as against 1,587 as on March 31, 2016.

### **Legal Matters**

In the last year's Board's Report, members were informed about the following pending matters:

- (a) Arbitration proceedings with National Highway Authority of India (NHAI) in respect of first and second acquisition of land made by NHAI in the year 2004 and 2011 respectively.
- (b) Writ Petition before the High Court of Karnataka challenging the notice received from Bruhat Bangalore Mahanagar Palike dated August 7, 2014 and the interim stay against the demand notice granted by the High Court of Karnataka.
- (c) Appeal filed by two shareholders of the Company before Securities Appellate Tribunal against part of the Order of Securities and Exchange Board of India (SEBI) dated June 24, 2014, in relation to delisting proposal of AstraZeneca Pharmaceuticals AB, Sweden.

During the year under review, there has been no reportable developments on the above matters.

### **Transfer to Investor Education and Protection Fund**

As required under the Companies Act, 1956/2013 the unclaimed dividend amount aggregating ₹ 1,931,580 lying with the Company for a period of seven years pertaining to the financial year ended December 2008 was transferred during July 2016, to the Investor Education and Protection Fund, established by the Central Government.

### **Directors' Responsibility Statement**

To the best of our knowledge and belief and according to the information and explanations obtained by us, the Directors state 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, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (b) that they had selected such accounting policies and applied them consistently and made judgments and estimates 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, 2017 and of the profit of the Company for the year ended on that date.
- (c) that they had taken proper and sufficient care for the 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 fraud and other irregularities.
- (d) that they had prepared the annual financial statements on a going concern basis.
- (e) that they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

The details in respect of internal financial controls and their adequacy are included in the Management Discussion and 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**

The Company is committed to provide a healthy environment to all its employees. There is zero tolerance of discrimination and/or harassment in any form. The Company has in place a Prevention of Sexual Harassment Policy and an Internal Complaints Committee as per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Internal Complaints Committee received two complaints. In respect of

one complaint, the recommendations of the Internal Complaints Committee have been implemented by the management. The other complaint is under review.

### **Board Meetings**

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

### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, performance evaluation exercise was carried out for evaluation of the performance of the Board as a Whole, the Chairman, Independent Directors and the non-independent Directors. The Company has formulated a questionnaire to carry out the evaluation exercise. The questionnaire is structured to embed various parameters based on identified criteria and framework to carry out the evaluation effectively.

### **Remuneration Policy of the Company**

The Remuneration Policy of the Company for appointment and payment of remuneration to the Directors, Key Managerial Personnel and Senior Executives of the Company is annexed herewith as Annexure - I, which forms part of this Report.

### **Vigil Mechanism / Whistle Blower Policy**

The Company has a disclosure mechanism for Directors and Employees to report any concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides adequate safeguards for victimization of Directors / Employees. 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 - II.

## **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.

All related party transactions are placed before the Audit Committee for prior approval. Omnibus approval of the Audit Committee is obtained for transactions which are repetitive in nature or when the need for them cannot be foreseen in advance.

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 the Listing Regulations, require to be approved by the Members by way of an Ordinary Resolution. In this connection, the material related party transactions requiring Members' approval are dealt with at Item No.12 of the Notice, read with the 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, are attached as Annexure – III.

## **Risk Management**

The Company has a mechanism to inform the Board on the risk assessment and minimization procedures, and a periodical review is carried out to ensure that executive management controls are appraised by means of a properly defined framework.

## **Corporate Social Responsibility (CSR)**

Since the average net profit of the Company during the three immediately preceding financial years was negative, the Company was not required to spend on CSR activities during the financial year 2016-17.

Founded in partnership with John Hopkins School of Public Health and Plan International, AstraZeneca global had introduced its signature global community initiative 'the Young Health Programme' (YHP) in the year 2010-11 in five resettlement colonies in Delhi. The overall aim of YHP is to make a meaningful difference to the health and well-being of marginalized and disadvantaged adolescent boys and girls by helping them to make informed choices to protect their health, now and in the future. YHP

focuses on prevention of Non Communicable Diseases (NCDs) during adolescence because that is when risk behaviours such as tobacco use, alcohol abuse and unhealthy eating usually start. Scientific research has shown that these behaviours, once formed, are hard to change and can lead to major NCDs like type 2 diabetes, cancer, heart and respiratory disease, later in life.

YHP India is funded and supported by AstraZeneca global and the Company's contribution to YHP India includes employee engagement and disease awareness initiatives in the communities.

The Programme completed five successful years in 2015. AstraZeneca global launched the third phase of YHP in 2016 extending the Programme to additional five communities in North West Delhi till 2020. YHP India has directly reached out to 199,387 adolescents (114,539 girls) and has influenced 119,770 wider community members, including health professionals, educators and policy makers. Close to 2,200 young people have been trained to be educators in their local communities (1,135 girls). 15 Health Information Centres provide preventive, promotive health and counselling services and special health clinics for adolescents have been initiated across 5 project communities. In the third phase, YHP expects to reach over 130,000 adolescent girls and boys directly and indirectly influence at least 80,000 people in the wider community, including parents, policy makers, educators and health professionals.

YHP was recognized as a 'Corporate CSR – Best Practice' at the National Human Resources Development Conference held in Bangalore in 2016.

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

## **Particulars of Employees**

The statement under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in Annexure - VII, which forms part of this Report.

However, the said Annexure shall be provided to Members on a specific request made in writing to the Company. The said information is available for inspection by the Members at the Registered Office of the Company on any working day of the Company up to the date of the 38<sup>th</sup> Annual General Meeting.

## **Management Discussion and Analysis**

Management Discussion and Analysis Report as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') is annexed as Annexure - VIII, which forms part of this Report.

## **Corporate Governance**

A detailed report on corporate governance as required under the Listing Regulations is annexed as Annexure - IX. Certificate of the Practicing Company Secretary regarding compliance with the conditions stipulated in the Listing Regulations forms part of the Report on Corporate Governance, which forms part of this Report.

## **Reporting of Frauds**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or the Board, as required under Section 143(12) of the Act and Rules framed thereunder.

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

During the year under review, the 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.

## **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, had 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 including the Audit Committee are given in the Corporate Governance Report.

## **Directors and Key Managerial Personnel**

The Companies Act, 2013 provides for the appointment of Independent Directors, who shall hold office for a term of up to 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. The Independent Directors of your Company Mr. Narayan K Seshadri, Ms. Revathy Ashok and Ms. Kimsuka Narsimhan, have furnished the required declaration under Section 149 of the Companies Act, 2013, affirming that they meet the criteria of independence.

## **Changes to the Board of Directors:**

The following Directorship changes occurred and the Board during the year and up to the date of this report:

### **Resignations from the Board:**

- (a) Mr. D.E. Udwadia (Chairman and Independent Director), Mr. K.S. Shah (Independent Director) and Ms. Claire-Marie O' Grady (Non-executive Director) resigned w.e.f December 2, 2016
- (b) Mr. Ian Brimicombe (Non-executive Director) resigned w.e.f May 31, 2017
- (c) Mr. Sanjay Murdeshwar (Managing Director) resigned w.e.f June 30, 2017

## **Appointments to the Board:**

- (a) Ms. Revathy Ashok (Independent Director), Mr. Gregory David Emil Mueller (Non executive Director) and Mr. Rajesh Marwaha (Whole-time Director) were appointed as Additional Directors of the Company at the meeting of the Board held on December 2, 2016.
- (b) Ms. Kimsuka Narsimhan (Independent Director) was appointed as Additional Director of the Company at the meeting of the Board held on February 2, 2017.
- (c) Mr. Gagan Singh Bedi (Managing Director) was appointed as Additional Director of the Company w.e.f July 1, 2017 at the meeting of the Board held on June 29, 2017.
- (d) Mr. Ian John Parish (Non-executive Director) was appointed a Director of the Company to fill the casual vacancy arising due to the resignation of Mr. Ian Brimcombe, at the meeting of the Board held on August 8, 2017.

A proposal is placed before the shareholders for the appointment of the aforesaid directors at the Annual General Meeting. The Board recommends their appointment to the shareholders.

Mr. Anantha Murthy N resigned as Legal Counsel & Company Secretary effective November 15, 2016. Mr. Pratap Rudra, was appointed as the Company Secretary & Legal Counsel effective February 2, 2017.

The details of familiarization programme for Directors have been provided in the Corporate Governance Report.

As on date of this report, Mr. Gagan Singh Bedi, Managing Director, Mr. Rajesh Marwaha, Chief Financial Officer & Director and Mr. Pratap Rudra, Company Secretary & Legal Counsel, are the Key Managerial Personnel of the Company.

## **Auditors**

### **Statutory Auditors:**

At the Annual General Meeting held on August 11, 2016, M/s. Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration No. 304026E/E-300009), were appointed as statutory auditors of the Company for a period of 5 years viz., till the conclusion of 42<sup>nd</sup> Annual General Meeting. In terms of the first proviso on Section 139 of the Companies

Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Price Waterhouse & Co. Chartered Accountants LLP, as statutory auditor of the Company, is placed for ratification by the shareholders at the Annual General Meeting. The Company has received a certificate from the auditor to the effect that if appointed, their appointment would be in accordance with the provisions of section 139 read with section 141 of the Companies Act, 2013.

### **Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments made thereto, your Company engaged the services of Mr. Vijayakrishna KT, Practicing Company Secretary to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2017. The Secretarial Audit Report in Form MR-3 is annexed as Annexure – X, which forms part of this Report.

### **Cost Auditors:**

The Board of Directors of the Company, based on recommendation of the Audit Committee, has appointed M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore, (holding Registration No.000065), as Cost Auditor of the Company, for conducting the Cost Audit for the financial year 2017-18, on a remuneration as mentioned in the Notice convening the 38<sup>th</sup> Annual General Meeting.

A Certificate from M/s. Rao, Murthy & Associates, Cost Accountants, has been received to the effect that their appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

Cost Audit Report for the year 2015-16 was filed with the Ministry of Corporate Affairs on September 1, 2016.

## 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 of the significant contribution and continued support of the employees at all levels to the Company's operations during the year.

Place : Bengaluru

Date : August 8, 2017

On behalf of the Board of Directors

**NARAYAN K SESHADRI**  
**CHAIRMAN**

# **Annexure I to Board's Report**

## **Nomination and Remuneration Policy**

The Remuneration Committee of AstraZeneca Pharma Limited ("the Company") was constituted on February 6, 2013. In order to align with the provisions of the Companies Act, 2013 and the Listing Agreement, the Board at its meeting held on May 30, 2014, renamed the "Remuneration Committee" as "Nomination and Remuneration Committee" and approved the Terms of Reference.

### **1. Objective:**

The Nomination and Remuneration Committee was constituted pursuant to Section 178 of the Companies Act, 2013 ("the Act") read along with the applicable rules thereto and Clause 49 of the Listing Agreement and this Policy is in compliance therewith.

### **2. Definitions:**

- (a) Act means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- (b) Board means the Board of Directors of the Company
- (c) Directors means Directors of the Company
- (d) Key Managerial Personnel: Key Managerial Personnel means—
  - (i) Chief Executive Officer or the Managing Director or the Manager;
  - (ii) Company Secretary,
  - (iii) Whole-time director;
  - (iv) Chief Financial Officer; and
  - (v) such other officer as may be prescribed by the Act or rules made thereunder.

- (e) Senior Management Personnel: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

### **3. Applicability:**

The Policy is applicable to

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

### **4. Constitution, Composition, Quorum:**

- (a) The Committee shall consist of a minimum 3 (Three) non-executive directors, out of which not less than one half shall be Independent Directors.
- (b) Two (2) members present out of whom one shall be an Independent Director shall constitute a quorum for a Committee meeting.
- (c) The Chairman of the Committee shall be an Independent Director. In the absence of the Chairman of the Committee, the members present at the meeting shall elect one of the members of the Committee, to act as Chairman of that meeting.
- (d) The Chairman of the Company can be a member of the Committee but shall not chair the Committee.
- (e) The Chairman of the Committee or in his absence any member of the Committee nominated by the Chairman shall be present at the AGM to answer shareholders queries.
- (f) Membership of the Committee shall be disclosed in the Annual Report.

### **5. Meetings and invitees to meetings:**

- The Committee will meet as and when required or mandated by the Board or the Chairman of the Committee.
- The Committee may invite such executives, as it considers appropriate to be present at any meeting of the Committee.
- The Company Secretary shall act as Secretary of the Committee.

## **6. Role and Functions of the Committee relating to Nomination:**

- (a) To review the Board structure, size and composition and make recommendations to the Board in this regard;
- (b) To identify persons who are qualified to become directors (including appointments to committees) and who may be appointed in Senior Management in accordance with the criteria laid-down, recommend to the Board the appointment of directors and removal and to carry out evaluation of every director's performance;
- (c) To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (d) To recommend to the Board plans for succession, in particular, of the Managing Director, the Executive Directors, Key Managerial Personnel and Senior Management Personnel;
- (e) To evaluate the performance of the Board on certain pre-determined parameters as may be laid down by the Board as part of the self-evaluation process.

## **7. Functions and Responsibilities of the Committee relating to Remuneration:**

The functions and responsibilities of the Committee in relation to remuneration will be as under:

### **7.1 Relating to the Company:**

- The Committee to formulate and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- The Committee while formulating the above policy shall ensure that –
  - (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - (b) relationship of remuneration to performance be clear and meets appropriate performance benchmarks; and

(c) 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.

## **7.2 Relating to the Performance and Remuneration of the Managing Director / Wholetime Director:**

- Establish key performance metrics to measure the performance of the Managing Director / Wholetime Director including the use of financial, non-financial and qualitative measures.
- Review and recommend to the Board the remuneration and performance bonus or commission to the Managing / Wholetime Directors.

## **7.3 Relating to the Performance and Remuneration of the Non-Executive Directors:**

- Define the principles, guidelines and process for determining the payment of commission to non-executive directors of the Company.

## **8. Other Functions:**

Perform such other activities within the scope of this Policy as may be directed by the Board of Directors or under any regulatory requirements.

## **9. Disclosure:**

This Policy as amended from time to time shall be disclosed in the Board's Report.

## **10. Nomination Duties:**

Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;

## **11. Remuneration Duties:**

The duties of the Committee in relation to remuneration matters include:

- (a) to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- (b) to review periodically the terms of appointment and the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- (c) to delegate any of its powers to one or more of its members.
- (d) to consider any other matters as may be requested by the Board;
- (e) professional indemnity and liability insurance for Directors and senior management.

Criteria for payment of remuneration to Directors, KMP and Senior Management Personnel is provided under **Annexure – A** attached to this Policy.

## **12. Minutes of Committee Meetings:**

Proceedings of all meetings shall be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

## **Criteria for payment of remuneration to Directors, KMP and Senior Management Personnel**

### **(A) (i) Remuneration to Managing / Wholetime Directors**

- (a) The remuneration and commission to be paid to the Managing and Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
- (b) The remuneration and commission etc. to be paid to the Managing Director / Whole-time Director will be determined by the Committee and recommended to the Board for approval. The same shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- (c) Subject to Para (B) below, the increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing and Whole-time Director.
- (d) Where any insurance is taken by the Company on behalf of its Directors for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such Directors. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director in accordance with the provisions of Schedule V to the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the shareholders and / or Central Government, as the case may be.

### **Provision for excess remuneration:**

If Managing Director, Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### **(ii) Remuneration to Non-Executive Independent Director's in India:**

#### **(a) Sitting Fees:**

The Independent Directors in India may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the amount as may be prescribed under the Companies Act, 2013 and the Rules made thereunder

#### **(b) Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

### **(B) Remuneration to KMP and Senior Management Personnel:**

KMP and Senior Management Personnel shall be eligible for remuneration by way of both fixed and variable pay comprising of monthly salary & perquisites and performance based incentive / commission.

Appraisals of KMP and Senior Management Personnel, annual and / or otherwise, shall be done by the Managing Director and the Head of HR function. The Managing Director shall approve the remuneration including the annual increase in remuneration payable to the KMP thereof.

## Annexure II to Board's 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:

Our Tablet Facility was the first pharma facility in India to be accredited with Gold Standard Rating under LEED (Leadership in Energy and Environmental Design) certification. The facility uses vapour absorption chiller, efficient water fixtures and an extensive energy modelling done with 33.67% reduction in power consumption. All the HVAC (Heating Ventilation and Air Conditioning) operations is controlled by the building management system which enables the facility to be energy efficient.

- (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
- Condensate water recovery system
- Recycled Materials for Construction
- Usage of transparent roofing in engineering stores and other areas to conserve lighting load.

- (iii) The capital investment on energy conservation equipment:

- The Company's investment into the existing Tablet Facility includes investments made on energy conservation equipment and systems.
- Usage of power saving LED fixtures for lighting in our production facility, Central warehouse facility and street lighting.
- Surrendering of surplus 750KVA contract demand load to BESCOM completed.
- Usage of motion sensors for office and some production areas to conserve lighting load.
- Installation of Voltage stabilizer for lighting power conservation.

#### 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

- Foreign Exchange earned in terms of actual inflows: ₹ 216.38 million
- Foreign exchange outgo in terms of actual outflows: ₹ 1323.84 million

On behalf of the Board of Directors

**NARAYAN K SESHADRI  
CHAIRMAN**

Place : Bengaluru  
Date : August 8, 2017

## **Annexure III to Board's 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 arm's length transactions under third proviso thereto.

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

During the financial year 2016-17, there was no contract or arrangement or transaction with the related parties, which is not at arm's length and in the ordinary course of business.

#### **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, United Kingdom 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 and Reimbursement by AZ UK, the cost of employees deputed by the Company outside 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.

(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 Period: 270 days

Transactions to take place at agreed transfer pricing

Termination of Agreement by 6 months written notice by either party

Monetary value of transaction(s) during 2016-17 is ₹ 120.83 Crores

(ii) The Company had sent its personnel to the Related Party viz., AZ UK, on deputation. The Related Party has reimbursed the Company, cost of deputation of such personnel. The aggregate reimbursement made by the Related Party to the Company is ₹ 2.02 Crores. The aggregate value of transactions with AZ UK, a Related Party during the financial year 2016-17 was ₹ 122.85 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

**NARAYAN K SESHADRI  
CHAIRMAN**

Place : Bengaluru  
Date : August 8, 2017

## **Annexure IV to Board's 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 [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

2. The Composition of the CSR Committee.

Mr. Ian Brimicombe – Chairman<sup>(1)</sup>  
Ms. Revathy Ashok  
Mr. Sanjay Murdeshwar<sup>(2)</sup>

3. Average net profit of the Company for last three financial years: ₹ 5.88 Crores (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 2016-17.
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. Responsibility Statement:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**Sanjay Murdeshwar**  
Managing Director

Place : Bengaluru  
Date : May 9, 2017

**Ian Brimicombe**  
Chairman of CSR Committee

- (1) Mr. Ian Brimicombe resigned w.e.f. May 31, 2017 and has been replaced by Mr. Ian John Parish as the Chairman of the Committee w.e.f. August 8, 2017.
- (2) Mr. Sanjay Murdeshwar resigned as Member of the Committee w.e.f. June 30, 2017 and has been replaced by Mr. Gagan Singh Bedi as Member of the Committee w.e.f. July 1, 2017.
- (3) Mr. Gregory David Emil Mueller was appointed as a Member of the Committee w.e.f. June 29, 2017.

## Annexure V to Board's Report

**Form No. MGT-9**

### EXTRACT OF ANNUAL RETURN

For the financial year ended on March 31, 2017

*[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 11, 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 - 560045 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 Registry Management Services Private 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	Brilinta / Axcer	21001	23.69%
2	Foxiga / Oxra	21001	15.36%
3	Meronem	21001	13.95%

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

Sl. No.	Name and Address of Holding Company held	CIN	Holding / Subsidiary	% of shares held	Applicable section
1	AstraZeneca Pharmaceuticals AB, Sweden	Not Applicable	Holding Company	75%	2(46)

#### 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., April 1, 2016				No. of Shares held at the end of the year i.e., March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(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>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
(a) NRI-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>18,750,000</b>	<b>75.00</b>	<b>18,750,000</b>	-	<b>18,750,000</b>	<b>75.00</b>	-
<b>Total Shareholding of Promoters</b>									
<b>(A)=(A)(1)+(A)(2)</b>	<b>18,750,000</b>	-	<b>18,750,000</b>	<b>75.00</b>	<b>18,750,000</b>	-	<b>18,750,000</b>	<b>75.00</b>	-
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds/UTI	1,769,347	-	1769,347	7.08	1,747,500	-	1,747,500	6.99	-0.09
(b) Banks/FI	6,321	125	6,446	0.03	1,1943	125	12,068	0.05	0.02
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	1,356,720	-	1,356,720	5.43	1,033,537	-	1,033,537	4.13	-1.30
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others(specify) - Alternative Investment Funds	3,100	-	3,100	0.01	-	-	-	-	-0.01
<b>Sub-Total (B)(1)</b>	<b>3,135,488</b>	<b>125</b>	<b>3,135,613</b>	<b>12.54</b>	<b>2,792,980</b>	<b>125</b>	<b>2,793,105</b>	<b>11.17</b>	<b>-1.37</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
i. Indian	370,499	875	371,374	1.49	333,141	625	333,766	1.34	-0.15
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	2,001,458	425,498	2,426,956	9.71	2,139,176	332,320	2,471,496	9.89	0.18
ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	162,280	-	162,280	0.65	405,369	-	405,369	1.62	0.97
(c) Others (specify)									
i. Foreign Bodies	-	-	-	-	-	-	-	-	-
ii. NRI/OCBs	49,555	1,250	50,805	0.2	69,546	500	70,046	0.28	0.08
iii. Clearing Members/ Clearing House	102,412	-	102,412	0.41	95,448	-	95,448	0.38	-0.03
iv. Trusts	560	-	560	-	25	-	25	-	-
v. Uncclaimed Suspense Account	-	-	-	-	-	-	80,745	80,745	0.32
vi. Limited Liability Partnerships	-	-	-	-	-	-	-	-	-
vii. Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
viii. Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(2)</b>	<b>2,686,764</b>	<b>427,623</b>	<b>3,114,387</b>	<b>12.46</b>	<b>3,042,705</b>	<b>414,190</b>	<b>3,456,895</b>	<b>13.83</b>	<b>1.37</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>									
<b>GRAND TOTAL(A+B+C)</b>	<b>24,572,252</b>	<b>427,748</b>	<b>25,000,000</b>	<b>100.00</b>	<b>24,585,685</b>	<b>414,315</b>	<b>25,000,000</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e., April 1, 2016			Shareholding at the end of the year i.e., March 31, 2017			% change in share holding during the year
		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	
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

Sl. No.	Particulars	Shareholding at the beginning of the year i.e., April 1, 2016		Cumulative shareholding at the end of the year i.e., March 31, 2017	
		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 April 1, 2016 to March 31, 2017				
	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., April 1, 2016		Cumulative Shareholding at the end of the year i.e., March 31, 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ICICI Prudential Mutual Fund (Various Schemes)	1,739,258	6.96	1,747,500	6.99
2	Suffolk (Mauritius) Limited	630,287	2.52	630,287	2.52
3	Shivani T. Trivedi	126,497	0.51	343,829	1.38
4	Mansfield (Mauritius) Limited	324,692	1.30	324,692	1.30
5	Globe Capital Market Limited	71,472	0.29	101,768	0.41
6	Satish Bhatt	61,550	0.25	61,550	0.25
7	Ajay Relan	40,000	0.16	40,000	0.16

Sl. No.	Top 10 Shareholders (*)	Shareholding at the beginning of the year i.e., April 1, 2016		Cumulative Shareholding at the end of the year i.e., March 31, 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Finquest Financial Solutions Pvt. Ltd.	51,503	0.21	31,000	0.12
9	Swayam R Doshi	0	0	30,000	0.12
10	Hemendra M Kothari	22,173	0.09	22,173	0.09

\* 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 of the shareholder .

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

Sl. No.	Particulars	Shareholding at the beginning of the year i.e., April 1, 2016		Cumulative shareholding at the end of the year i.e., March 31, 2017	
		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):				
	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>	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

## 6. Remuneration of Directors and Key Managerial Personnel

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (₹)
		Mr. Sanjay Murdeshwar (Managing Director)	Mr. Rajesh Marwaha (CFO & Director)
1	Gross Salary (as per Section 17(1) of Income Tax Act, 1961)	13,568,175	16,357,381
	- Value of perquisites u/s 17(2) of Income Tax Act, 1961	5,981,814	N.A.
	- Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	N.A.	N.A.
2	Stock Option	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.
4	Commission as a % of others	N.A.	N.A.
5	Others - if any	N.A.	N.A.
<b>Total</b>		<b>19,549,989</b>	<b>16,357,381</b>
Ceiling as per the Act		The remuneration paid to Mr. Sanjay Murdeshwar, Managing Director is within the limits approved by the Board, the Nomination and Remuneration Committee, the Shareholders and the Central Government. The remuneration paid to Mr. Rajesh Marwaha, Whole time Director is within the limits approved by the Nomination and Remuneration Committee and Board and further his appointment and payment of remuneration, is subject to approval by Shareholders.	

### (B) Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount (₹)
		Narayan K Seshadri	Revathy Ashok	D.E.Udwadia	K.S.Shah	
1	Independent Directors					
	• Fee for attending Board and Committee meetings	800,000	400,000	800,000	800,000	2,800,000
	• Commission	-	-	-	-	-
	• Others	-	-	-	-	-
	<b>Total (1)</b>	<b>800,000</b>	<b>400,000</b>	<b>800,000</b>	<b>800,000</b>	<b>2,800,000</b>
2	Other Non-Executive Directors					
	• Fee for attending Board and Committee meetings	Nil	Nil	Nil	Nil	Nil
	• Commission					
	• Others					
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total (B) = (1+2)</b>	<b>800,000</b>	<b>400,000</b>	<b>800,000</b>	<b>800,000</b>	<b>2,800,000</b>
<b>Total Managerial Remuneration (A+B)</b>						<b>38,707,370</b>
Overall Ceiling as per the Act		The remuneration paid to Mr. Sanjay Murdeshwar, Managing Director is within the limits approved by the Board, the Nomination and Remuneration Committee, the Shareholders and the Central Government. The remuneration paid to Mr. Rajesh Marwaha, Whole time Director is within the limits approved by the Nomination and Remuneration Committee and Board and further his appointment and payment of remuneration, is subject to approval by Shareholders.				
		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, Whole time Director and / or Manager

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel Pratap Rudra (Company Secretary & Legal Counsel) Amount (₹)
1	Gross Salary (as per section 17(1) of Income Tax Act, 1961) - Value of perquisites as per section 17(2) of Income Tax Act, 1961 - Profits in lieu of salary as per 17(3) of Income Tax Act, 1961	807,412 NIL NIL
2	Stock option	NIL
3	Sweat Equity	NIL
4	Commission as a % of others	NIL
5	Others if any	NIL
<b>Total</b>		<b>807,412</b>

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

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

Place : Bengaluru  
Date : August 8, 2017

On behalf of the Board of Directors

**NARAYAN K SESHADRI  
CHAIRMAN**

## Annexure VI to Board's 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*	19,549,989	31:1
Whole-time Director – Rajesh Marwaha	16,357,381	26:1
(Median remuneration of employees: ₹ 624,119)		
2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any.		
(a) Mr. Sanjay Murdeshwar, Managing Director*	3.6%	
(b) Mr. Rajesh Marwaha, Chief Financial Officer & Director	7.5%	
(c) Mr. Pratap Rudra, Company Secretary & Legal Counsel	Nil	

\* Mr. Sanjay Murdeshwar, resigned as Managing Director w.e.f June 30, 2017

3. Percentage increase in the median remuneration of employees in the financial year: **7.5%**
4. Number of permanent employees on rolls of the Company as on March 31, 2017: **1141**
5. Explanation on the relationship between average increase in remuneration and Company performance: **Increase in remuneration was budgeted 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 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)
31.03.2016	25,000,000	1154.75	2.1	549.88	2,887
31.03.2017	25,000,000	935.25	9.78	895.63	2,338
Increase/(Decrease)	-	(219.5)	7.68	(454.25)	(549)
% of Increase/(Decrease)	-	(19%)	78.53%	(82.61%)	(19.02%)
Issue price of the share at the last Public Offer	-	1(*)	-	-	-
Increase in market price as on 31.03.2017 as compared to issue price of Public Offer	-	934.25	-	-	-
Increase in %	-	93425%	-	-	-

\* 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: **No exceptional circumstances in increase of remuneration for KMPs. It is as per company increment guidelines.**
9. Comparison of each remuneration of Key Managerial Personnel against performance of the Company: **Remuneration of KMP was based on the company 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: **0.82:1**
12. Affirmation that the remuneration is as per remuneration policy of the Company: **Yes**

# **Annexure VIII to Board's Report**

## **Management Discussion & Analysis Report**

### **Indian Economy**

Indian economy ranks 7<sup>th</sup> in the Gross Domestic Product (GDP) global rankings, with a GDP of \$ 2.25 trillion and 3<sup>rd</sup> in terms of the Purchasing Power Parity (PPP) only behind China and the United States<sup>(1)</sup>. Its GDP is projected to grow at 7.7% in the fiscal year 2017 and 7.6% in fiscal year 2018 as per the United Nations World Economic Situation and Prospects (WESP) report and will continue to be the world's fastest growing major economy. Consumer Price Inflation (CPI) averaged at 4.9% during Apr-Dec 2016. The fiscal deficit of the centre currently stands at 3.5% of GDP<sup>(2)</sup>.

Two recent developments - demonetisation and the Goods and Services Tax (GST) bill have been of significant consequence in India. While demonetisation caused a short-term disruption initially, it is expected to self-correct itself, expand the formal economy and widen the tax base. The GST, which was rolled out on July 1, 2017 has replaced at least 17 state and federal taxes and brought them under one unified tax structure. It is expected to create a common Indian market, improve tax compliance and governance, and boost investment and growth<sup>(2)</sup>.

The Indian economy is on a high growth trajectory despite the challenging global macroeconomic factors like Brexit, US elections and weakening of the Yuan. Investment is expected to pick up helped by monetary easing and Government efforts towards infrastructure investments and public-private partnerships and the implementation of domestic reforms such as the introduction of the GST Bill<sup>(4)</sup>. Even so, large non-performing assets, high leverage ratios for some companies and difficulty in passing key structural reforms are holding the economy back<sup>(3)</sup>.

### **India Healthcare Environment**

The Healthcare sector comprises of hospital services, diagnostic services & products, medical devices, telemedicine, e-Health services, clinical trials, medical tourism and health insurance segments. It is valued at INR 7150 (\$110) billion and is expected to grow to INR 18200 (\$280) billion by

2020. Currently, approximately 80% of the hospital sector, which is the major sector in healthcare, is predominantly privatized<sup>6</sup>.

The market size of the diagnostic segment is also expected to grow at a Compounded Annual Growth Rate (CAGR) of 20% to INR 2080 (\$ 32) billion in 2022 from INR 325 (\$ 5) billion in 2012<sup>21</sup>. With government focus on quality and affordable healthcare for everyone and numerous other private initiatives, telemedicine is another segment whose future looks promising and poised for growth. Growing at a CAGR of over 20%, it is expected to more than double to INR 2048 (\$32) million by 2020 from the current INR 960 (\$15) million according to a recent Assocham's study<sup>17</sup>.

Investment in healthcare start-ups in areas such as Healthcare discovery, Pharmaceutical delivery, Information management systems and Home healthcare services is gaining momentum in India. The Healthcare sector received the 3<sup>rd</sup> highest Private Equity (PE) & Venture Capital (VC) investments in India, next only to the Information Technology (IT) & Banking, Financial services & Insurance (BFSI) sector<sup>15</sup>.

The National Health Policy (NHP 2017) (the first new health policy introduced by the Government in the last 15 years) addresses the current healthcare landscape and is expected to improve the access to and quality of healthcare and lower healthcare delivery costs.

Foreign Direct Investment (FDI) up to 100% is allowed in the hospital sector and in the manufacture of medical devices<sup>13</sup>. In the pharmaceutical sector, FDI is permitted up to 100 % in Greenfield projects and 74% in Brownfield projects under the automatic route<sup>14</sup>.

Total healthcare spend in India is 4.7% of GDP of which the Government spending is 30%. India's public healthcare expenditure is at a dismal low of 1.4% against the world average of 6%<sup>9</sup> though the NHP 2017 (passed in March 2017) envisages raising it progressively to 2.5% of the GDP by 2025. The Indian healthcare system, however, is still characterised with glaring gaps in infrastructure.

It has only 0.9 hospital beds per 1000 people, 0.7 doctors and 1.7 nurses per 1000 people - which are the lowest rates amongst the BRICS nations<sup>7</sup>.

Gaps in public healthcare infrastructure has led to a rise in the out of pocket (OOP) expenditure and consequent impoverishment. The percentage of population having some degree of health insurance has increased marginally to 24% but the out-of-pocket spending remains as high as 62% of the total healthcare expense leading to increased burden on the patients<sup>10</sup>.

Concerns remain of low awareness among the beneficiaries about the entitlements, how and when to use the Rashtriya Swasthiya Bima Yojana (RSBY) card, denial of services by private hospitals for many categories of illnesses and fraudulent measures, including charging informal payments. Variability in the quality and rationality of care provided by the private players also remains an area of concern.

The rising occurrence of Non-Communicable diseases (NCDs) in India is a public health challenge with NCDs accounting for 60% of all deaths in India. The National Health Policy 2017 focusses on screening for Oral, Breast and Cervical cancer and for Chronic Obstructive Pulmonary Disease (COPD) in addition to Hypertension and Diabetes to deal with the growing NCD burden. There are also increased hospitalisations for the NCDs, growing at a CAGR of 18%, 16% and 19% for Cardiac, Oncology and Diabetes segments respectively<sup>6</sup>.

## Indian Pharmaceutical Market (IPM)

The INR 1143 (\$17.6) billion Indian Pharmaceutical industry experienced a value growth of 9.1% in FY 2016-17 over FY 2015-16 as per March 2017 IMS Health database. Indian companies dominate the market with a 78.5% share of IPM and a value growth of 9.9%. The value growth for MNCs at 6.5% in FY 2016-17, is lower than the market growth rate as well as the FY 2015-16 value growth of 12.7%. There has been a sharp decline in volume (per unit) growth for both the MNCs and the Indian companies as well. While the Indian companies registered a volume growth of 3% in FY 2016-17 as against 6% in FY 2015-2016, the MNCs experienced a decline in volumes, -7.9% versus last year's growth of 10.2%. This has been observed across the industry with most of the therapy areas growing less in FY 2016-17 vis-à-vis last year<sup>11</sup>.

## Therapy Areas

The major therapy areas where AstraZeneca operates - Alimentary & Metabolism, Cardio Vascular and Respiratory grew at 11.4%, 8.3% and 9.8% respectively which was at par or above the market growth during the Financial Year 2016-17. Oncology TA grew by 15% between January-December 2016 over 2015<sup>22</sup>. Amongst all new product launches from April 2016 to March 2017, more than 41% value contribution to IPM were from these therapy areas<sup>11</sup>.

## Pharmaceutical Business Environment-Outlook

With increased thrust for affordable and quality healthcare coupled with economic expansion, insurance penetration, population growth and epidemiological trends, the demand for medicines is poised to grow in the coming years. The total pharmaceutical market is forecast to grow at a CAGR of 11.0% ( $\pm 3.0\%$ ) over the period 2016-2021<sup>10</sup>.

Revision of the National List of Essential Medicines (NLEM) along with appropriate price control mechanisms for drugs will remain a key strategy for government for decreasing costs of care, as is evident from the February, 2017, reduction of stent prices by up to 85% by the National Pharmaceutical Pricing Authority (NPPA)<sup>18</sup>. The legal uncertainty towards the ban of various fixed-dose combinations (FDCs) in India will continue to impact growth in the short term. Signs of a more flexible approach to drug registration is being witnessed and clinical trial requirements are being eased, allowing faster access for new drugs. Implementation of the long-awaited GST is set to improve the operating environment and simplify the supply chain, resulting in reduced production, distribution and warehousing costs.

Collaborations in the healthcare space to increase patient access are on the rise. Distribution deals are increasing as various companies are trying to expand their reach; a few of them being - AstraZeneca & Sun, in the cardiology space; AstraZeneca & DRL, in the diabetes space; Sun & MSD (Merck, Sharp & Dohme), in the diabetes space; Novartis & Lupin in the Asthma & COPD space. Major pharmaceutical companies also pursued divestments and swap deals to concentrate on their focus areas. Novartis sold its Animal Health division to Eli Lilly and traded its vaccine business to GlaxoSmithKline (GSK). Similarly, AstraZeneca

divested its small molecule antibiotics business to Pfizer, allowing it to focus on its growth platforms – Oncology, CardioVascular & Metabolics and Respiratory. The Pharmaceutical sector has witnessed a significant increase in Merger and Acquisition (M&A) activities over the years. In the last three years, Pharmaceuticals segment accounted for more than 70% of M&A deals in the Indian health care space<sup>6</sup>.

With the increased incidence of chronic, NCDs, led by cardiovascular disease, chronic respiratory diseases and type 2 diabetes, the demand for private inpatient care will continue to grow. Shift from curative to preventive health care, online patient communities and e-pharmacies may also pick up rapidly.

Detailing will remain central to promotional strategies. The implementation timing remains unclear for the Uniform Code of Pharmaceutical Marketing Practice (UCPMP) which is intended to curb unethical marketing practices. Existing marketing capabilities may have to go beyond classical pharmaceutical selling to include disease management, market creation capabilities and customized approaches with sharper segmentation and targeting of customers. Consequently the existing models of sales force coverage and sales force excellence may also require an overhaul. New promotional tools and capabilities may be required as accessing prescribers will become more difficult.

A new Intellectual Property Rights (IPR) Policy was released in May 2016, which acknowledged the importance of IP rights, but did not change either patentability definitions or compulsory licensing provisions contained in the 2005 Act. The Policy is in alignment with WTO's (World Trade Organization) agreement on TRIPS (Trade Related aspects of IPRs) and it aims to sustain entrepreneurship and boost Prime Minister Narendra Modi's 'Make in India' initiative<sup>10</sup>.

## Growth & Demand Drivers

### Rapid growth in Non-Communicable Diseases (NCDs)

NCD related deaths are increasing at alarming pace worldwide and are expected to reach 52 million deaths/year in 2030 from 38 million deaths/year in 2012. India has 15.4% share in global NCD burden with 60% of all deaths in India caused by the four

leading NCDs - Cardiovascular Diseases, Cancer, Chronic Respiratory Diseases and Diabetes<sup>7</sup>. India has 169 million hypertensive, 67 million diabetic, 133 million chronic kidney disease, 45 million asthma/COPD and 8 million cancer patients. There are 3 million cardiac deaths in India / year.

### Increase in diagnosis rate of NCDs

With the increased burden of NCDs, the focus of the government and the pharmaceutical industry is shifting toward increasing NCD diagnosis rates. The NHP 2017, envisages the reduction in premature mortality from Cardiovascular, Cancer, Diabetes or Chronic Respiratory Diseases by 25% by 2025 through setting up of screening facilities for Oral, Breast and Cervical cancer and chronic obstructive pulmonary disease. Various awareness initiatives and patient education programs (PEPs) by the pharmaceutical companies are also aimed at increasing the diagnosis rates.

### National Health Policy 2017

The NHP 2017 lays down clear thrust on improving both the infrastructure and training and recruitment of personnel in primary healthcare centres (PHCs) to transform them to Health & Wellness Centres. It also envisages raising the public health expenditure to 2.5% of the GDP and aims at achieving stronger partnership with the private sector to achieve national health goals. One of its focus areas includes reducing the premature mortality from CVD, Cancer, Diabetes and Chronic Respiratory Diseases by 25% by 2025. A time-bound implementation framework with clear deliverables and milestones to achieve the policy goals of increasing access, improving quality and lowering the cost of healthcare delivery makes it a promising driver for improving healthcare in India.

### Innovative Product Launches

With the processes improving and more local trial waivers being granted – especially where products address unmet medical needs, or where India is included in global clinical trials- there are signs of a simplified drug registration protocol since early 2015, potentially allowing faster market access for new drugs. In January 2017, a further expansion of the clinical trial waiver clause for drugs already approved in International Conference on Harmonization (ICH) countries, subject to certain conditions, was proposed by the Drugs Technical Advisory Board (DTAB)<sup>10</sup>.

## **Regulatory approvals**

Clinical trial application processes have been simplified, and the regulations have been spelt out more clearly. The clinical trial waivers were granted for several brands of new-generation Hepatitis-C antiviral treatments under regulations allowing for local trial exemptions in cases of ‘national emergency, extreme urgency and epidemics’, and for drugs indicated in the treatment of conditions for which no alternative therapy is currently available. A few of the Oncology molecules are also witnessing accelerated approvals under these conditions.

## **Implementation of GST**

The new, harmonized GST which was implemented in July 2017 replaced disparate state levies thus removing the need for manufacturers to work with multiple Carrying and Forwarding (C&F) agents. This will pave the way for the emergence of larger wholesalers with a broader geographical reach. The benefit to the IPM is subject to the rate that will be applicable to drugs.

## **Expansion of Private Hospital Sector**

A combination of rising incomes, increasing rates of private health insurance coverage, favorable government initiatives to expand health tourism, and contracting of private hospitals services for public sector patients, will contribute to growing demand for private inpatient care.

## **Expansion of Pharmacy chains & E-Pharmacy business**

Pharmacy chains are pursuing aggressive expansion initiatives with their focus on prime urban locations. Several e-pharmacy start-ups that deliver medicines to the patients directly have sprung up in major urban centers over the past 18 months challenging traditional ‘bricks and mortar’. Both pharmacy chains and e-pharmacies saw an increase in sales following demonetization in November 2016, driven by the availability of cashless payment options<sup>10</sup>. Their success, however, is subject to the recommendations regulating the online sales of drugs and the creation of a national portal to serve as a platform for monitoring online sales of drugs by a sub-committee of the Ministry of Health and Family Welfare's (MOHFW) Drugs Consultative Committee.

## **Initiatives to improve access to healthcare and essential medicines**

The government has announced plans to improve tertiary care services by setting up ten new facilities by 2018 across the country. It will also pursue more widespread contracting of private hospital provision to cover gaps in the public infrastructure. Initiatives taken by the government in terms of expanding the Rashtriya Swasthiya Bima Yojana (RSBY) scheme, Jan Aushadi scheme, Affordable Medicines and Reliable Implants for Treatment, (AMRIT) stores located in select government hospitals are expected to improve the access and affordability of healthcare in India<sup>10</sup>. In June 2016, MOHFW announced plans to extend the AMRIT scheme to all state government hospitals in the country.

## **Increasing Health insurance coverage**

There is increasing penetration of the Health Insurance market, driven by both government and private players. In Feb 2016, the government outlined plans for expansion of the RSBY scheme by broadening the beneficiaries eligible for the RSBY and raising the annual ceiling, the roll-out of which is scheduled for 2017-2018. In the private health insurance sector, growth will be driven by continuing economic expansion, tax breaks offered on private health insurance premiums, and an increase in the range and sophistication of plans being offered. The tax exemption limit for private health insurance premiums was raised from ₹ 15,000 to ₹ 25,000 in the 2015/2016 budget, which is expected to encourage the enrolment of a growing number of middle class affiliates<sup>10</sup>. According to the Insurance Regulatory and Development Authority of India (IRDAI) financial year 2015-16 report, government insurance, group insurance and private insurance accounted for 76%, 16% and 8% respectively of the total health insurance<sup>20</sup>. The cap on FDI in the insurance sector has been increased from 26% to 49% with the directive that ownership of the insurance company be retained in Indian hands. This should lead to a growth in the insurance sector<sup>14</sup>.

## **Rising incomes**

A recent study by the McKinsey Global Institute (MGI) suggests that if India continues to grow at the current pace, average household incomes will triple over the next two decades, making the country the

world's fifth-largest consumer economy by 2025, up from the current 12<sup>th</sup> position. India's robust economic growth and rising household incomes are expected to increase consumer spending in the healthcare industry as well<sup>6</sup>.

### Risks/Threats

#### Ban of irrational Fixed Dose Combinations (FDCs)

Following a review of over 5500 FDCs, the MOHFW had issued notifications in March 2016 banning 344 FDCs from sale (affecting around 6,000 drug presentations accounting for 7% of the pharmaceutical market by value), on the grounds that they are "irrational". While the Delhi High Court struck down the ban, the MOHFW has lodged a petition with the Supreme Court challenging the ruling. In October 2016, the government was reported to be looking at a further 500 FDCs and to have sent letters to close to 300 companies which had applied for registration of FDCs, asking some companies to conduct phase IV clinical trials to prove their products' safety and efficacy. This controversy is expected to continue causing the confusion in the supply chain<sup>10</sup>.

#### Price control expansion

The scope of price controls under the Drug Price Control Order (DPCO) increased under the 2016 DPCO. The new National List of Essential Medicines (NLEM) brought the total number of listed drugs up from 348 to 376, and increased the number of therapeutic classes covered from 27 to 29<sup>10</sup>. Future revisions of the NLEM will ensure price controls are not diluted, but this would also lead to increasing margin pressure for various small and mid-sized pharmaceutical companies, impacting negatively the employment and investment in the sector.

#### Quality Issues amongst local manufacturers

Issuance of warning letters and import alerts for local manufacturing facilities have increased significantly over the past couple of years following regulatory actions from the US Food and Drug Administration's (USFDA) increasing focus on compliance of good manufacturing practices. It is delaying the product approvals, having an adverse impact on exports and adding to the margin pressure overall<sup>12</sup>.

### Business model

#### 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 INR 5375.7 million out of which domestic revenue contributed INR 5163.3 million (96.0%), Margin income on sale of divested brands INR 132.4 million (2.5%) and Income from sale of trademarks and know-how INR 80.0 million (1.5%)
- (ii) The Clinical Trial segment renders clinical trial services on pharmaceutical products to its group companies. During the year, the segment generated revenue of INR 216.38 million from export of services

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

### Outlook

In FY 2017-18, AstraZeneca continues to prioritize investment in its growth platforms; Cardiovascular and Metabolic Diseases Therapy Area (TA), Respiratory TA and Oncology TA. It will also continue to take an opportunity driven approach toward the mature products. Accelerating new products is a key priority and the Company is committed to maintaining timelines of key regulatory milestones to align with the global pipeline, subject to conduct of clinical trials, regulatory approvals and reasonable commercial viability.

However, in FY 2017-2018, the Company will also need to manage the various risks and uncertainties in the pharmaceutical market and government policies; prominent among them being authorities to approve new molecules and competitive pricing pressure.

According to IMS Health data (March 2017), Antidiabetic Therapy valued at INR 100.6 billion, is the second largest contributor to IPM and at 17.6% value growth, is amongst the fastest growing therapy segments in the IPM. The Oral Antidiabetic segment at INR 74.4 billion constitutes 74% of this

market and is growing at 16.4%. Needless to say, the competitive pressures in this market is also enormous with a number of companies marketing their branded generics and innovative medicines to the healthcare community and providing multiple choices to patients. In this crowded market, the Company will continue to focus on its antidiabetic portfolio consisting of the Dapagliflozin franchise as well as the Saxagliptin franchise. The products are differentiated and enjoy a good acceptance by the medical community as one of their solutions to diabetic patients. The Company's innovator brand in Oral Anti Platelet (OAP) market, Brilinta® (Ticagrelor) continues to improve its value market share over the last one year. Barring unforeseen circumstances, the Company along with its Ticagrelor partner brand will endeavour to deliver the brand's potential to reduce cardiovascular deaths through ongoing clinical studies and sustained focus on plans for market leadership.

With a growth rate of 9.78%, the domestic market for respiratory diseases is one amongst the fastest growing therapies in India. Increasing air pollution in our cities and rural areas is contributing to a high burden of respiratory disease. This may present an opportunity to AstraZeneca with Symbicort®, which is an ICS/LABA combination with an innovative delivery mechanism. The Company is building its expertise in this disease area and will need sustained efforts to build a good portfolio of offerings to patients.

Finally, cancer is becoming a major cause of mortality in India. Every year, nearly 1 million new patients are diagnosed with cancer. The Company has in its current Oncology Portfolio - products to provide treatment in the areas of women's cancer and lung cancer. These cancers have a relatively high prevalence in India and the Company will hope to expand its access to more patient's subject to scientific and clinical appropriateness.

The Company will continue to emphasize high standards of sales and marketing practices, maintaining a strong focus on patient safety and patient needs. The Company will remain committed to high product quality, which underpins the safety and efficacy of its medicines.

The Company will maintain a strong focus on cost optimization and controls. The Company is

undertaking measures to reduce unproductive discretionary and non-customer facing spends. It also continues to develop simple and more efficient processes to encourage accountability and improve decision making and communication.

### **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. During the last year, Company's Internal Finance Control was independently tested and validated by external auditors through the AstraZeneca Financial Control Framework (FCF). The Company ensures that the internal control system is reviewed and updated on an on-going basis through FCF and use of external management assurance services.

The Company monitors and manages risks in its interactions with third parties (Vendors and Distributors) through its Third Party Risk Management (3PRM) framework. This framework provides methodology, guidance and tools for managing third party risks related to Anti-Bribery & Anti-Corruption, Data Privacy, Confidentiality, Trade Control & Competition, Product Communication and Product Security. Internal audits for the Financial Year 2016-17 were carried out by independent auditors, 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 where appropriate 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, 2017, the Company's total sales were INR 5046.7 million as against INR 5167.6 million reported in the corresponding previous year.

The total cost was at INR 5260.1 million during the year as compared to INR 5647.4 million in the previous year. The profit after tax was INR 244.4 million during the year compared to INR 53.6 million in the previous year.

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

We continue to develop simple and more efficient processes to encourage accountability and improve decision making and communication. As a result, the number of employees was reduced in the last year. Impacted employees were treated in line with AstraZeneca Values and supported through a comprehensive package including out-placement services, counselling support and financial assistance. The Company continued to provide career development and learning opportunities for its employees. During the year, the India Development Week was conducted to enable employees to understand how to build careers and gain experiences across functions and businesses. Training programs to strengthen scientific and technical knowledge of the employees were extensively implemented across the businesses. There continues to be a focus on building gender diversity in the workforce. To build a supportive eco-system for women employees, new women safety initiatives were rolled out in the last year.

## **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**

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# **REPORT ON CORPORATE GOVERNANCE**

## **Annexure IX to the Board's 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 mandated by Securities and Exchange Board of India. The Senior Management Team headed by the Managing Director is responsible for implementing board policies and guidelines and has set up adequate review processes.

The Company believes in, and has been practising, 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**

The Board presently consists of seven Directors of which five are Non-Executive Directors, three of whom are Independent. Two of the five Non-Executive Directors represent the parent Company - AstraZeneca Pharmaceuticals AB, Sweden. The Chairman of the Board is a Non-Executive Independent Director. The Non-Executive Directors

bring strong objective, business judgement in the Board deliberations and decisions. The composition of the Board is in conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). There is no relationship between the Directors inter-se.

- (ii) During the year ended March 31, 2017, the Company paid ₹ 1,87,270/- to the law firms as fees for professional services which were provided to the Company on specific legal matters entrusted by the Company, where Mr. D.E Udwadia, Director till December 2, 2016 was / is a Senior Partner / Proprietor. The Board does not consider the law 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 during his tenure with the Company.
- (iii) The Company has not had any material pecuniary relationship/ transaction with any of the Non-Executive Directors.
- (iv) None of the Directors holds shares in the Equity Share capital of the Company.
- (v) Five 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: May 25, 2016, August 9, 2016, November 11, 2016, December 2, 2016, February 2, 2017.
- (vi) 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, 2017 are furnished herein below:

Name of the Director	Category	Number of Board Meetings attended during the year 2016-17	Whether attended last AGM held on Aug 11, 2016	Number of Directorships and Committee Memberships/Chairmanships excluding AstraZeneca Pharma India Limited as at March 31, 2017			
				Other Directorships #	Committee Memberships \$	Committee Chairmanships \$	Number of shares held
Mr. Narayan K Seshadri Chairman	Non- Executive Independent Director	5	Yes	10	6	4	-
Ms. Revathy Ashok (¹)	Non- Executive Independent Director	1	NA	8	5	2	-
Ms. Kimsuka Narsimhan (²)	Non- Executive Independent Director	NA	NA	1	1	0	-
Mr. Gregory David Emil Mueller (³)	Non-Executive Director	2	NA	-	-	-	-
Mr. Rajesh Marwaha (⁴)	Whole-time Director	2	NA	-	-	-	-
Mr. Sanjay Murdeshwar (⁵)	Managing Director	5	Yes	-	-	-	-
Mr. Ian Brimicombe (⁶)	Non-Executive Director	5	Yes	-	-	-	-
Mr. D.E.Udwadia (⁷)	Non- Executive Independent Director	4	Yes	@	@	@	@
Mr. K.S.Shah (⁸)	Non- Executive Independent Director	4	Yes	@	@	@	@
Ms. Claire-Marie O'Grady (⁹)	Non-Executive Director	4	Yes	@	@	@	@

(¹) Ms. Revathy Ashok, Mr. Gregory David Emil Mueller and Mr. Rajesh Marwaha were appointed as Additional Directors w.e.f. December 2, 2016.

(²) Ms. Kimsuka Narsimhan was appointed as Additional Director w.e.f. February 2, 2017.

(³) Mr. Sanjay Murdeshwar resigned as the Managing Director w.e.f. June 30, 2017 and Mr. Gagan Singh Bedi was appointed as the Managing Director w.e.f. July 1, 2017.

(⁴) Mr. Ian Brimicombe resigned as a Director w.e.f. May 31, 2017 and Mr. Ian John Parish was appointed as Director in the casual vacancy caused by the resignation of Mr. Ian Brimicombe w.e.f. August 8, 2017.

(⁵) Mr. D.E. Udwadia, Mr. K.S.Shah and Ms. Claire-Marie O'Grady resigned as Directors w.e.f. December 2, 2016.

(⁶) Since Mr. D.E. Udwadia, Mr. K.S.Shah and Ms. Claire-Marie O'Grady were not Directors as at March 31, 2017, their details on their Directorships held, Committee memberships & Chairmanships are not reflected in the above table.

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

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

(vii) The Independent Directors, who are from diverse fields of expertise have long standing experience and expert knowledge in their respective fields and are of considerable value for the Company's business. As a part of familiarization programme as required under the Listing Regulations, the Directors have been apprised during the Board Meetings about the amendments to the various enactments viz., Companies Act, 2013 ('the Act'), the Listing Regulations, taxation matters and other regulatory updates. Since these being information about the enactment / updates in the laws/regulation, no separate material has been uploaded on the Company's website. Further, the details of familiarization program for Independent Directors in respect of other matters are posted on the website of the Company and can be accessed at [www.astrazeneca.com/india](http://www.astrazeneca.com/india).

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

(ix) 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.

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

### 3. Audit Committee

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

The Board of Directors of the Company have adopted the terms of reference of the Audit Committee, to be in conformity with the requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement 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 and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) 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. Modified opinion(s) 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 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 monitoring the auditor's 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 of 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 after assessing the qualifications, experience and 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) Ms. Revathy Ashok is the Chairman of the Audit Committee w.e.f December 2, 2016. Mr. K.S.Shah, the previous Chairman of the Audit Committee was present at the previous
- (v) The composition of the Audit Committee and the details of meetings attended by its members are furnished below:

Name of the Member	Category	Number of meetings attended during the financial year 2016-17
Ms. Revathy Ashok, Chairman <sup>(1)</sup>	Non- Executive Independent Director	1
Mr. Narayan K Seshadri <sup>(1)</sup>	Non- Executive Independent Director	1
Mr. Gregory David Emil Mueller <sup>(1)</sup>	Non- Executive Non-Independent Director	1
Mr. D.E.Udwadia <sup>(2)</sup>	Non- Executive Independent Director	3
Mr. K.S.Shah <sup>(2)</sup>	Non- Executive Independent Director	3
Ms.Claire-Marie O'Grady <sup>(2)</sup>	Non- Executive Non- Independent Director	3

(<sup>1</sup>) Ms. Revathy Ashok, Mr. Narayan K Seshadri and Mr. Gregory David Emil Mueller were appointed as Members of the Audit Committee w.e.f. December 2, 2016.

(<sup>2</sup>) Mr. D.E. Udwadia, Mr. K.S.Shah and Ms. Claire-Marie O'Grady resigned as Members of the Committee w.e.f. December 2, 2016.

## 4. Nomination and Remuneration Committee

### (i) Terms of reference:

The terms of reference and the role of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations which includes the following:

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;

Annual General Meeting of the Company held on August 11, 2016.

(iv) Four meetings of the Audit Committee were held during the year and the gap between two meetings did not exceed 120 days. The dates on which the said meetings were held are: May 24, 2016, August 9, 2016, November 10, 2016 and February 2, 2017.

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;

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

(ii) During the year ended March 31, 2017, two meetings of the Nomination and Remuneration Committee of the Board were held i.e., on December 2, 2016 and February 2, 2017.

(iii) 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 criteria for performance evaluation of Independent Directors cover the areas relevant to the functioning as Independent Directors such as attendance, professional conduct, role and functions, duties, contribution etc.,

(iv) The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are furnished below:

Name of the Member	Category	Number of meetings attended during the financial year 2016-17
Ms. Kimsuka Narsimhan, Chairman (¹)	Non- Executive Independent Director	NA
Mr. Narayan K Seshadri	Non- Executive Independent Director	2
Mr. Gregory David Emil Mueller (²)	Non- Executive Non-Independent Director	1
Ms. Revathy Ashok (³)	Non- Executive Independent Director	1
Mr. Ian Brimicombe (⁴)	Non- Executive Non-Independent Director	2
Mr. D. E. Udwadia (⁵)	Non- Executive Independent Director	1
Mr. K. S. Shah (⁶)	Non- Executive Independent Director	1

(¹) Ms. Kimsuka Narsimhan was appointed as a Member of the Committee w.e.f. February 2, 2017.

(²) Mr. Gregory David Emil Mueller was appointed as a member of the Committee w.e.f. December 2, 2016.

(³) Ms. Revathy Ashok was appointed as a Member of the Committee for the meeting held on February 2, 2017.

(⁴) Mr. Ian Brimicombe resigned as Member of the Committee w.e.f. May 31, 2017 and Mr. Ian John Parish was appointed as a Member of the Committee w.e.f. August 8, 2017.

(⁵) Mr. D.E.Udwadia and Mr. K.S.Shah resigned as Members of the Committee w.e.f. December 2, 2016.

#### (iv) Remuneration to Directors during financial year 2016-17:

(a) Details of remuneration paid to the Non-Executive Directors during the year ended March 31, 2017:

Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Narayan K Seshadri	800,000	-	800,000
Ms. Revathy Ashok (¹)	400,000	-	400,000
Ms. Kimsuka Narsimhan (²)	-	-	-
Mr. Gregory David Emil Mueller (¹)	-	-	-
Mr. Ian Brimicombe (³)	-	-	-
Mr. D. E. Udwadia (⁴)	800,000	-	800,000
Mr. K. S. Shah (⁴)	800,000	-	800,000
Ms. Claire-Marie O'Grady (⁴)	-	-	-

(¹) Ms. Revathy Ashok and Mr. Gregory David Emil Mueller were appointed as Directors w.e.f. December 2, 2016.

(²) Ms. Kimsuka Narsimhan was appointed w.e.f. February 2, 2017.

(³) Mr. Ian Brimicombe resigned as Director w.e.f. May 31, 2017.

(⁴) Mr. D.E.Udwadia, Mr. K.S.Shah and Ms. Claire-Marie O' Grady resigned as Directors w.e.f. December 2, 2016.

The Non-Executive Independent Directors are paid sitting fees of ₹ 1,00,000/- for attending the meetings of the Board and Committees of the Board each.

**(b)** Details of remuneration paid to the Executive Directors during the year ended March 31, 2017:

**Managing Director (\*):**

Name of the Director	Salary (₹)	Perquisites (₹)	P.F and other Funds (₹)	Total (₹)
Mr. Sanjay Murdeshwar (*)	13,568,175	5,981,814	-	19,549,989

Remuneration does not include cost of retirement benefits such as gratuity.

(\*) Resigned w.e.f. June 30, 2017.

**Whole-time Director:**

Name of the Director	Salary (₹)	Perquisites (₹)	P.F and other Funds (₹)	Total (₹)
Mr. Rajesh Marwaha (**)	3,837,818	-	255,031	4,092,849

(\*\*) Mr. Rajesh Marwaha was appointed as Whole-time Director w.e.f. December 2, 2016 and hence the remuneration drawn from that date has been provided. Kindly refer to the Board's Report on the total remuneration drawn by Mr. Rajesh Marwaha for the Financial year ended March 31, 2017 in his capacity as Chief Financial Officer & Director.

**Fixed Component / Performance Linked Incentive / Criteria**

Performance related Bonus is payable to the Executive Directors only, as per the terms of the agreement entered into between the Company and the Executive Directors.

**Service Contract / Notice Period / Severance Fees**

- (a) The Contracts of Service entered into by the Company with Mr. Sanjay Murdeshwar, the Managing Director and Mr. Rajesh Marwaha, Chief Financial Officer and Director, provided/ provides that the Company and the Executive Directors shall be entitled to terminate the agreement by giving 3 month's notice and 90 day's notice respectively, in writing on either side.
- (b) No severance fee is payable by the Company to the Executive Directors on termination of the agreement.

## 5. Shareholders' Committees

### a. Stakeholders' Relationship Committee

The terms of reference of Stakeholders' Relationship Committee is in conformity with the requirements of Section 178 of the Companies Act, 2013 and the Listing Regulations.

#### 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 Annual Report, 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 Committee is Chaired by Ms. Revathy Ashok – Non Executive Independent Director. Mr. Pratap Rudra, Company Secretary & Legal Counsel is the Compliance Officer.

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

Name of the Member	Position	Category
Ms. Revathy Ashok (¹)	Chairman	Non- Executive Independent Director
Mr. Gagan Singh Bedi (²)	Member	Managing Director
Mr. Rajesh Marwaha	Member	Chief Financial Officer & Director

(¹) Ms. Revathy Ashok was appointed as a Member and Chairman of the Committee w.e.f. February 2, 2017.

(²) Mr. Gagan Singh Bedi was appointed as a Member of the Committee w.e.f. July 1, 2017.

Mr. K.S. Shah was the Chairman of the Committee and resigned w.e.f. December 2, 2016.

Mr. Sanjay Murdeshwar resigned as Member the the Committee w.e.f. June 30, 2017.

During the year, one meeting of the said Committee was held on February 2, 2017.

### b. 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, 2017 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	Total No. of Complaints received	Complaints pending
Direct	NIL	NIL	3	2	5	NIL
Through Stock Exchange/SEBI	NIL	NIL	6	NIL	6	NIL

### c. Share Transfer Committee

The Board has also constituted a Share Transfer Committee which currently comprise of Mr. Gagan Singh Bedi, Managing Director, Mr. Rajesh Marwaha, Chief Financial Officer and Director and Mr. Pratap Rudra, Company Secretary & Legal Counsel. 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, 12 meetings of the said Committee were held. The Minutes of the Share Transfer Committee Meetings were tabled and noted at the Board Meetings.

An Independent Practising Company Secretary carries out the Secretarial Audit at the office of the Registrar and Share Transfer Agent, and furnishes the requisite reports/certificates which are submitted to the Stock Exchanges.

## 6.General Meetings

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

Date	Year	Venue	Time
August 11, 2016	2015-16	ITC Gardenia, Bangalore	3.00 P.M
September 2, 2015	2014-15	Vivanta by Taj Hotel, Bangalore	11.00 A.M
September 30, 2014	2013-14	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
August 11, 2016	(a) Consent of Members for the re-appointment of Mr. Sanjay Murdeshwar as Managing Director and payment of remuneration to him.
September 2, 2015	(a) Approval of the Members for Formulation Packaging and Distribution Agreement dated June 20, 2005, being of a material nature.  (b) Approval of the Members for Material Related Party Transactions entered into by the Company with AstraZeneca UK Limited
September 30, 2014	None

## **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:**

No special resolution was passed through Postal Ballot during the year under report.

As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

All the transactions with related parties were in the ordinary course of business and on arm's length basis. All Related Party Transactions are placed before the Audit Committee for its prior approval. Omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature.

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

## **7. Disclosures**

### **(i) Related Party Transactions**

Transactions with related parties, as per the requirements of Accounting Standard 18 are disclosed in the notes to accounts annexed to the financial statements.

#### **Materially significant related party transactions during the financial year ended March 31, 2017:**

Name of the Entity	Relationship	Nature of transaction	Amount (₹ in Crores)
AstraZeneca UK Limited	AstraZeneca UK Limited (AZ UK) is the Parent Company of AstraZeneca Treasury Limited, United Kingdom, 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	Purchase of raw materials and traded goods by the Company from AZ UK	120.83
		Reimbursement by AZ UK, the cost of employees deputed by the Company outside India.	2.02
<b>Total</b>			<b>122.85</b>

- (ii) Details of non-compliance by the Company, penalties and structures imposed on the Company by the Stock Exchanges 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. No personnel of the Company have been denied access to the Chairman of the Audit Committee, for making complaint on any integrity issue. 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 the Listing Regulations. The Company has also fulfilled the following discretionary requirements:
- (a) The Auditor's opinion on the financial statements is unmodified.
  - (b) The positions of Chairman and Managing Director are separate.
  - (c) The Internal Auditor reports directly to the Audit Committee.
- (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 March 31, 2017. A declaration to this effect, duly signed by the Managing Director is annexed to this report.
- (vi) As the Company has no subsidiary as on date, the requirement of formulating a specific policy on dealing with material subsidiaries does not arise.
  - (vii) 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 Companies Act, 1956. The Company has not adopted a treatment different from that prescribed in any Accounting Standard.
  - (viii) Commodity Price Risk and Commodity hedging activities: The Company is not exposed to material foreign exchange risk on account of import and export transactions entered, as import of goods is happening in Indian Rupees. Also, it is not a sizable user of various commodities, hence not exposed to the price risk on account of procurement of commodities.

## **8. 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, by uploading the same on NEAPS portal and BSE Listing Centre portal, from time to time. The same are published in 'The Business Standard' (English) and 'Udayavani' (Kannada) newspapers.
- (ii) The financial results and such other information that are required to be displayed on the Company's website pursuant to Listing Regulations/ Companies Act 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.

## 9. Shareholder Information

### (i) Annual General Meeting

Date & Time of AGM	September 13, 2017 (3.00 PM)
Venue	ITC Gardenia – Residency Road, Bangalore
Financial Year	2016-17
Book Closure Date	September 6, 2017 to September 13, 2017 (both days inclusive)
Dividend Payment Date	Not Applicable

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

The financial accounts and annual report are drawn out from April to March every year. The announcement of financial results during 2017-18 shall be as follows:

First Quarter Results	On or before August 14, 2017
Second Quarter Results	On or before November 14, 2017
Third Quarter Results	On or before February 14, 2018
Fourth Quarter & Annual Results	On or before May 30, 2018

### (iii) Listing on Stock Exchanges

The Company's equity shares are listed on:

#### BSE Limited

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

#### National Stock Exchange of India Limited

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

The Company has paid till date, appropriate listing fee to both the stock exchanges.

### (iv) Unclaimed Suspense Account

As on March 31, 2017, there are 231 shareholders in respect of whom the outstanding shares aggregating 80,745 shares are lying in the AstraZeneca Pharma India Limited- Unclaimed Suspense Account. None of the shareholders approached the Company

during the year for transfer of shares from the said account. However, in June 2017, there was a claim in respect of 750 shares in the said account. The outstanding shares accordingly aggregate 79,995 shares in respect of 230 shareholders as on date. The voting rights in respect thereof remain frozen till the shares are claimed by the rightful owners.

### (v) Stock Code

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

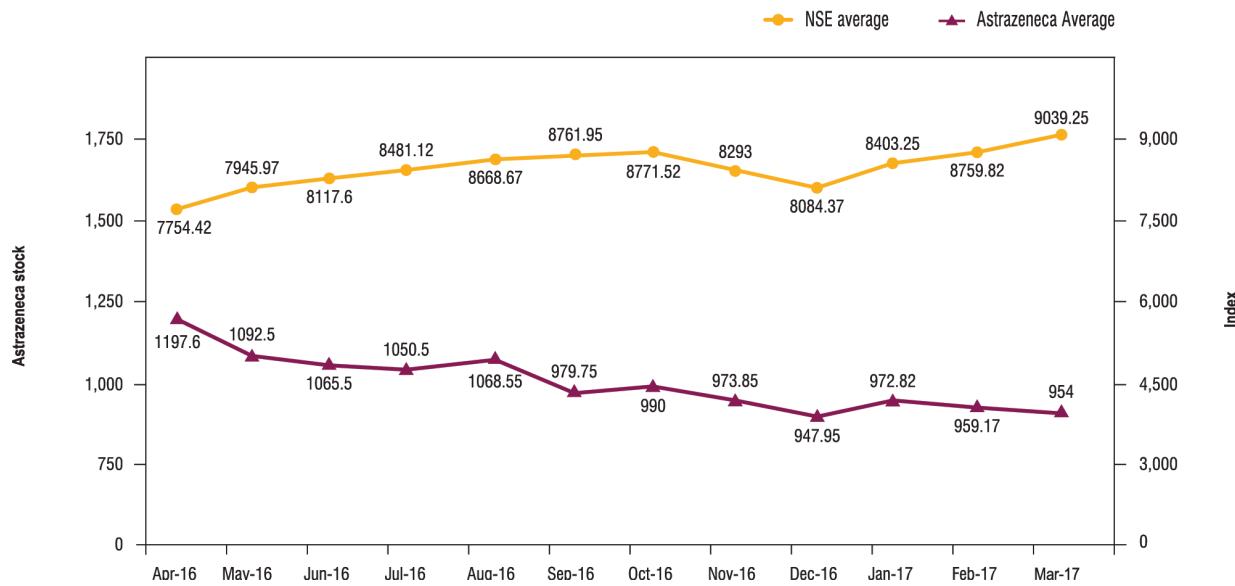
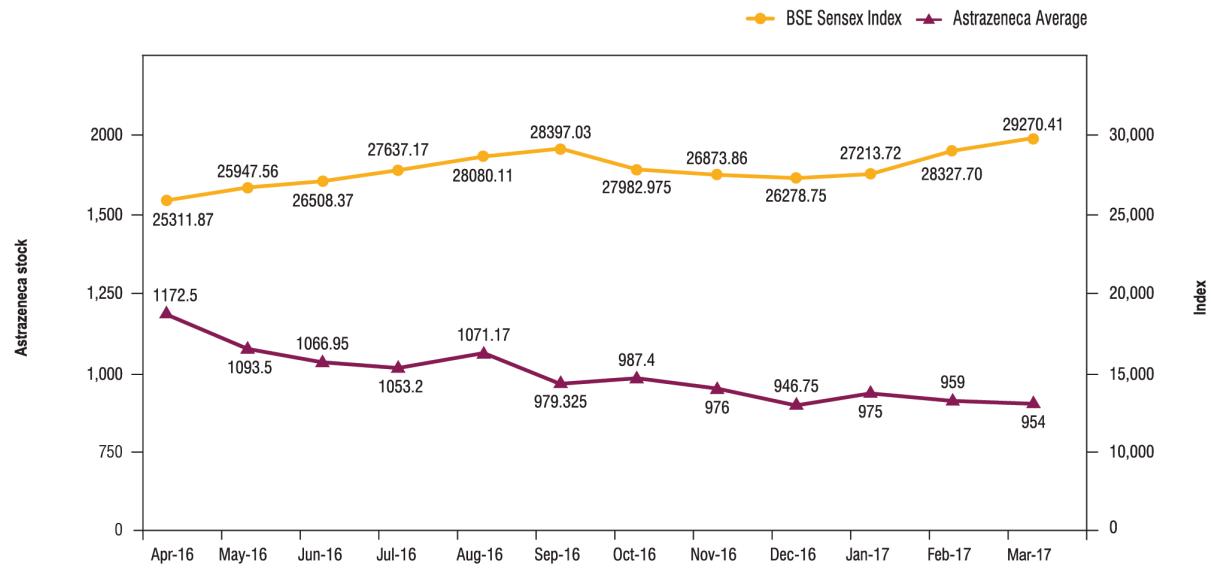
**(vi) Market Price Data: High, Low during each month in the financial year ended March 31, 2017**

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-16	1215.00	1130.00	26100.54	24523.20	1220.00	1175.20	7992.00	7516.85
May-16	1162.00	1025.00	26837.20	25057.93	1162.70	1022.30	8213.60	7678.35
Jun-16	1125.00	1008.90	27105.41	25911.33	1125.00	1006.00	8308.15	7927.05
Jul-16	1081.50	1024.90	28240.20	27034.14	1086.00	1015.00	8674.70	8287.55
Aug-16	1146.95	995.40	28532.25	27627.97	1145.00	992.10	8819.20	8518.15
Sep-16	1042.65	916.00	29077.28	27716.78	1039.95	919.55	8968.70	8555.20
Oct-16	1056.00	918.80	28477.65	27488.3	1059.00	921.00	8806.95	8736.10
Nov-16	1032.00	920.00	28029.80	25717.93	1038.00	909.70	8669.60	7916.40
Dec-16	978.50	915.00	26803.76	25753.74	986.00	909.90	8274.95	7893.80
Jan-17	1025.00	925.00	27980.39	26447.06	1019.90	925.75	8672.70	8133.80
Feb-17	1009.00	909.00	29065.31	27590.10	1009.80	908.55	8982.15	8537.50
Mar-17	999.00	909.00	29824.62	28716.21	1000.00	908.00	9218.40	8860.10

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

**(vii) Performance of the Company's equity shares in comparison to BSE Sensex and NSE Nifty during the financial year 2016-17**



**(viii) Registrar & Transfer Agent**

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

**(ix) 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 Registry Management Services Private Limited has adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as required from time to time.

**(x) Distribution of Shareholding as on March 31, 2017**

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	2,379,310	9.52	15,901	99.57
5,001 to 10,000	259,313	1.04	35	0.22
10,001 to 20,000	211,344	0.85	13	0.08
20,001 to 30,000	117,558	0.47	5	0.03
30,001 to 40,000	102,827	0.41	3	0.02
40,001 to 50,000	0	0.00	0	0.00
50,001 to 100,000	265,535	0.06	4	0.03
100,001 and above	21,664,113	86.66	9	0.06
<b>Total</b>	<b>25,000,000</b>	<b>100.00</b>	<b>15,970</b>	<b>100.00</b>

**(xi) Shareholding Pattern as on March 31, 2017**

Particulars Holdings	Physical Holdings	Electronic Holdings	Total	%
AstraZeneca Pharmaceuticals AB	0	18,750,000	18,750,000	75.00
Banks	125	11,943	12,068	0.05
Trusts	0	25	25	0.00
Mutual Fund	0	1,747,500	1,747,500	6.99
FII	0	1,033,537	1,033,537	4.13
Non-Resident Indians	500	69,546	70,046	0.28
Indian Corporate Bodies	625	329,594	330,219	1.32
Others	413,065	2,643,540	3,056,605	12.23
<b>Total</b>	<b>414,315</b>	<b>24,585,685</b>	<b>25,000,000</b>	<b>100.00</b>
<b>Percentage</b>	<b>1.66%</b>	<b>98.34%</b>	<b>100.00%</b>	

**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.

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

The Company's equity shares are compulsorily traded in the dematerialised form. As on March 31, 2017, out of 25,000,000 equity shares of the Company, 24,585,685 equity shares representing 98.34% of the total equity share capital is held in dematerialized form with National Securities Depository Limited and Central Depository Securities (India) Limited.

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

None

**(xiv) Plant location**

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

**(xv) 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

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

<b>Dividend for Financial year</b>	<b>Percentage</b>
2011-12	175
2012-13	Nil
2013-14	Nil
2014-15	Nil
2015-16	Nil

**(xvii) 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 the Board of Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2017, 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.

On behalf of the Board of Directors

Place : Bengaluru  
Date : August 8, 2017

**GAGAN SINGH BEDI  
MANAGING DIRECTOR**

## **CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS REQUIRED UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To  
The Members  
AstraZeneca Pharma India Limited  
Bangalore

I have examined all the relevant records of AstraZeneca Pharma India Limited ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company, for the year ended March 31, 2017 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My 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 my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

I 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.

Place : Bengaluru  
Date : August 8, 2017

Vijayakrishna K T  
Practising Company Secretary  
FCS-1788  
CP-980

## **Annexure- X to Board's Report**

### **FORM NO. MR-3**

#### **SECRETARIAL AUDIT REPORT**

**For the financial year ended March 31, 2017**

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**

**(CIN: L24231KA1979PLC003563)**

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 (CIN: L24231KA1979PLC 003563) (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 31.03.2017 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 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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;
  - (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The other following laws as may be applicable specifically to the Company:
- (a) Pharmacy Act, 1948
  - (b) Drugs and Cosmetics Act, 1940
  - (c) The Indian Copyright Act, 1957
  - (d) The Patents Act, 1970
  - (e) The Trade Marks Act, 1999

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

### **1. Employer/Employee Related laws & Rules:**

- i. Industries (Development & Regulation) Act, 1951
- ii. The Factories Act, 1948
- iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- iv. The Apprentices Act, 1961
- v. Employees Provident Fund & Miscellaneous Provisions Act, 1952
- vi. The Employees State Insurance Act, 1948
- vii. The Workmen's Compensation Act, 1923
- viii. The Maternity Benefits Act, 1961
- ix. The Payment of Gratuity Act, 1972
- x. The Payment of Bonus Act, 1965
- xi. The Industrial Disputes Act, 1947
- xii. The Trade Unions Act, 1926
- xiii. The Payment of Wages Act, 1936
- xiv. The Minimum Wages Act, 1948
- xv. The Child Labour (Regulation & Abolition) Act, 1970
- xvi. Contract Labour (Regulation & Abolition) Act, 1970
- xvii. The Industrial Employment (Standing Orders) Act, 1946
- xviii. Equal Remuneration Act, 1976
- xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxiii. Dangerous Machines (Regulation) Act, 1983
- xxiv. Indian Boilers Act, 1923
- xxv. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxvi. The Labour Welfare Fund Act, 1965
- xxvii. The Karnataka Daily Wage Employees Welfare Act, 2012

### **2. Environment Related Acts & Rules:**

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974

- iii. The Water (Prevention & Control of Pollution) Cess Act, 1977
- iv. The Air (Prevention & Control of Pollution) Act, 1981
- v. The Government Order Under Environment (Protection) Act, 1986
- vi. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- vii. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

### **3. Economic/Commercial Laws & Rules:**

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930
- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Registration Act, 1908
- vii. The Transfer of Property Act, 1882

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into, by the Company with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and the SEBI (LODR) Regulations, 2015, wherever applicable.

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.

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

**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 the Company had 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. SAT which heard the Appeal on September 11, 2015 had disposed of the same, with the following direction:

- (a) Statement made by Counsel for Respondent No.2 (i.e., AstraZeneca Pharma India Limited) and Respondent No.5 (i.e., AstraZeneca Pharmaceuticals AB, Sweden that they shall not proceed with the delisting of equity shares of Respondent No.2 till completion of investigation and passing order by SEBI on merits, is accepted by SAT.
- (b) Securities and Exchange Board of India (SEBI) shall complete the investigation within a period of six months from September 11, 2015 and pass appropriate order on merits after hearing the parties including the Appellants, as expeditiously as possible.
- (c) If the order to be passed by SEBI on merits is adverse to the Appellants, then the said order shall not be given effect to, from the date of passing the said order till it is communicated to the Appellants and four weeks thereafter.

Place : Bengaluru  
Date : May 9, 2017

Vijayakrishna K T  
FCS-1788  
CP-980

*Note: This report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.*

## **"Annexure"**

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Central and State Sales Tax Act.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru

Date: May, 9, 2017

Vijayakrishna KT

FCS No.: 1788

C P No.: 980

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information About the Company

Sl. No.	Particulars	Details
1	Corporate Identity Number (CIN) of the Company	L24231KA1979PLC003563
2	Name of the Company	AstraZeneca Pharma India Limited
3	Registered Address	Block N1, 12 <sup>th</sup> Floor, Manyata Embassy Business Park, Rachenahalli, Outer Right Road, Bangalore
4	Website	<a href="http://www.astrazeneca.com/india">www.astrazeneca.com/india</a>
5	e-mail id	comp.sec'y@astrazeneca.com
6	Financial Year reported	March 31, 2017
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	21001 (Manufacture of Pharmaceuticals)
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Brilinta/Axer Forxiga/ Oxra Meronem
9	Total number of locations where business activity is undertaken by the Company	<p>(a) Number of International Locations (Provide details of major 5)</p> <p>(b) Number of National Locations</p>
		Nil
		The Company's Registered office and manufacturing plant is situated at Bangalore. The Company has 2 Depots (Bangalore & Delhi), One Central Warehouse and 17 Carrying & Forwarding Agents across the country (Mumbai, Calcutta, Madras, Lucknow, Patna, Guwahati, Ahmedabad, Kochi, Indore, Hyderabad, Jaipur, Cuttack, Ranchi, Dehradun, Chandigarh, Panchkula, Zirakpur.
10	Markets served by the Company – Local/State/National/International	India and Nepal

## Section B: Financial Details of the Company

Sl.No.	Particulars	Details (₹ in Million)
1	Paid up Capital	50
2	Total Turnover	5592
3	Total profit after taxes	244
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	-
5	List of activities in which expenditure in 4 above has been incurred	-

## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/ Companies?

No

### 2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

NA

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company's Code of Conduct is applicable to all the business entities who do business with the Company. The Business associate do not directly participate in Business Responsibility Initiative of the Company.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

- (a) Details of the Director/Director responsible for implementation of the BR policy/policies
1. DIN : 01458768
  2. Name: Rajesh Marwaha
  3. Designation: Chief Financial Officer & Director

### (b) Details of the BR head

Sl.No.	Particulars	Details
1	DIN	01458768
2	Name	Rajesh Marwaha
3	Designation	CFO & Director
4	Telephone number	080 - 67748000
5	e-mail id	rajesh.marwaha@astrazeneca.com

## 2. Principle-wise (as per NVGs) BR Policy/policies

### (a) Details of complaints (Reply in Y/N)

Sl.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?									Most of the Company's policies are aligned with AstraZeneca PLC's global best practices. The Company adhered to Indian laws and regulations, in cases where it is more stringent.
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?									www.astrazeneca.com/india
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

**(b) If answer to the question at serial number 1 against any principle, is ‘No’, please explain why:**

Sl.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	N.A								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	N.A								
3	The company does not have financial or manpower resources available for the task	N.A								
4	It is planned to be done within next 6 months	N.A								
5	It is planned to be done within the next 1 year	N.A								
6	Any other reason (please specify)	N.A								

### 3. Governance related to BR

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The Board of Directors of the Company assesses business responsibility initiatives annually.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This is the first financial year for the applicability of SEBI Circular CIR/CFD/CMD/10/2015 dated November 4, 2015 to the Company. The Company publishes Business Responsibility Report in its Annual Report. The current report can be found in the link [www.astrazeneca.com/india](http://www.astrazeneca.com/india)

### SECTION E: PRINCIPLE-WISE PERFORMANCE

#### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers /Contractors/ NGOs/ Others?

The Company's Code of Conduct sets out the commitments and ethical standards expected of everyone who works at AstraZeneca, while the Global Standard Expectations of Third Parties document outlines the ethical standards for external partners. The Company wants to be valued for the medicines it provides and trusted for the way it works. Human rights, safety and health, environmental protection and business ethics are core to the Company's approach to sustainability. To that extent, AstraZeneca requires all members of the AstraZeneca group and their directors, officers and employees to observe high standards of integrity and honesty, and to act with care, diligence and fairness in all its business activities. The Company works only with Third Parties whose ethical standards are consistent with its own.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Stakeholder complaints, if any, are investigated in terms of Whistle Blowing Policy as approved by the Board. AstraZeneca is committed to appropriate review of inquiries raised in good faith through available reporting channels. During the financial year, four significant complaints were investigated and closed consequently as per the Whistle Blowing Policy as approved by the Board.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company manufactures and packs at its state-of-the-art facility at Bangalore, India, products which have been developed taking environmental aspects into perspective. The products are: Betaloc, Imdur, Crestor and Seloken.

**2. Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

The Company has laid down a standard operating procedure for the selection of its vendors and approving the same for sourcing of materials. There is a system in place for evaluating the EHS resources and compliances of key suppliers and vendors for key raw material intermediates and API sourcing.

**3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company follows a strict sourcing code of conduct with respect to the compliance

and quality. The company procures goods and services from local vendors in the vicinity of the manufacturing locations who fulfil the above key criterial of compliance and quality.

**4. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

The Company has a mechanism to recycle or dispose materials including waste in a responsible manner. All our non-hazardous waste is recycled (around 20% of total waste generated). Food waste and green waste are composted to produce manure. Ash from our Agro husk boiler is used for composting. Hazardous waste from our processing areas and market returns are disposed / incinerated through a pollution control board authorised recycler.

**Principle 3: Businesses should promote the wellbeing of all employees**

Sl. No	Particulars	Details
1	Total number of employees	1141
2	Total number of employees hired on temporary/ contractual/ casual basis.	46
3	Number of permanent women employees	162
4	Number of permanent employees with disabilities	2
5	Do you have an employee association that is recognized by management	Yes
6	What percentage of your permanent employees is members of this recognized employee association?	Professional Sales Representatives Union: 11% Factory Union: 6.6%

- 7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No	Category	No of Complaints filed during the Financial Year	No of Complaints pending at the end of the Financial Year
1	Child labour /forced labour/ /involuntary labour	0	0
2	Sexual harassment	2	1
3	Discriminatory employment	0	0

- 8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- (a) Permanent Employees
- (b) Permanent Women Employees
- (c) Casual/Temporary/Contractual Employees
- (d) Employees with Disabilities

Approximately 90% of the employees are trained in safety, employees are imparted safety training at the time they join the company. Procedural safety trainings are imparted at scheduled intervals. Approximately 90% of employees are provided continuous skill based trainings. The Company makes no discrimination while imparting training to women employees. No discrimination while imparting training to employees with disabilities. All our contractual employees are imparted with safety trainings and other skill based training basis their field of work.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

- 1. Has the company mapped its internal and external stakeholders?**

Yes

- 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes

- 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.**

Our Responsible Business priorities and commitments are aligned to, and support delivery of, our business strategy and ensure we add sustainable value for our stakeholders. Our Responsible Business framework is the vehicle for managing commitments that are agreed across the Group, taking account of external stakeholder insights and internal reputational risk assessment. The framework encompasses a number of areas of our business and, while we monitor performance in each of them, we have identified areas of special focus. These include access to healthcare and the environment where we believe that we have both the capability and the responsibility to implement standards that accelerate our business strategy while delivering wider benefits to society.

Our Access to Healthcare framework is structured around 4 core areas of activity which include Broadening Affordability through Patient Access Programs in Cardiovascular, Respiratory and Oncology in India and Strengthening healthcare capabilities through the Young Health Program. Young Health Program, is our flagship CSR initiative. The Young Health Programme (YHP) aims to positively impact the health of adolescents in marginalised communities through research and evidence generation, advocacy, and on-the-ground programmers which are focused on non-communicable disease (NCD) prevention.

**Principle 5: Businesses should respect and promote human rights**

- 1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?**

AstraZeneca's Code of Conduct supports the principles set out in the UN Declaration of Human Rights, and our policies detail our high standards

of employment practice. These include respecting diversity and, as a minimum, complying with national legal requirements regarding wages and working hours. We also support the International Labour Organisation's standards regarding child labour and minimum age.

The Company remains committed to respect and protect human rights. The Company's Code of conduct and the human resource practices cover most of these aspects. The Company does not hire child labour, forced labour or involuntary labour. The Company never discriminates between its employees.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During the year under review there were 4 instances reported, of which 3 instances (i.e., 75%) were satisfactory resolved by the management by the end of the financial year.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The Company has a well-defined Safety, Health & Environmental Policy. The Company has been engaging and involving every stakeholder across company in creating a unique culture in Safety Health & Environment.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc ? If yes, please give hyperlink for webpage etc.**

The Company continues to invest substantial resource towards sustaining and continuously improving standards of environment, occupation health and safety. A robust Safety Health and Environment policy is in place which is encouraging our employees to be more cautious in pre-empting potential threats.

**Our long term SHE strategy / commitments include:**

- Carbon: limit our extended operational footprint
- Waste: work towards a reduction against identified baselines
- Water: maintain usage at identified levels as our business grows syntheses to meet resource efficiency targets at launch
- Ensure effective environmental management of our products from pre-launch through to product end-of-life. Weblink: <https://www.astazeneca.com/sustainability/environmental-sustainability.html>

**3. Does the company identify and assess potential environmental risks?**

The Company aims to integrate environmental considerations into a medicine's complete lifecycle – from R&D, through manufacturing, marketing, use and ultimately disposal. Backed by our global SHE Policy which requires us to prevent, or otherwise minimise the risk of any harmful effects to the environment caused by our activities or products, we work continually to improve the environmental sustainability of our business activities. Environmental risk summaries for the Active Pharmaceutical products can be found in the below web page at: [https://www.astazeneca.com/content/dam/az/PDF/Environmental\\_risk\\_data\\_relating\\_to\\_our\\_medicines.pdf](https://www.astazeneca.com/content/dam/az/PDF/Environmental_risk_data_relating_to_our_medicines.pdf)

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

Agro Husk boiler is in use within our facility. The boiler uses agriculture waste as fuel for steam generation, thus minimising the use of fossil fuels.

**5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.**

The Company is committed to achieve all

the norms within the limits for emission and discharge of air and water, as may be laid down by the regulators. The Company complies with pollution and environmental laws.

#### **Conservation of Energy:**

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

Our Tablet Facility was the first pharma facility in India to be accredited with Gold Standard Rating under LEED (Leadership in Energy and Environmental Design certification). The facility uses vapour absorption chiller, efficient water fixtures and an extensive energy modelling done with 33.67% reduction in power consumption. All the HVAC operations is controlled by the building management system which enables the facility to be energy efficient.

- (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, Condensate water recovery system, Recycled Materials for Construction Usage of transparent roofing in engineering stores and other areas to conserve lighting load.

- (iii) The capital investment on energ conservation equipment:

The Company's investment into the existing Tablet Facility includes investments made on energy conservation equipment and systems. Usage of power saving LED fixtures for lighting in our production facility, Central warehouse facility and street lighting. Usage of motion sensors for office and some production areas to conserve lighting load. Installation of Voltage stabilizer for lighting power conservation.

#### **6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, and the same are monitored by both internal and approved external agencies.

#### **7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There is no show-cause notice received during and pending during the end of the financial year.

#### **Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

- 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes, the Company is a member of the following trade, chamber and association:

- (a) Organisation of Pharmaceutical Producers of India
- (b) Karnataka Drug Manufacturing Association
- (c) Indian Society of Clinical Research
- (d) UK India Trade Investment Council
- (e) Business Sweden – The Swedish Trade & Invest Council

- 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas.**

AstraZeneca is a member of various industry and trade groups. These groups represent the biopharmaceutical industry with governments and other stakeholders, defending and supporting public policies that are consistent with AstraZeneca's health care principles. While AstraZeneca may not always share the specific views of the industry and trade groups to which we belong, we continue to value our memberships in these organisations as they work to gain consensus on policy issues, when possible, amongst members to present a broader industry perspective.

#### **Principle 8: Businesses should support inclusive growth and equitable development**

- 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Non-communicable diseases (NCDs) such as diabetes, cancer, heart and respiratory diseases

are the leading causes of death globally, and are among the top public health challenges of the 21<sup>st</sup> century. NCDs contribute to around 5.87 million deaths that account for 60 % of all deaths in India.

AstraZeneca in India with its focus on three main therapy areas - Cardiovascular & Metabolic Diseases, Respiratory & Autoimmunity and Oncology is committed to address the unmet need in these high disease burden areas through our innovative medicines and science-led strategy.

We are also committed to work towards prevention of NCD's in the country by addressing the NCD risk behaviours among adolescents in marginalised communities. The total young person population in India stands at around 358 million, which is the largest in the world compared to any other country and it is of critical significance that adolescents are aware and practice healthy living behaviour that protects them from NCDs.

Founded in partnership with John Hopkins School of Public Health and Plan International, AstraZeneca global introduced its signature community initiative 'the Young Health Programme' (YHP) in the year 2010-11 in 5 marginalised communities in Delhi. YHP India focuses on prevention of NCD's during adolescence by risk behaviours such as tobacco use, alcohol abuse and unhealthy eating through on-ground programmes, research and evidence generation and advocacy.

The Programme completed five successful years in 2015. AstraZeneca global launched the third phase of YHP in 2016 extending the Programme to additional 5 communities in North West Delhi till 2020. YHP India has directly been able to reach out to 199,387 (114,539 girls) and has influenced 119,770 wider community members, including health professionals, educators and policy makers. Close to 2,200 young people have been trained to be educators in their local communities (1,135 girls). 15 Health Information Centres are providing preventive and promotive health and counselling services and special health clinics for adolescents have been initiated across 5 project communities. In the third phase, YHP expects to reach over 130,000 adolescent girls and boys directly and indirectly influence at least 80,000 people in the wider community, including parents, policy makers, educators and health professionals.

YHP was recognized as a 'Corporate CSR – Best Practice' at the National Human Resources Development Conference held in Bangalore in 2016.

YHP India is funded and supported by AstraZeneca global. The Company's contribution to YHP India includes employee engagement and disease awareness initiatives in the communities.

**2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?**

The Programme is being implemented through Plan India (NGO) in partnership with local partners: Nav Srishti and Dr. A.V. Baliga Memorial Trust.

**3. Have you done any impact assessment of your initiative?**

The Base-line, Mid-line and Final Evaluations have all been conducted by external, independent consultants. Plan India, their partners and Plan UK, developed a detailed monitoring, evaluation and learning framework to set out when and how the output and outcome indicators were monitored from the outset.

The five years of the YHP India has ensured high quality implementation, importantly by ensuring youth engagement in activities at all stages during the programme cycle. It is evident that the core strategies of Peer Education, establishing and running Health Information Centres, using young people to develop Information Education and Communication materials and mass awareness campaigns has meant that the YHP has been embedded into the project communities.

Each strategy has worked well in increasing the programme reach and bringing about change in knowledge, attitude and practice indicators. The successful initiative to advocate for Adolescent Friendly Health Services (AFHS) at the primary health centres has helped in increasing the uptake of health services by young people. The Health Information Centres have developed as a relevant community based resource centre and referral point for young people.

The YHP India has also been a catalyst to improve the government's flagship programme on adolescent health Rashtriya Kishor Swasthye

Karyakram by leveraging support from the YHP Peer Educators. This will also strengthen the sustainability and legacy of the YHP India.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects**

YHP in India is a globally funded programme. 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 2016-17.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes.

(a) YHP implementing partners have taken ownership of running 8 of the 15 Health Information Centres through their institutional resources.

(b) Series of focused meetings were carried out with a range of service providers from varied government programmes. List of trained Peer Educators under YHP were handed over to the Rashtriya Kishor Swasthya Karyakram, Government Adolescent Health Programme, so that these trained Peer Educators could be linked to government programmes.

(c) YHP organised several interface meetings with government officials (Delhi Jal Board, Municipal Corporation of Delhi, health department, malaria department, Delhi police, education department) and community stakeholders (community leaders, parents) to facilitate open communication, and mutually resolve the issues pertaining to health such as provision of services for young people.

(d) The Peer Educators, who are the ambassadors of the YHP, are recognised for their continuous and untiring contribution and support. Many are motivated and ambitious to continue to reach out to their peers and community.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year**

As at March 31, 2017, about 10% of customer complaints received during the year, were pending.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

The product labelling is done with the approval of regulatory authorities of the country where the product is to be sold. The Company mentions all the product information as per the applicable country drug rules.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.**

There is no pending case as on March 31, 2017.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Company does carry out periodical survey on the clinical efficacy and experience of the physicians (customers) for its innovative drug launches. The Company undertakes the feedbacks received from the customers seriously and is driven by the perceptive customer value manifested in these customer surveys.

# **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 March 31, 2017, 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 to 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 of 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.

### **Auditors' 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 and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative

pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 auditors' 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. 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.

### **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 March 31, 2017, its profit and its cash flows for the year ended on that date.

### **Other Matter**

The financial statements of the Company for the year ended March 31, 2016, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 25, 2016, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of above matter.

# AstraZeneca Pharma India Limited

## Independent Auditor's Report

### Report on Other Legal and Regulatory Requirements

- (i) As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
- (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 accounts;
  - (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 March 31, 2017, taken on record by the Board
- of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) 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 knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its financial statements - Refer note 2.7 and 2.24
  - ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any derivative contract as at March 31, 2017;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017; and
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 – Refer Note 2.42.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/ E-300009

Place : Bengaluru  
Date : May 09,2017

**Pradip Kanakia**  
Partner  
Membership Number: 039985

# **AstraZeneca Pharma India Limited**

## **Annexure A to Independent Auditor's Report**

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of AstraZeneca Pharma India Limited on the financial statements for the year ended March 31, 2017

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of AstraZeneca Pharma India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# **AstraZeneca Pharma India Limited**

## **Annexure A to Independent Auditor's Report**

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration Number: 304026E/ E-300009

Place : Bengaluru  
Date : May 09,2017

**Pradip Kanakia**  
Partner  
Membership Number: 039985

# AstraZeneca Pharma India Limited

## Annexure B to Independent Auditor's Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of AstraZeneca Pharma India Limited on the financial statements as of and for the year ended March 31, 2017

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 2.8 on fixed assets to the financial statements, are held in the name of the Company.
- (ii) The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
- (iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

# AstraZeneca Pharma India Limited

## Annexure B to Independent Auditor's Report

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, value added tax as at March 31, 2017 which have not been deposited on account of dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
The Income tax Act, 1961	Income tax	42,373,443	1995-96	The Honorable High court of Karnataka
The Income tax Act, 1961	Income tax	42,149,816(*1)	2008-09	Income Tax Appellate Tribunal
The Income tax Act, 1961	Income tax	- (*2)	2009-10	Income Tax Appellate Tribunal
The Income tax Act, 1961	Income tax	10,397,300	2010-11	Income Tax Appellate Tribunal
Punjab Value Added Tax Act, 2005	Value Added Tax (VAT)	1,771,199	2006-07	The Honorable High court of Punjab and Deputy Excise and Taxation commissioner, Patiala Division, Patiala
Delhi Value Added Tax Act, 2004	Value Added Tax (VAT)	798,316(*3)	2010-11	The Commissioner of Sales Tax, Delhi
Customs Act, 1962	Customs duty	21,248,482	2005-06	Customs, Excise & Service Tax Appellate Tribunal, Mumbai
The Finance Act, 1994	Disallowance of input service tax credit	492,820(*4)	2005-06 to 2009-10	Central Excise and Service Tax Appellate Tribunal, Bangalore
The Finance Act, 1994	Service tax on import of service	23,883,332	2006-07 to 2010-11	Central Excise and Service Tax Appellate Tribunal, Bangalore
The Finance Act, 1994	Service tax on import of service	6,264,828(*5)	2012-13	Central Excise and Service Tax Appellate Tribunal, Bangalore
The Finance Act, 1994	Service tax on import of service	5,434,367(*6)	2010-11 to 2011-12	Central Excise and Service Tax Appellate Tribunal, Bangalore

(\*1) Net of ₹ 42,149,717 paid "under protest" by the Company.

(\*2) Net of ₹ 5,077,460 paid "under protest" by the Company.

(\*3) Net of ₹ 88,701 paid "under protest" by the Company.

(\*4) Net of ₹ 26,000 paid "under protest" by the Company.

(\*5) Net of ₹ 243,700 paid "under protest" by the Company.

(\*6) Net of ₹ 440,625 paid "under protest" by the Company.

## AstraZeneca Pharma India Limited

### Annexure B to Independent Auditor's Report

- (viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- (ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/ E-300009

Place : Bengaluru  
Date : May 09,2017

**Pradip Kanakia**  
Partner  
Membership Number: 039985

# Financial Statements

# AstraZeneca Pharma India Limited

## Balance Sheet

(Amount in ₹)

	Note	As at 31 March 2017	As at 31 March 2016
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	50,000,000	50,000,000
Reserves and surplus	2.2	1,754,565,711	1,510,143,198
		<u>1,804,565,711</u>	<u>1,560,143,198</u>
<b>Non-Current Liabilities</b>			
Other long-term liabilities	2.3	15,149,366	12,669,242
Long-term provisions	2.4	109,052,567	116,570,014
<b>Current Liabilities</b>			
Trade payables	2.5		
(a) Total outstanding dues of micro enterprises and small enterprises		25,782	58,323
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		357,677,822	946,225,885
Other current liabilities	2.6	1,293,635,968	1,210,847,881
Short-term provisions	2.7	197,340,867	183,324,802
		<u>1,848,680,439</u>	<u>2,340,456,891</u>
		<b><u>3,777,448,083</u></b>	<b><u>4,029,839,345</u></b>
<b>Assets</b>			
<b>Non-Current assets</b>			
Fixed assets	2.8		
Tangible assets		868,363,456	973,559,876
Intangible assets		-	-
Capital work-in-progress		48,124,718	63,121,928
		<u>916,488,174</u>	<u>1,036,681,804</u>
Non-current investments	2.9	-	5,460
Long-term loans and advances	2.10	327,214,703	316,381,010
Other non-current assets	2.11	6,055,344	6,055,344
		<u>333,270,047</u>	<u>322,441,814</u>
<b>Current assets</b>			
Inventories	2.12	577,176,579	767,295,669
Trade receivables	2.13	436,031,872	831,432,941
Cash and bank balances	2.14	1,149,618,619	768,317,263
Short-term loans and advances	2.15	221,698,475	276,369,131
Other current assets	2.16	143,164,317	27,300,723
		<u>2,527,689,862</u>	<u>2,670,715,727</u>
		<b><u>3,777,448,083</u></b>	<b><u>4,029,839,345</u></b>

The accompanying notes are an integral part of these Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm registration number: 304026E/ E-300009

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

**Pradip Kanakia**  
Partner  
Membership number: 039985

**Narayan Seshadri**  
Chairman

**Sanjay Murdeshwar**  
Managing Director

Place : Bengaluru  
Date : May 9, 2017

Place: Bengaluru  
Date: May 9, 2017

**Pratap Rudra B**  
Company Secretary

**Rajesh Marwaha**  
Director & Chief  
Financial Officer

# AstraZeneca Pharma India Limited

## Statement of Profit and Loss

(Amount in ₹)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Revenue from operations (gross)</b>		5,445,239,614	5,699,386,434
Less: Excise duty		(49,538,782)	(62,063,786)
Revenue from operations (net)	2.17	5,395,700,832	5,637,322,648
Other income	2.18	196,429,007	67,726,760
<b>Total revenue</b>		<b>5,592,129,839</b>	<b>5,705,049,408</b>
<b>Expenses:</b>			
Cost of materials consumed	2.19	140,042,333	347,585,440
Purchase of traded goods	2.20	1,421,553,303	1,588,871,493
Changes in inventories of finished goods, work-in-progress and traded goods	2.21	175,086,536	54,151,583
Employee benefit expenses	2.22	1,634,763,645	1,693,452,391
Depreciation and amortisation expense	2.8	158,259,632	174,263,555
Other expenses	2.23	1,730,375,965	1,789,088,543
<b>Total expenses</b>		<b>5,260,081,414</b>	<b>5,647,413,005</b>
<b>Profit before tax</b>		<b>332,048,425</b>	<b>57,636,403</b>
<b>Tax expense:</b>			
- Current tax-Minimum Alternate Tax (MAT)		87,625,912	5,046,583
- MAT credit entitlement	2.44 (b)	-	-
- Deferred tax	2.31	-	-
<b>Profit after tax</b>		<b>244,422,513</b>	<b>52,589,820</b>
<b>Earnings per share (equity shares, par value of ₹ 2 each)</b>			
- Basic and diluted	2.27	9.78	2.10

The accompanying notes are an integral part of these Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm registration number: 304026E/ E-300009

**Pradip Kanakia**  
Partner  
Membership number: 039985

Place : Bengaluru  
Date : May 9, 2017

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

**Narayan Seshadri**  
Chairman

**Pratap Rudra B**  
Company Secretary

Place: Bengaluru  
Date: May 9, 2017

**Sanjay Murdeshwar**  
Managing Director

**Rajesh Marwaha**  
Director & Chief  
Financial Officer

# AstraZeneca Pharma India Limited

Cash Flow Statement	(Amount in ₹)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>A) Cash flow from operating activities</b>		
Profit before tax	332,048,425	57,636,403
<i>Adjustments for :</i>		
Depreciation and amortisation	158,259,632	174,263,555
Provision for doubtful debts	11,437,198	985,279
Provision for doubtful loans and advances	26,549,957	1,734,927
Interest income on bank deposits	(56,517,344)	(57,859,805)
Liabilities no longer required, written back	11,058,139	-
Provision/Accruals no longer required, written back	44,811,386	-
Profit on sale of non-current investments	(84,254)	-
Loss/ (Profit) on sale of fixed assets (net)	4,333,021	(416,759)
Unrealised foreign exchange loss / (gain) (net)	(172,688)	2,391,612
<b>Operating profit before working capital changes</b>	<b>531,723,472</b>	<b>178,735,212</b>
Changes in working capital:		
Decrease/ ( Increase) in trade receivables	383,963,870	(406,081,942)
Decrease in loans and advances	47,398,047	837,710,298
(Increase) in other current assets	(115,794,821)	(4,644,563)
Decrease in inventories	190,119,090	94,011,336
(Decrease) in liabilities	(500,428,299)	(45,817,790)
(Decrease) in provisions	(38,312,768)	(59,374,308)
Decrease in other bank balances	2,157,238	5,146,206
Cash generated from operations	<b>500,825,829</b>	<b>599,684,449</b>
Taxes paid (net of refund)	(117,736,953)	(29,799,242)
<b>Net cash generated from operating activities (A)</b>	<b>383,088,876</b>	<b>569,885,207</b>
<b>B) Cash flows from investing activities</b>		
Interest income on bank deposits	56,448,571	53,121,193
Purchase of tangible assets	(56,354,336)	(90,449,205)
Proceeds from sale of fixed assets	2,343,007	1,269,531
Proceeds from sale of investments	89,714	-
<b>Net cash from / (used) in investing activities (B)</b>	<b>2,526,956</b>	<b>(36,058,481)</b>

# AstraZeneca Pharma India Limited

## Cash Flow Statement (continued)

(Amount in ₹)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>C) Cash flows from financing activities</b>		
Payment of unclaimed debenture principal	-	(2,751,658)
Payment of unclaimed debenture interest	-	(220,133)
Decrease in other bank deposits (dividend accounts)	(2,157,238)	(2,174,415)
<b>Net cash used in financing activities (C)</b>	<b>(2,157,238)</b>	<b>(5,146,206)</b>
<b>D) Net increase in cash and cash equivalents (A+B+C)</b>	<b>383,458,594</b>	528,680,520
<b>E) Cash and cash equivalents at the beginning of the year*</b>	<b>762,005,831</b>	233,325,311
<b>F) Cash and cash equivalents at the end of the year*</b>	<b>1,145,464,425</b>	762,005,831

\* Refer note 2.14 to the financial statements

- (a) The above Cash Flow Statement has been prepared under indirect method in accordance with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (b) Figures in brackets indicate cash outflow.
- (c) Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year classification.

This is the Statement of Cashflow referred to in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm registration number: 304026E/ E-300009

**Pradip Kanakia**

Partner

Membership number: 039985

Place : Bengaluru

Date : May 9, 2017

For and on behalf of the Board of Directors of

**AstraZeneca Pharma India Limited**

**Narayan Seshadri**

Chairman

**Sanjay Murdeshwar**

Managing Director

**Pratap Rudra B**

Company Secretary

**Rajesh Marwaha**

Director & Chief  
Financial Officer

Place: Bengaluru

Date: May 9, 2017

# AstraZeneca Pharma India Limited

## Notes to the financial statements

### General Information

AstraZeneca Pharma India Limited ('the Company') is a public limited company domiciled in India having its registered office in Bangalore. The Company's equity shares are listed in National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The Company is engaged in the business of manufacture, distribution and marketing of pharmaceutical products.

### 1. Summary of significant accounting policies

#### 1.1. Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7(1) of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division I) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets/inputs for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities

#### 1.2. Use of estimates

The preparation of financial statements is in conformity with Generally Accepted Accounting Principles ("GAAP") requires that the management makes 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, and the reported amounts of revenue and expenses during the reported year. 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.

#### 1.3. Tangible Assets

Tangible Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management. Subsequent costs related to an item of Property, Plant and Equipment are recognised in the carrying amount of the item if the recognition criteria are met.

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets, based on technical evaluation done by management's expert, which are different than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss. The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates,

# AstraZeneca Pharma India Limited

## Notes to the financial statements

the changes are accounted for prospectively as a change in accounting estimate.

The estimates of useful lives of tangible assets are 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
Office equipment	2 to 10
Furniture and fixtures	10

Freehold land is not depreciated but is assessed for impairment, if any, at the balance sheet date. Assets individually costing ₹ 5,000 or less are depreciated fully in the year of purchase.

### 1.4. Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. 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.

### 1.5. Impairment of assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a

cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

### 1.6. Foreign currency translation

**Initial Recognition:** On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition:** As at the reporting date, 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.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences resulting from the settlement of foreign currency monetary items and on restatement of all monetary items are recognised in the Statement of Profit and Loss.

### 1.7. Investments

Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments, such reduction being determined and made for each investment individually.

### 1.8. Inventories

Inventories are stated at lower of cost and net realisable value. The cost of finished goods and work-in-progress comprises cost of raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

# AstraZeneca Pharma India Limited

## Notes to the financial statements

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-progress 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) Stores and Spares	First in first out

Inventories held for sale on behalf of third parties has been disclosed as Other receivables under the head Other current assets.

Stock of samples which have been included under Other current assets have been valued at cost which is equal to the net realisable value in the ordinary course of business.

### 1.9. Employee Benefits

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis, which are recognized in the Statement of Profit and Loss.

In respect of management staff, Provident Fund contributions are made to a Trust administered by the Company (a Defined Benefit Plan). The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

The contributions made to the trust are recognised as plan assets. The defined benefit obligation, if any recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

Superannuation: The Company makes contribution to the Superannuation Scheme for eligible employees participating in the scheme, a defined contribution scheme, administered by external fund managers, based on a specified percentage of

eligible employees' salary. The Company's obligation to the scheme is restricted to the contributions to the scheme, which are recognised in the Statement of Profit and Loss.

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering employees in accordance with the terms of employment. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. The Company makes contributions towards gratuity into the approved gratuity fund administered by an external fund manager.

The contributions made to the trust are recognised as plan assets. The defined benefit obligation, if any recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

Compensated Absences: The employees of the Company are entitled to other long-term benefit in the form of compensated absences as per the policy of the Company. Employees are entitled to accumulate leave balance up to the upper limit as per the Company's policy which can be carried forward up to retirement/resignation. Leave encashment for a certain category of employees gets triggered on an annual basis, if the accumulated leave balance meets the threshold as defined in the policy of the Company for eligible employees. At

# AstraZeneca Pharma India Limited

## Notes to the financial statements

the time of retirement, death while in employment or on termination of employment, leave encashment vests equivalent to amount payable for number of days of accumulated leave balance as per the limit defined in the policy of the Company as applicable. Liability for such benefits is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

**Termination Benefits:** Termination benefits, in the nature of voluntary retirement benefits or those arising from restructuring, are recognised in the Statement of Profit and Loss when the Company has a present obligation as a result of past event, when a reliable estimate can be made of the amount of the obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

**Other short-term benefits:** The undiscounted amount of other short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized in the year during which the employee rendered the services. These benefits comprise of compensated absences such as paid annual leave and performance incentives.

### 1.10. Employee Share-based Payments

Stock-based compensation cost is accounted for in the books of the AstraZeneca Plc, United Kingdom ('Ultimate holding company') and is recharged to the Company and accounted for by the Company over the vesting period in respect of qualifying employees.

### 1.11. Revenue Recognition

**Sale of products:** Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, which coincides with the despatch of goods and are recognised net of trade discounts, rebates, sales taxes and excise duties.

Income from sale of products on behalf of third parties is recognised under the head other operating revenue, representing gross margins earned on such sales as per the arrangements agreed with such third parties.

**Sale of services:** The Company derives its service income from clinical trials services provided to an overseas group company and co-promotion services to its external customers. The income from clinical trials is based on a 'cost plus' model as agreed with the said group company. As per the agreement, costs incurred internally are charged with a mark-up and those incurred externally are charged at actual. Revenue from services is recognised when the service is performed in accordance with the terms of the agreement with the group company. The income from co-promotion services is recognised by the Company when the service is performed in accordance with the agreements entered into with its external customers.

Revenue in excess of billing on service contracts is recorded as unbilled revenue and is included in Other Current Assets. Billing in excess of revenue that is recognised on service contracts is recorded as deferred revenue until the above revenue recognition criteria are met and is included in Other Current Liabilities.

### 1.12. Other Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

The Company derives its rental income from group companies for the property leased. Income is recognised as per the terms of the agreement.

Income from sale of trademarks and know-how is recognised in the Statement of Profit and Loss on fulfilment of obligations as per the underlying agreement with the buyer.

### 1.13. Leases

**Operating leases:** Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

# AstraZeneca Pharma India Limited

## Notes to the financial statements

### 1.14. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares, if any.

### 1.15. Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) credit 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 specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 1.16. Provisions and Contingent Liabilities

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 1.17. Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses is identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated corporate expenses/income".

### 1.18. Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.1 Share capital

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Authorised:</b>		
25,000,000 (2016: 25,000,000) equity shares of ₹ 2 each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued, subscribed and paid up</b>		
25,000,000 (2016: 25,000,000) equity shares of ₹ 2 each, fully paid-up	<u>50,000,000</u>	<u>50,000,000</u>
	<u><b>50,000,000</b></u>	<u><b>50,000,000</b></u>

#### (a) Reconciliation of number of shares

Equity shares	As at 31 March 2017 Number	As at 31 March 2017 Amount	As at 31 March 2016 Number	As at 31 March 2016 Amount
Balance at the beginning of the year	25,000,000	50,000,000	25,000,000	50,000,00
Movement during the year	-	-	-	-
Balance at the end of the year	<u>25,000,000</u>	<u>50,000,000</u>	<u>25,000,000</u>	<u>50,000,000</u>

#### (b) Rights, preferences and restrictions 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, in proportion to their shareholding.

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 (2016: ₹ Nil per share).

#### (c) Shares held by Holding/Ultimate Holding Company and/or their Subsidiaries / Associates

Name of the share holder	As at 31 March 2017 Number	As at 31 March 2017 Amount	As at 31 March 2016 Number	As at 31 March 2016 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

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### (d) Details of Shareholders holding more than 5% shares in the Company

Name of the share holder	As at 31 March 2017 No.of shares	As at 31 March 2017 % holding	As at 31 March 2016 No.of shares	As at 31 March 2016 % holding
<b>Equity shares of ₹ 2 each, fully paid</b>				
AstraZeneca Pharmaceuticals AB, Sweden (Holding Company)	18,750,000	75.00	18,750,000	75.00
ICICI Prudential Asset Management Company Limited	1,747,500	6.99	1,739,258	6.96

- (e) 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.

### 2.2 Reserves and surplus

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Capital reserve</b>		
Balance at the beginning and end of the year	723,510,453	723,510,453
<b>General reserve</b>		
Balance at the beginning and end of the year	531,307,958	531,307,958
<b>Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	255,324,787	202,734,967
Add: Transfer from Statement of Profit and Loss for the year	244,422,513	52,589,820
Balance at the end of the year	499,747,300	255,324,787
	<b>1,754,565,711</b>	<b>1,510,143,198</b>

### 2.3 Other long-term liabilities

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Rent equalisation reserve	10,705,606	8,175,482
Dealer deposits	4,443,760	4,493,760
	<b>15,149,366</b>	<b>12,669,242</b>

### 2.4 Long-term provisions

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Provision for employee benefits :		
- Provision for compensated absences [Refer note 2.41]	109,052,567	116,570,014
	<b>109,052,567</b>	<b>116,570,014</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.5 Trade payables

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises [Refer note 2.38]	25,782	58,323
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises #	357,677,822	946,225,885
	<b>357,703,604</b>	<b>946,284,208</b>

# Refer note 2.29 for details of dues to Related Parties

### 2.6 Other current liabilities

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Security deposit on leased asset (Refer note 2.8)	9,860,000	9,860,000
Deferred revenue	63,000,000	63,000,000
Advances from customers	23,872,943	24,497,848
Capital creditors	2,066,995	13,679,301
Unpaid dividends *	4,154,194	6,311,432
Statutory dues including provident fund and tax deducted at source	58,806,713	56,552,640
Employee benefits payable	108,961,462	132,051,230
Payable to related parties [Refer note 2.29 (iii)]	3,020,146	49,865,209
Other expenses payable	1,019,893,515	855,030,221
	<b>1,293,635,968</b>	<b>1,210,847,881</b>

\* There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of The Companies Act, 2013 as at the year end.

### 2.7 Short-term provisions

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Provision for employee benefits:		
- Provision for gratuity [Refer note 2.39]	2,802,092	21,591,593
- Provision for compensated absences [Refer note 2.41]	21,394,793	22,098,271
Provision for sales returns	23,673,783	23,673,783
Provision for taxation matters	78,649,769	78,649,769
Provision for other obligations	70,820,430	37,311,386
	<b>197,340,867</b>	<b>183,324,802</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.7 Short-term provisions (continued)

(Amount in ₹)

Particulars	Opening Balance	Provisions during the year	Amount paid / written back during the year	Closing Balance
Sales returns [Refer note (a) below]	23,673,783 (23,673,783)	23,886,486 (22,256,014)	23,886,486 (22,256,014)	23,673,783 (23,673,783)
Taxation matters [Refer note (b) below]	78,649,769 (78,649,769)	- -	- -	78,649,769 (78,649,769)
Other obligations [Refer note (c) and (d) below]	37,311,386 (92,095,331)	70,820,430 -	37,311,386 (54,783,945)	70,820,430 (37,311,386)

#### Notes:

- (a) Provision for sales returns is made for expected sales returns. The provision is made on the basis of past experience on pattern of sales returns.
- (b) Provision for taxation matters is created in respect of likely adverse outcomes of direct and indirect taxes cases pending against the Company. The provision is based on advices obtained from external consultants of the Company. While the Company intends to settle the cases in the next twelve months, it cannot estimate with reasonable certainty the timing of the final outcome.
- (c) The opening balance of Other obligations represents a provision created towards expected claims from customers in respect of charge backs. The provision was created based on best estimate by the Company. As the Company has not received any claims in the current year, the same has been written back during the year and disclosed as 'Provisions/Accruals no longer required, written back' under Other income.
- (d) The Company had received a notice from Bruhat Bangalore Mahanagara Palike (BBMP) on August 7, 2014, followed by reminder notices, demanding ₹ 70,820,430 as improvement charges for its factory land. The Company filed a writ petition in the Honourable High Court of Karnataka ('Court') challenging the levy of aforesaid improvement charges. The Court had granted an interim order of stay on said demand notice. The Company's writ petition remains pending in the Court, but based on updated legal advice, management, as a prudent accounting practice has provided for the amount claimed. The Company intends to pursue the necessary legal recourse in this matter.
- (e) Previous year figures are given in brackets.

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.8 Fixed assets

(Amount in ₹)

Asset description	Gross book value			Accumulated depreciation and amortisation			Net book value As at 31 March 2017
	As at 1 April 2016	Additions	Disposal	As at 31 March 2017	1 April 2016	For the year	
<b>Tangible assets</b>							
Owned assets:							
Freehold land	4,943,674	-		4,943,674	-		
Buildings	491,771,529	10,215,273	-	501,986,802	170,162,035	23,134,465	-
Roads and culverts	16,319,531	-		16,319,531	5,688,251	1,360,533	-
Plant and machinery	991,905,502	40,556,486	3,554,443	1,028,907,545	594,806,521	73,616,070	2,408,833
Vehicles	10,256,059	-		10,256,059	8,940,440	945,211	-
Office equipment #	282,096,492	7,877,110	28,836,853	261,136,749	164,899,144	45,654,346	26,257,016
Furniture and fixtures	160,935,922	1,090,371	10,065,495	151,960,798	50,032,442	13,549,007	7,114,914
Leased assets							
Plant and machinery ##	49,300,000	-	-	49,300,000	39,440,000	-	-
							39,440,000
							9,860,000
<b>Intangible assets</b>							
License for use and application of know-how and trademark	2,007,528,709	59,739,240	42,456,791	2,024,811,158	1,033,968,833	158,259,632	35,780,763
							1,156,447,702
							868,363,456
<b>Total</b>	<b>2,037,597,158</b>	<b>59,739,240</b>	<b>42,456,791</b>	<b>2,054,879,607</b>	<b>1,064,037,282</b>	<b>158,259,632</b>	<b>35,780,763</b>
							<b>1,186,516,151</b>
							<b>868,363,456</b>

# includes IT equipment

## relates to leased asset which has a security deposit payable for 20% of the value (refer note 2.6)

## AstraZeneca Pharma India Limited

### Notes to the Financial statements

#### 2.8 Fixed assets

(Amount in ₹)

Asset description	Gross book value			Accumulated depreciation and amortisation			Net book value As at 31 March 2016
	As at 1 April 2015	Additions	Disposal	As at 31 March 2016	1 April 2015	For the year	
<b>Tangible assets</b>							
Owned assets							
Freehold land	4,943,674	-	-	4,943,674	-	-	-
Buildings	461,463,220	30,308,309	-	491,771,529	148,715,175	21,446,860	170,162,035
Roads and culverts	16,319,531	-	-	16,319,531	4,322,105	1,366,146	5,688,251
Plant and machinery	968,011,234	37,591,270	13,697,002	991,905,502	530,203,598	77,615,075	594,806,521
Vehicles	11,409,026	-	1,152,967	10,256,059	8,305,248	1,774,362	8,940,440
Office equipment #	231,566,277	50,859,427	329,212	282,096,492	106,930,277	58,167,405	164,899,144
Furniture and fixtures	141,363,063	20,041,899	469,040	160,935,922	36,584,323	13,893,707	445,588
Leased assets	49,300,000	-	-	49,300,000	39,440,000	-	50,032,442
Plant and machinery ##							110,903,479
	1,884,376,025	138,800,905	15,648,221	2,007,528,709	874,500,726	174,263,555	973,559,876
<b>Intangible assets</b>							
License for use and application of know-how and trademark	30,068,449	-	-	30,068,449	30,068,449	-	30,068,449
<b>Total</b>	<b>1,914,444,474</b>	<b>138,800,905</b>	<b>15,648,221</b>	<b>2,037,597,158</b>	<b>904,569,175</b>	<b>14,795,448</b>	<b>1,064,037,282</b>
							<b>973,559,876</b>

# includes IT equipment

## relates to leased asset which has a security deposit payable for 20% of the value (refer note 2.6)

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.9 Non-current investments

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Non-trade investments</b>		
Quoted, fully paid, at cost :		
Investment in equity shares		
Nil (2016: 100) equity shares of TTK Healthcare Limited of ₹ 10 each	-	5,325
Nil (2016: 2) equity shares of Torrent Cables Limited of ₹ 10 each	-	135
	-	5,460
Market value of quoted investments	-	92,730

### 2.10 Long-term loans and advances

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Secured, considered good :</b>		
Loans to employees	1,620,381	5,128,054
	1,620,381	5,128,054
<b>Unsecured, considered good :</b>		
Capital advances	1,609,803	1,609,803
Security deposits	24,703,686	35,344,918
Advances recoverable in cash or in kind or for value to be received:		
Balances with Government Authorities	7,980,256	7,981,122
Others	-	3,288,804
Loans to employees	3,442,256	5,281,029
Advance income tax [Net of provision for tax of ₹ 348,020,162; (2016: ₹ 260,394,250)]	287,858,321	257,747,280
	325,594,322	311,252,956
<b>Unsecured, considered doubtful :</b>		
Security deposits	14,793,938	2,794,171
Advances recoverable in cash or in kind or for value to be received:		
Advances to suppliers	5,132,505	8,163,429
Employee advances	6,586,931	6,622,052
	26,513,374	17,579,652
Less: Provision for doubtful advances	(26,513,374)	(17,579,652)
	-	-
	<b>327,214,703</b>	<b>316,381,010</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.11 Other non-current assets

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Margin money deposit with bank	6,055,344	6,055,344
	<b>6,055,344</b>	<b>6,055,344</b>

### 2.12 Inventories [Refer note 2.28]

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Raw materials [includes in transit: ₹ 8,660,156 (2016: ₹ 5,234,599)]	78,975,311	89,428,546
Packing materials	12,108,415	13,478,365
Work-in-progress	10,715,481	13,534,865
Finished goods	105,944,672	135,964,774
Traded goods [includes in transit: ₹ 50,852,167 (2016: ₹ 24,869,804)]	355,790,982	502,716,509
Stores and spares	13,640,718	12,172,610
	<b>577,176,579</b>	<b>767,295,669</b>

### 2.13 Trade receivables

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	6,831,403	3,428,746
Others	429,200,469	828,004,195
<b>Unsecured, considered doubtful</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	42,128,450	30,691,252
Others	-	-
	<b>478,160,322</b>	<b>862,124,193</b>
Less: Provision for doubtful debts	(42,128,450)	(30,691,252)
	<b>436,031,872</b>	<b>831,432,941</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.14 Cash and bank balances

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalents		
Bank balances:		
In current accounts	13,164,425	62,005,831
Demand deposits (less than 3 months maturity)	1,132,300,000	700,000,000
	1,145,464,425	762,005,831
Other bank balances:		
Unpaid dividend account	4,154,194	6,311,432
	<b>1,149,618,619</b>	<b>768,317,263</b>

### 2.15 Short-term loans and advances

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Secured, considered good</b>		
Loans to employees	2,967,057	6,404,046
	<b>2,967,057</b>	<b>6,404,046</b>
<b>Unsecured, considered good</b>		
Security deposits	11,934,495	20,208,194
Receivable from related parties [Refer note 2.29 (iii)]	33,109,558	34,658,399
Advances recoverable in cash or in kind or for value to be received		
Balances with Government Authorities	92,684,812	119,923,955
Prepaid expenses	64,794,602	74,151,611
Advances to suppliers	12,048,739	15,738,283
Employee advances	336,557	766,200
Loans to employees	3,822,655	4,518,443
	<b>218,731,418</b>	<b>269,965,085</b>
<b>Unsecured, considered doubtful</b>		
Security deposits	-	6,689,371
Balances with Government Authorities	24,812,452	-
Loans to employees	-	506,846
	<b>24,812,452</b>	<b>7,196,217</b>
Less: Provision for doubtful advances	(24,812,452)	(7,196,217)
	<b>-</b>	<b>-</b>
	<b>221,698,475</b>	<b>276,369,131</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.16 Other current Assets

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Interest accrued on deposits with banks	7,007,511	6,938,738
Stock of samples	8,909,992	14,489,771
Other receivables	127,246,814	5,872,214
	<b>143,164,317</b>	<b>27,300,723</b>

### 2.17 Revenue from operations

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products:		
Finished goods (gross)	983,725,399	1,209,555,779
Less: Excise duty	(49,538,782)	(62,063,786)
Finished goods (net) [Refer note 2.28 (a) (i)]	934,186,617	1,147,419,993
Traded goods [Refer note 2.28 (a) (ii)]	4,112,545,148	4,020,064,426
Sale of services:		
Clinical trials	216,383,835	97,041,364
Other operating revenue :		
Scrap sales	159,591	1,724,865
Income from sale of distribution rights	-	371,000,000
Income from sale of products on behalf of third parties	132,425,641	-
	<b>132,585,232</b>	<b>372,724,865</b>
	<b>5,395,700,832</b>	<b>5,637,322,648</b>

### 2.18 Other income

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Income from sale of trademarks and know-how*	80,000,000	-
Interest income on bank deposits	56,517,344	57,859,805
Net profit on sale of fixed assets	-	416,759
Liabilities no longer required, written back	11,058,139	-
Provision/Accruals no longer required, written back	44,811,386	-
Lease rentals [Refer note 2.35 (b)]	3,884,266	4,590,156
Profit on sale of non-current investments	84,254	-
Miscellaneous income	73,618	4,860,040
	<b>196,429,007</b>	<b>67,726,760</b>

\* Income from sale of trademarks and know-how is towards consideration received (translating into a gain of an equivalent amount) from sale of trademarks and related know-how to an unrelated pharma company.

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.19 Cost of materials consumed

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw materials consumed	112,452,099	305,010,909
Packing materials consumed	27,590,234	42,574,531
	<b>140,042,333</b>	<b>347,585,440</b>

### 2.20 Purchase of traded goods

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Traded good purchased	1,421,553,303	1,588,871,493
	<b>1,421,553,303</b>	<b>1,588,871,493</b>

### 2.21 Changes in inventories of finished good, work-in-progress and traded goods

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Inventories at the beginning of the year</b>		
Finished goods	135,964,774	83,074,481
Work-in-progress	13,534,865	49,055,013
Traded goods	502,716,509	565,975,240
	<b>A</b>	<b>652,216,148</b>
<b>Inventories at the end of the year</b>		
Finished goods	105,944,672	135,964,774
Work-in-progress	10,716,481	13,534,865
Traded goods	355,790,982	502,716,509
	<b>B</b>	<b>472,452,135</b>
Less: Excise duty on opening stock of finished goods	(17,579,001)	(9,316,004)
Add: Excise duty on closing stock of finished goods	12,901,524	17,579,001
Increase/(decrease)	(4,677,477)	8,262,997
Changes in inventory	<b>( A - B + C )</b>	<b>175,086,536</b>
		<b>54,151,583</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.22 Employee benefit expenses

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, bonus and allowances [Refer note (a)]	1,401,015,599	1,462,124,454
Gratuity [Refer note 2.39 (c)]	38,619,134	36,502,425
Contribution to provident and other funds [Refer note 2.40 (a) and (b)]	67,475,926	67,401,029
Employee stock compensation expense [Refer note (b)]	3,940,713	4,088,471
Staff welfare expenses	123,712,273	123,336,012
	<b><u>1,634,763,645</u></b>	<b><u>1,693,452,391</u></b>

#### Notes:

- (a) Includes terminal compensation benefits paid during the year under the voluntary retirement scheme amounting to ₹ 91,890,248 (2016: ₹ Nil).
- (b) Represents reimbursement of cost of Restricted Stock Units issued by AstraZeneca Plc, United Kingdom "the ultimate holding company" to the qualifying employees of the Company [Refer note 2.37].
- (c) Employee benefit expenses shown above is net of reimbursable expenses recovered from related parties under appropriate line items [refer note 2.29].

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.23 Other expenses

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Selling, marketing and distribution	540,564,006	719,428,537
Travel and conveyance	207,818,570	275,522,226
Legal and professional [Refer note 2.26]	140,132,302	136,582,096
Clinical trials	261,720,941	111,572,604
Power and fuel	76,763,116	74,349,305
Rent [Refer note 2.35 (a) ]	59,745,028	74,599,718
Carriage outwards	42,312,481	70,024,157
Repairs and maintenance		
- Buildings	12,055,038	7,744,848
- Plant and machinery	15,708,842	22,066,492
- Others	26,818,674	25,067,607
Rates and taxes	90,864,966	34,053,144
Processing charges	8,190,790	23,302,275
Commission and warehousing charges to clearing and forwarding agents	50,775,757	48,365,174
Consumption of stores and spare parts [Refer note 2.28(e) ]	20,110,315	25,894,531
Communication expenses	28,186,138	39,515,170
Cost of samples distributed	3,542,739	8,729,285
Insurance	24,816,683	24,396,979
Printing and stationery	8,032,475	6,291,241
Provision for doubtful debts, (net)	11,437,198	985,279
Provision for doubtful advances, (net)	26,549,957	1,734,927
Net loss on foreign currency transactions	804,859	3,222,844
Loss on sale of fixed asset	4,333,021	-
Miscellaneous expenses	69,092,069	55,640,104
	<b>1,730,375,965</b>	<b>1,789,088,543</b>

Note:

Other expenses shown above are net of reimbursable expenses recovered from related parties under appropriate line items [Refer note 2.29].

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.24 Contingent liabilities

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

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Excise and service tax matters* (net of payment under protest)	15,315,958	14,940,958
Income tax matters # (net of payment under protest)	80,033,658	137,584,062

- \* The Company had received a service tax demand of ₹ 23,883,332 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 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 which is currently pending. Out of the above balance, the Company has provided ₹ 11,064,245 as a matter of prudent accounting practice and the balance amount of ₹ 12,819,087 is considered as a contingent liability.
- \* The Company had received a service tax demand of ₹ 5,874,992 for the period April 2010 to November 2012 vide OIO 138/2015 disallowing input tax credit on services such as sponsorship, insurance, event management, waste disposal services. The order has been passed by Commissioner confirming the demand along with interest and penalties, against which the Company has paid ₹ 440,625 under protest as on date and has filed an appeal with Commissioner of Central Excise (Appeals) on 18 February 2016 which is currently pending. Out of the above demand, the Company has provided ₹ 2,937,496 as a matter of prudent accounting practice and the balance amount of ₹ 2,496,871 is considered as a contingent liability.
- # The Transfer Pricing Officer ("TPO") vide its Order for the period April 2008 to March 2009 made an adjustment to the clinical trial income 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 against the Company 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 under protest as per the order of the AO amounting to ₹ 42,149,817. 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 members heard both the parties and decided to club the stay matter alongwith the main hearing on technical merits and listed the matter for hearing on 9 July, 2015. The Department Representative informed the Bench that no coercive action will be initiated in the interim. The ITAT has passed an order on 27 December 2016 which was received by the Company on 10 January 2017. The ITAT has given relief on adjustments made with respect to arm's length margin for clinical trials income and Corporate Tax adjustments (Allowance for expenses in respect of sample distribution, grants, sponsorship). The Company is currently in the process of filing an application before the AO/ TPO along with the relevant submissions requesting them to give effect to the order of ITAT. The Transfer Pricing Officer ("TPO") vide its Order for the period April 2010 to March 2011 made an adjustment to the clinical trials income 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 filed an appeal with the Dispute Resolution Panel ("DRP") on 27 March 2015, Post the hearing held during the year, the DRP on 20 January 2016 has passed the final order confirming the final liability at ₹ 10,397,300. The Company has filed an appeal with ITAT on 17 March 2016 challenging the disallowances made by the DRP. The case is listed before the ITAT on 18 May 2017 for hearing.

The Transfer Pricing Officer ("TPO") vide its Order for the period April 2011 to March 2012 has charged a markup on the receipt of reimbursement of expenses by the Company from overseas group companies. Moreover, the Assessing Officer ("AO") carried out adjustments relating to disallowance of expenses incurred on health care professionals, payout made to DHS against price difference, sales returns not supported by evidence, cost of

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

samples, additional depreciation claim, SAD refund, VRS expenses and 40(a)(ia) Disallowance. The Company has filed an appeal with the Dispute Resolution Panel ("DRP") on 18 March 2016 and DRP passed an order on 11 November 2016. Subsequently the final order was issued by the AO reducing the net refund due to the Company by ₹ 27,486,541.

The Company is not carrying any provision for the cases other than those mentioned above in its books of account, as the Company is confident of successfully litigating the matters.

### (b) Guarantees

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Bank guarantee issued to National Highways Authority of India	13,704,037	13,704,037

### 2.25 Commitments

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	12,807,407	8,795,753
<b>Other commitments</b>	-	-

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

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Audit fees	3,901,250	3,901,250
Tax audit fees	367,500	367,500
Reimbursement of out of pocket expenses	664,107	532,615
	<b>4,932,857</b>	<b>4,801,365</b>

\* Excludes service tax

### 2.27 Earnings per share

(Amount in ₹, except number of shares)

Particulars	As at 31 March 2017	As at 31 March 2016
Net Profit for the year attributable to equity shareholders	A 244,422,513	52,589,820
Weighted average number of equity shares of ₹ 2 each used for calculation of earnings per share	B 25,000,000	25,000,000
Earnings per share, basic and diluted	(A/B) 9.78	2.10
The Company does not have potentially dilutive equity shares.		

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.28 (a) Details of Inventory of finished goods and traded goods and sales

#### (i) Class of finished goods

(Amount in ₹)

Particulars	Opening stock as at 1 April 2016 [Refer note (a)]	Sales for the year ended 31 March 2017 [Refer note (b)]	Closing stock as at 31 March 2017 [Refer note (a)]
Tablets and capsules	122,184,305 (76,750,606)	856,132,420 (998,565,612)	105,944,672 (122,184,305)
Injectables	12,851,004 (8,462,299)	78,054,197 (91,811,643)	-
Ointments	832,722 (98,609)	-	(832,722)
Liquids	96,743 (950,338)	-	(96,743)
Total	<b>135,964,774</b> <b>(86,261,852)</b>	<b>934,186,617</b> <b>(1,147,491,993)</b>	<b>105,944,672</b> <b>(135,964,774)</b>

#### (ii) Class of traded goods

(Amount in ₹)

Particulars	Opening stock as at 1 April 2016 [Refer note (a)]	Sales for the year ended 31 March 2017 [Refer note (b)]	Closing stock as at 31 March 2017 [Refer note (a)]
<b>Formulations:</b>			
Tablets and capsules	390,388,506 (369,141,818)	3,036,034,849 (2,548,353,287)	304,208,736 (390,388,506)
Injectables	103,948,642 (211,869,715)	1,035,444,028 (1,439,949,061)	39,283,524 (103,948,642)
Inhalation products	8,379,361 (2,597,593)	41,066,271 (31,762,078)	12,298,722 (8,379,361)
Dry powder	-	-	-
Total	<b>502,716,509</b> <b>(586,104,861)</b>	<b>4,112,545,148</b> <b>(4,020,064,426)</b>	<b>355,790,982</b> <b>(502,716,509)</b>
<b>Total sale of products, net of excise duty</b>			
		<b>5,046,731,765</b> <b>(5,167,556,419)</b>	

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### Notes:

- (a) 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 as applicable.
- (b) Sales indicated above is net of excise duty. Sales for the previous year under traded goods does not include amount reversed for provision of DHS and other chargebacks aggregating to ₹ 54,750,000 which has been adjusted in sales.
- (c) Previous year figures are given in brackets.

### (iii) Work-in-progress

(Amount in ₹)

Particulars	As at	
	31 March 2017	31 March 2016
<b>Formulations:</b>		
Tablets and capsules	10,716,481	6,882,881
Injectables	-	6,651,984
	<b>10,716,481</b>	<b>13,534,865</b>

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

(Amount in ₹)

Particulars	For the year ended	
	31 March 2017	31 March 2016
<b>Formulations:</b>		
Tablets and capsules	1,070,425,293	1,068,598,010
Injectables	334,627,515	503,682,364
Inhalation products	16,500,495	16,591,119
	<b>1,421,553,303</b>	<b>1,588,871,493</b>

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

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

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

(Amount in ₹)

Particulars		For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Raw materials</b>			
Crestor 10mg (Bulk tablets)		45,757,728	48,372,567
Seloken XL 50 Mg (Bulk Tablets)		26,039,676	31,990,467
Vancomycin Hydrochloride Ip		-	27,593,717
Seloken XL 25mg (Bulk tablets)		-	25,963,201
Crestor 20mg (Bulk tablets)		27,762,500	25,500,614
Other raw materials*		12,892,195	145,590,343
<b>Total</b>	A	<b>112,452,099</b>	<b>305,010,909</b>
<b>Packing materials</b>			
Aluminium foil		2,340,568	-
Other packing material*		25,249,666	42,574,531
<b>Total</b>	B	<b>27,590,234</b>	<b>42,574,531</b>
<b>Total cost of materials consumed</b>	(A+B)	<b>140,042,333</b>	<b>347,585,440</b>

\* 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 2017		For the year ended 31 March 2016	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	123,946,201	88.51	216,606,611	62.32
Indigenous	16,096,132	11.49	130,978,829	37.68
<b>Total</b>	<b>140,042,333</b>	<b>100.00</b>	<b>347,585,440</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 2017		For the year ended 31 March 2016	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	-	-	-	-
Indigenous	20,110,315	100	25,894,531	100.00
<b>Total</b>	<b>20,110,315</b>	<b>100</b>	<b>25,894,531</b>	<b>100.00</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 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 Singapore Pte Ltd, Singapore; AstraZeneca Pharmaceuticals (Phils) Inc, Philippines; AstraZeneca India Private Limited, India; AstraZeneca Pty Ltd, Australia; AstraZeneca Pharmaceutical Co. Ltd, China AstraZeneca Pharmaceuticals LP, USA; IPR Pharmaceuticals Inc, Puerto Rico; AstraZeneca GmbH, Germany; AstraZeneca UK Limited, United Kingdom
Key management personnel	
- Managing Director	Sanjay Murdeshwar
- Whole time director	Rajesh Marwaha (appointed w.e.f 2 December 2016)
- Directors	Ian Brimicombe Ms. Claire-Marie O'Grady (appointed w.e.f 6 November 2015 and resigned w.e.f 2 Dec 2016) Rebekah Martin (resigned w.e.f 6 November 2015) Justin Ooi (resigned w.e.f 11 January 2016) Gregory David Emil Mueller (appointed w.e.f 2 December 2016)

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### (ii) Related party transactions

(Amount in ₹)

Nature of transactions	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Purchase of materials and traded goods</b>		
AstraZeneca UK Limited, United Kingdom	1,208,304,886	1,020,722,017
AstraZeneca AB, Sweden	52,622,829	71,950,682
IPR Pharmaceuticals Inc, Puerto Rico	-	47,818,864
	<b>1,260,927,715</b>	<b>1,140,491,563</b>
<b>Payment towards reimbursement of expenses</b>		
AstraZeneca UK Limited, United Kingdom	6,243,435	7,780,091
AstraZeneca Pharmaceuticals LP, USA	-	3,097,992
AstraZeneca AB, Sweden	-	1,979,938
AstraZeneca India Private Limited, India	-	479,898
AstraZeneca GmbH, Germany	-	457,999
AstraZeneca Singapore Pte Ltd, Singapore	-	198,739
	<b>6,243,435</b>	<b>13,994,657</b>
<b>Payment towards employee stock compensation expense</b>		
AstraZeneca UK Limited, United Kingdom [Refer note 2.37]	3,940,713	4,088,471
<b>Recovery of reimbursable expenses</b>		
AstraZeneca UK Limited, United Kingdom	51,780,815	62,867,836
AstraZeneca Pharmaceuticals LP, USA	15,939,247	14,721,262
AstraZeneca Singapore Pte Ltd, Singapore	11,304,027	9,800,871
AstraZeneca India Private Limited, India	6,566,888	5,721,517
AstraZeneca AB, Sweden	-	1,136,190
	<b>85,590,977</b>	<b>94,247,676</b>
<b>Sale of services</b>		
AstraZeneca AB, Sweden	216,383,835	97,041,364
<b>Lease Rental (included in other income)</b>		
AstraZeneca India Private Limited, India	3,884,266	4,590,156
<b>Director's remuneration</b>		
Sanjay Murdeshwar	19,549,988	20,395,256
Rajesh Marwaha	3,882,220	-
	<b>23,432,208</b>	<b>20,395,256</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

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

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Short-term loans and advances</b>		
AstraZeneca UK Limited, United Kingdom	22,774,523	13,932,342
AstraZeneca India Private Limited, India	5,733,506	11,261,704
AstraZeneca Singapore Pte Ltd, Singapore	4,601,528	5,169,831
AstraZeneca Pharmaceuticals LP, USA	-	3,940,194
Others	-	354,328
	<b>33,109,558</b>	<b>34,658,399</b>
<b>Trade receivables</b>		
AstraZeneca AB, Sweden	44,536,716	44,392,151
	<b>44,536,716</b>	<b>44,392,151</b>
<b>Trade payables</b>		
AstraZeneca UK Limited, United Kingdom	206,834,490	727,159,642
AstraZeneca AB, Sweden	23,100,465	41,412,382
IPR Pharmaceuticals Inc, Puerto Rico	-	16,338,358
Others	-	1,373,968
	<b>229,934,955</b>	<b>786,284,350</b>
<b>Other current liabilities</b>		
AstraZeneca UK Limited, United Kingdom	3,020,146	43,644,166
AstraZeneca AB, Sweden	-	3,592,202
AstraZeneca Pharmaceuticals LP, USA	-	2,184,497
Others	-	444,344
	<b>3,020,146</b>	<b>49,865,209</b>

### 2.30 Segment reporting

The Company's primary business segments are related to Healthcare (engages in the manufacture, trading and sale of pharmaceutical products) and Others (Clinical trial services to an overseas group company). The segmentation is based on the nature of activity involved in each segment, which is in line with the business risks attached with each segment, and having regard to the internal organization and management structure.

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.

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 inter changeably. 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'. Such assets are primarily located in India.

Clinical trial services does not qualify as a separate segment as defined in AS – 17 – 'Segment Reporting' and hence has been disclosed as others.

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### Primary segment information

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Segment revenue</b>		
(a) Healthcare	5,179,316,996	5,540,281,284
(b) Others	216,383,835	97,041,364
	5,395,700,831	5,637,322,648
Less: Inter-segment revenue	-	-
<b>Net revenue from operations</b>	<b>5,395,700,831</b>	<b>5,637,322,648</b>
<b>Segment results</b>		
Profit / (Loss) before tax and interest		
(a) Healthcare	131,125,034	(13,516,017)
(b) Others	4,494,384	3,425,660
	<b>135,619,418</b>	<b>(10,090,357)</b>
Other income	196,429,007	67,726,760
<b>Profit before tax</b>	<b>332,048,425</b>	<b>57,636,403</b>
Less: Tax expense	87,625,912	5,046,583
<b>Profit after tax</b>	<b>244,422,513</b>	<b>52,589,820</b>

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Segment assets</b>		
(a) Healthcare	2,282,371,573	2,946,383,109
(b) Others	44,536,716	44,392,151
(c) Unallocated assets	1,450,539,794	1,039,064,085
	<b>3,777,448,083</b>	<b>4,029,839,345</b>
<b>Segment liabilities</b>		
(a) Healthcare	1,689,535,644	2,267,196,566
(b) Others	141,736,052	60,985,741
(c) Unallocated liability	141,610,676	141,513,841
	<b>1,972,882,372</b>	<b>2,469,696,148</b>
<b>Capital expenditure</b>		
(a) Healthcare	44,742,030	79,857,532
(b) Others	-	-
	<b>44,742,030</b>	<b>79,857,532</b>
<b>Depreciation</b>		
(a) Healthcare	158,259,632	174,263,555
(b) Others	-	-
	<b>158,259,632</b>	<b>174,263,555</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### Secondary segment information

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

- (a) Within India
- (b) Outside India

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Segment revenue</b>		
(a) Within India	5,179,316,997	5,540,281,284
(b) Outside India	216,383,835	97,041,364
	<b>5,395,700,832</b>	<b>5,637,322,648</b>
<b>Capital expenditure</b>		
(a) Within India	44,742,030	79,857,532
(b) Outside India	-	-
	<b>44,742,030</b>	<b>79,857,532</b>
<b>Segment assets</b>		
(a) Within India	3,705,535,316	3,962,232,349
(b) Outside India	71,912,767	67,606,996
	<b>3,777,448,083</b>	<b>4,029,839,345</b>

### 2.31 Details of deferred tax asset

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Deferred tax liabilities</b>		
Depreciation on fixed assets	36,866,974	42,855,625
	<b>36,866,974</b>	<b>42,855,625</b>
<b>Deferred tax assets</b>		
Carry forward business loss and unabsorbed depreciation	36,866,974	42,855,625
	<b>36,866,974</b>	<b>42,855,625</b>
<b>Deferred tax assets, net</b>	<b>-</b>	<b>-</b>

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.

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.32 Value of imports on CIF basis

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw and packing materials (net of returns)	168,412,086	162,005,243
Purchase of traded goods	1,092,515,629	978,486,320
Capital goods	-	1,470,160
	<b>1,260,927,715</b>	<b>1,141,961,723</b>

### 2.33 Expenditure in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Employee benefit expenses	3,940,713	16,660,008
Selling, marketing and distribution	22,202,794	11,838,410
Professional fees	32,519,768	12,878,659
Miscellaneous expenses	133,921	113,031
	<b>58,797,196</b>	<b>41,490,108</b>

### 2.34 Earnings in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of services	216,383,835	97,041,364
	<b>216,383,835</b>	<b>97,041,364</b>

### 2.35 Leases

#### (a) Lease rental expenses

The Company has operating lease arrangements for residential, office premises and vehicles. These lease arrangements range for a period between 11 months and 10 years, which include both cancellable and non-cancellable leases. The leases are renewable for a further period on mutually agreeable terms and also include rent escalation clauses.

#### With respect to all operating leases:

(Amount in ₹)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Lease rental recognised in the Statement of Profit and Loss during the year	59,745,028	74,599,718

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.35 Leases (continued)

With respect to non-cancellable operating leases, the future minimum lease payments are as follows: (Amount in ₹)

Period	For the year ended 31 March 2017	For the year ended 31 March 2016
Not later than 1 year	4,060,079	15,778,460
Later than 1 year and not later than 5 years	-	4,060,079
Later than 5 years	-	-

### (b) Lease rental Income

The Company has operating lease arrangement for office premises where in a portion of the area has been leased to a fellow subsidiary. This lease arrangement is for a duration of 11 months and is cancellable in nature. The lease is renewable for a further period on mutually agreeable terms and also includes rent escalation clause.

	(Amount in ₹)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Lease rental income recognised as other income in the Statement of Profit and Loss during the year	3,884,266	4,590,156

**2.36** Forward contracts entered for the hedging purpose, which were outstanding as on 31 March 2017 amounted to ₹ Nil (2016 : ₹ Nil). Foreign currency exposure as on 31 March 2017, which was not hedged, are as follows:

#### Un-hedged foreign currency exposure

Underlying asset / liability	As at 31 March 2017		As at 31 March 2016		
	Currency	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Short term loans and advances	USD	287,894	19,167,983	344,401	22,860,516
	EUR	150	11,245	-	-
	AUD	-	-	5,305	354,329
Trade receivables	USD	668,912	44,536,161	647,848	44,392,151
Trade payables and other current liabilities	GBP	77	6,187	157,637	15,133,707
	USD	14,626	973,799	122,102	7,083,365
	EUR	1,251	86,619	28,854	1,995,729
	SEK	-	-	4,680	33,202

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

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

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 2017

Type of arrangement	Date of grant	Number of RSUs granted	Fair value (in GBP)	Expense recognized during the year*	Outstanding liability as at the year end#
AstraZeneca Restricted Stock Plan	28-Mar-13	2,862	32.54	1,493,644	14,797,855
	28-Mar-14	2,229	39.04	1,187,767	9,513,210
	27-Mar-15	1,948	47.62	655,350	5,129,098
	24-Mar-16	2,105	39.23	593,755	669,170
	24-Mar-17	2,325	48.80	10,197	10,197
				3,940,713	30,119,530

#### For the year ended 31 March 2016

Type of arrangement	Date of grant	Number of RSUs granted	Fair value (in GBP)	Expense recognized during the year*	Outstanding liability as at the year end#
AstraZeneca Restricted Stock Plan	30-Mar-12	2,995	28.05	(4,423,323)	-
	28-Mar-13	2,862	32.54	365,066	13,304,211
	28-Mar-14	2,229	39.04	3,856,309	8,325,443
	27-Mar-15	1,948	47.62	4,220,987	4,473,748
	24-Mar-16	2,105	39.23	69,432	75,415
				4,088,471	26,178,817

\* Negative value represents reversal of cost for employee exits and forfeitures.

# Included in other expenses payable under other current liabilities.

### 2.38 Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act. 2006 ('MSMED Act') The disclosures pursuant to the said MSMED Act are as follows:

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end*	25,782	58,323
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.38 Dues to micro and small enterprises (Continued)

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	2,182	-
(vii) Further interest remaining due and payable for earlier years	-	-

The principal amount represents amount outstanding (due as well as not due) as on Balance Sheet data.

### 2.39 Employee benefits-Gratuity plan (Defined benefit plan)

#### (a) Benefits payable for employees who have joined before 01 August 2014:

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.

#### Payable on voluntary exit/termination:

For Management staff:

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

For Non-Management staff:

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

For Field staff (PSR):

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

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.

For Field staff (PSR):

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

#### Payable on retirement, death or disability:

For Management staff:

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

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.39 Employee benefits-Gratuity plan (continued)

#### (b) Benefits payable for employees who have joined on or after 01 August 2014:

As per provisions of The Payment of Gratuity Act, 1972 with a ceiling of ₹. 10 lakhs.

#### (c) The disclosure as per AS-15 "Employee Benefits" is given below:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	(Amount in ₹)
<b>Obligations at year beginning</b>	<b>293,486,046</b>	<b>275,262,593</b>	
Current service cost	21,956,350	23,541,222	
Interest cost	19,669,927	21,142,324	
Benefits settled	(72,725,647)	(31,695,145)	
Actuarial (gain)/loss	34,732,834	5,235,052	
<b>Obligations at year end</b>	<b>297,119,510</b>	<b>293,486,046</b>	
<b>Change in fair value of plan asset</b>			
Fair value of plan asset as at the beginning of the year	271,894,453	257,223,425	
Expected return on plan assets	22,460,056	21,917,322	
Actuarial gain/(loss)	15,279,922	(8,501,149)	
Contributions	57,408,634	32,950,000	
Benefits settled	(72,725,647)	(31,695,145)	
<b>Fair value of plan assets as at the end of the year</b>	<b>294,317,418</b>	<b>271,894,453</b>	
			(Amount in ₹)
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>			
Present value of the defined benefit obligations at the end of the year	297,119,510	293,486,046	
Fair value of plan assets at the end of the year	294,317,418	271,894,453	
<b>Liability recognised in balance sheet [Refer note 2.7]</b>	<b>2,802,092</b>	<b>21,591,593</b>	
<b>Gratuity cost for the year</b>			
Service cost	21,956,350	23,541,222	
Interest cost	19,669,927	21,142,324	
Expected return on plan assets	(22,460,056)	(21,917,322)	
Actuarial (gain)/loss	19,452,913	13,736,201	
<b>Net gratuity cost [Refer note 2.22]</b>	<b>38,619,134</b>	<b>36,502,425</b>	

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.39 Employee benefits-Gratuity plan (continued)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016			
<b>Investment details of plan assets</b>					
Insurer Managed funds	100.00%	100.00%			
<b>Assumptions</b>					
Interest rate	8.00%	8.00%			
Discount factor	7.05%	7.65%			
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			
<b>History of defined benefit obligations and experience (gains) and losses</b>					
Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Fair value of Plan Asset	294,317,418	271,894,453	257,223,425	208,434,070	201,073,129
Project benefit Obligation, End of period	297,119,510	293,486,046	275,262,593	227,777,847	205,586,619
(Surplus)/Deficit in the plan	2,802,092	21,591,593	18,039,168	19,343,777	4,513,490
Experience adjustment on Plan Assets	15,279,922	(8,501,149)	18,753,074	(162,016)	(2,529,814)
(Gain)/Losses due to change in assumption	10,654,990	2,661,378	19,693,403	8,944,397	28,232,652
Experience (Gain)/ Losses on PBO	24,077,844	2,573,674	10,760,354	4,631,587	15,900,063
Total(Gain)/ Loss	34,732,834	5,235,052	30,453,757	13,575,984	44,132,715
(Amount in ₹)					
	For the year ended 31 March 2017	For the year ended 31 March 2016			
Expected contribution to the fund in the next year	38,693,605	37,336,832			

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.39 Employee benefits-Gratuity plan (continued)

#### Notes:

- (a) The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations
- (b) The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management, historical results of return on plan assets, and the company's policy for plan asset management
- (c) 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.

### 2.40 Employee benefits-Provident and other funds

#### (a) Contribution to provident and other funds (Defined contribution plans):

The Company contributes to defined contribution plans such as Provident fund, superannuation and other funds as mentioned below as required by statute/policy.

In respect of such contributions, the Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Provident fund	24,668,301	30,811,206
Superannuation fund	10,018,233	9,674,955
Death relief fund	338,300	421,900
Labour welfare fund	41,569	48,089
	<b>35,066,403</b>	<b>40,956,150</b>

#### (b) Provident fund (Defined benefit plan):

The Company operates a defined benefit plan for Provident fund for management staff. The minimum statutory rate at which the annual rate of interest is payable to the beneficiaries of such plan is administered by the Central Government. 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 shortfall to be compensated are to be considered as defined benefits plans. This is pursuant to the guidance note effective from 1 April 2011 issued by the Institute of Actuaries of India. The actuary has accordingly provided a valuation and based on the assumptions described below, there is no shortfall in the provident fund as at 31 March 2017.

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.40 Employee benefits-Provident and other funds (continued)

The disclosure as per AS-15 "Employee Benefits" is given below:

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Obligations at year beginning</b>	<b>604,783,895</b>	<b>559,033,180</b>
Current service cost	30,631,889	27,998,520
Interest cost	60,719,757	57,345,874
Benefits paid	(105,092,842)	(121,005,970)
Employee Contribution	47,182,439	47,337,450
Transfer In	13,582,386	34,458,977
Actuarial (gain)/loss	2,736,082	(384,136)
<b>Obligations at year end</b>	<b>654,543,606</b>	<b>604,783,895</b>
<b>Change in fair value of plan asset</b>		
Fair value of plan assets as at the beginning of the year	<b>621,219,620</b>	<b>576,486,371</b>
Expected return on plan assets	61,646,232	59,032,517
Employer Contributions	30,631,889	27,998,520
Transfer In	13,582,386	34,458,977
Employee Contribution	47,182,439	47,337,450
Actuarial gain/(loss)	15,742,462	(3,088,245)
Benefits payments	(105,092,842)	(121,005,970)
<b>Fair value of plan assets as at the end of the year</b>	<b>684,912,186</b>	<b>621,219,620</b>
<b>Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Present value of the defined benefit obligations at the end of the year	654,543,606	604,783,895
Fair value of plan assets at the end of the year	684,912,186	621,219,620
<b>Surplus in the fund</b>	<b>30,368,580</b>	<b>16,435,725</b>
<b>Cost for the year</b>		
Service cost	30,631,889	27,998,520
Interest cost	60,719,757	57,345,874
Expected return on plan assets	(61,646,232)	(59,032,517)
Actuarial (gain)/loss	2,704,109	133,002
<b>Net provident fund cost</b>	<b>32,409,523</b>	<b>26,444,879</b>

# AstraZeneca Pharma India Limited

## Notes to the Financial statements

### 2.40 Employee benefits-Provident and other funds (continued)

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

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Investment details of plan assets</b>		
Equity instruments	10.07%	0.74%
Government securities	45.40%	38.96%
Debt instruments	44.53%	60.30%
<b>Assumptions</b>		
Interest rate	8.65%	8.80%
Discount factor	7.05%	7.65%
Estimated rate of return on plan assets	7.91%	8.52%
Outstanding term of the liabilities	7.75 years	7.88 years
Attrition rate	5% to 13% based on the employee designation	5% to 13% based on the employee designation
Retirement age	60 Years	60 Years

#### Notes:

- (a) The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations
- (b) The expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management, historical results of return on plan assets, and the company's policy for plan asset management
- (c) 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.

#### **2.41 Employee benefits-Provision for compensated absences**

<b>Particulars</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>
Balance at the beginning of the year	138,668,285	130,056,989
Add: Charge for the year	21,954,694	40,174,984
Less: Amount paid during the year	(30,175,619)	(31,563,688)
Balance at the end of the year	<b>130,447,360</b>	<b>138,668,285</b>
Disclosed under:		
Long-term provisions [Refer note 2.4]	109,052,567	116,570,014
Short-term provisions [Refer note 2.7]	21,394,793	22,098,271
	<b>130,447,360</b>	<b>138,668,285</b>

#### **2.42 Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016**

	<b>SBNs *</b>	<b>Other denomination notes</b>	<b>Total</b>
Closing cash in hand as on 08 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

# **AstraZeneca Pharma India Limited**

## **Notes to the Financial statements**

### **2.43 Corporate Social Responsibility Expenditure(CSR).**

As per section 135 of The Companies Act 2013, a CSR committee has been formed by the company. As the average net profit of the company during the three immediate preceding financial years is negative, the Company was not required to spend on CSR activities during the current financial year.

### **2.44 Taxation:**

- (a) The Finance Act, 2001 has introduced, with effect from assessment year 2002-03 (effective April 1, 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter-alia, also require the maintenance of prescribed documents and information including furnishing a report from an accountant within due date of filing the Return of Income. For the year 31 March 2016, prescribed certificate of the accountant has been obtained and this did not envisage any tax liability. For the fiscal year ended 31 March 2017, the Company is in the process of obtaining the certificate of the Accountant. The Company does not envisage any tax implication arising based out of such study.
  - (b) The Company has accounted for Minimum Alternate Tax (MAT) expense amounting to ₹ 87,625,912 (2016: ₹ 5,046,583) and has not recognized MAT credit entitlement as on 31 March 2017 in the absence of convincing evidence that the Company will pay normal tax during the specified years in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax as issued by the ICAI.
  - (c) Deferred tax asset on timing differences, unabsorbed depreciation and business losses carried forward have not been recognised in these accounts in the absence of 'virtual certainty supported by convincing evidence' that sufficient future taxable income will be available for set off however, this position will be reassessed at every year end and the deferred tax asset will be accounted for, if appropriate.
- 2.45 In 2013-2014, 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 Bombay Stock Exchange Ltd. (BSE) 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 approved the delisting proposal submitted by the Promoter Company. Further, the Delisting Proposal was 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 received in-principle approval of NSE and BSE 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 ('SAT'), 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.

# **AstraZeneca Pharma India Limited**

## **Notes to the Financial Statements**

Further, an appeal has also been filed by two shareholders of the Company before the SAT, Mumbai, against part of SEBI's Order dated 24 June 2014, in relation to delisting proposal of AZPAB. At the hearing held on 5 May 2015, the SAT posted the matter to be heard on 9 July 2015 which was subsequently rescheduled for hearing on 11 August 2015. In the final hearing held on 11 September 2015, the SAT has disposed off the appeal directing SEBI to complete the investigation within a period of six months from date of its order and pass appropriate order on merits. The SAT has further directed the Company and the Promoter not to proceed with the delisting of equity shares till the completion of investigation and passing of the above mentioned order on merits by SEBI. Also the SAT has directed the Company and the Promoters that if the order passed by SEBI on merits is adverse to the appellants, then the said order shall not be given effect to from the date of passing the said order till it is communicated to the appellants and four weeks thereafter.

2.46 Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year classification.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm registration number: 304026E / E-300009

**Pradip Kanakia**  
Partner  
Membership number: 039985

Place : Bengaluru  
Date : May 9, 2017

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

<b>Narayan Seshadri</b> Chairman	<b>Sanjay Murdeshwar</b> Managing Director
<b>Pratap Rudra B</b> Company Secretary	<b>Rajesh Marwaha</b> Director & Chief Financial Officer

Place: Bengaluru  
Date: May 9, 2017

## TEN YEAR SUMMARY

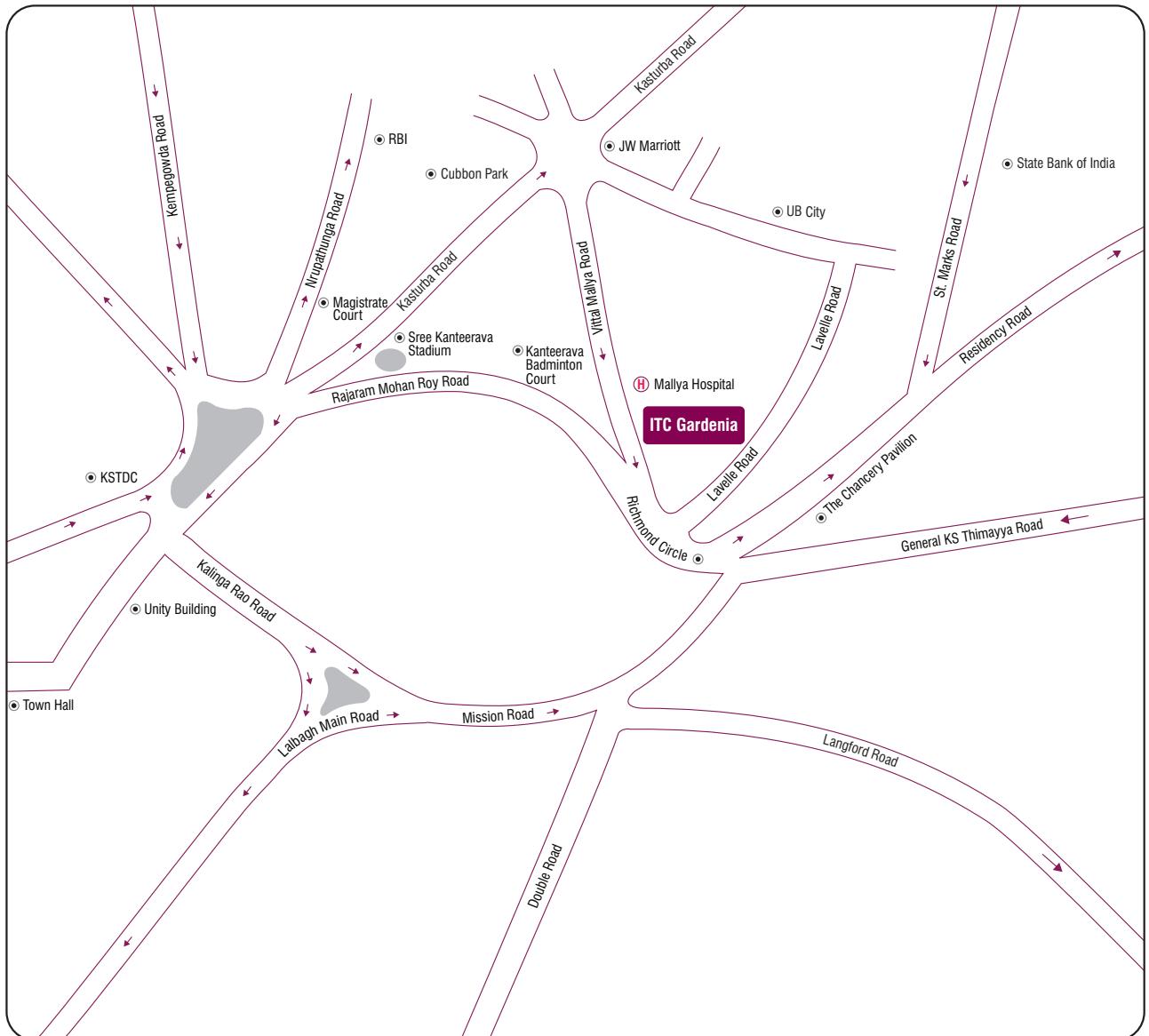
Particulars	Unit	2016-17	2015-16	2014-2015	2013-14
<b>Sales &amp; Earnings</b>					
Total income	₹	5,592.13	5,705.05	5,229.18	4,831.79
Profit before depn, int & tax	₹	490.31	231.90	(55.58)	(37.64)
Profit before int & tax	₹	332.05	57.64	(208.40)	-
Profit before tax	₹	332.05	57.64	(208.40)	-
Profit after tax	₹	244.42	52.59	(208.40)	(5.09)
Deferred Tax Liability for earlier years	₹	-	-	-	-
Balance Profit after Tax	₹	244.42	52.59	(208.40)	(5.09)
Dividend paid	₹	-	-	-	-
Retained earnings	₹	244.42	52.59	(208.40)	(5.09)
<b>Capital Employed</b>					
Fixed assets					
- Gross including Cwip & Cap Adv	₹	2,104.61	2,102.33	2,040.61	1,797.24
- Net	₹	916.49	1,036.68	1,131.94	1,035.31
Investments	₹	-	0.01	0.01	0.01
Deferred tax assets					
Net Current Assets (Working capital)	₹	888.08	523.46	375.61	680.64
Misc. expenditure not written off	₹				
	<b>Total</b>	<b>1,804.57</b>	<b>1,560.14</b>	<b>1,507.55</b>	<b>1,715.95</b>
<b>Represented by</b>					
Networth	₹	1,804.57	1,560.14	1,507.55	1,715.95
Share capital	₹	50.00	50.00	50.00	50.00
Reserves	₹	1,754.57	1,510.14	1,457.55	1,665.95
Borrowings - secured	₹				
Deferred tax Liability	₹				
	<b>Total</b>	<b>1,804.57</b>	<b>1,560.14</b>	<b>1,507.55</b>	<b>1,715.95</b>
<b>Ratios</b>					
<b>Measures of Performance</b>					
PBT to total income	%	5.94	1.01	(3.99)	-
PAT to total income	%	4.37	0.92	(3.99)	(0.11)
Material consumption to sales	%	34.41	38.52	42.74	37.62
Employee cost to sales	%	32.39	32.77	34.15	36.34
Net fixed assets to net worth	%	50.79	66.45	75.08	60.33
Fixed assets usage	Times	6.44	5.86	5.18	5.13
<b>Measures of Investments</b>					
Return on Networth	%	13.54	3.37	(13.82)	(0.30)
Earnings per share @	₹	9.78	2.10	(8.34)	(0.20)
Dividend payout ratio	%				
Dividend coverage ratio	Times	-	-	-	-
<b>Measures of Financial Status</b>					
Current ratio	Unit	1.37	1.08	1.01	1.12
Quick ratio	Unit	1.06	0.77	0.68	0.73
Debt equity ratio	Unit	-	-	-	-
Inventory holding (on sales)	Days	42	54	67	79
<b>Other information</b>					
Contribution to exchequer **	₹	878.12	773.15	634.69	568.67
Employee					
- Cost	₹	1,634.76	1,693.45	1,598.40	1,604.60
- Numbers		1,138	1,587	1,654	1,559
Number of shareholders		15,970	14,402	12,978	13,978
Dividend	%	-	-	-	-
Book value = net worth per share @	₹	72.18	62.41	60.30	68.64

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

(₹ in Million)

2012-13	2011-12	2010-11 (15 months)	2009	2008	2007
4,008.84	5,378.51	6,003.06	4,023.77	3,681.40	3,135.63
(579.92)	365.93	1,097.98	946.06	1,261.15	1,011.89
(702.70)	292.55	1,009.85	885.29	1,192.39	953.49
(702.70)	292.55	1,009.85	883.92	1,143.76	953.49
(895.32)	197.65	641.30	576.17	738.35	614.59
-	-	-	-	-	-
(895.32)	197.65	641.30	576.17	738.35	614.59
-	87.50	250.00	250.00	375.00	375.00
(895.32)	95.96	351.71	283.68	299.62	175.86
<hr/>					
1,732.57	1,558.27	1,169.89	831.29	811.52	829.89
982.41	901.82	513.88	303.44	304.50	332.34
0.06	0.06	0.06	0.06	0.06	0.07
-	177.62	75.42	29.40	23.71	17.26
15.06	813.35	1,207.54	1,112.29	1,458.23	1,243.43
<hr/>					
<b>997.53</b>	<b>1,892.85</b>	<b>1,796.90</b>	<b>1,445.18</b>	<b>1,786.50</b>	<b>1,593.10</b>
<hr/>					
997.53	1,892.85	1,796.90	1,445.18	1,161.50	1,593.10
50.00	50.00	50.00	50.00	50.00	50.00
947.53	1,842.85	1,746.90	1,395.18	1,111.50	1,543.10
-	-	-	-	625.00	-
<hr/>					
<b>997.53</b>	<b>1,892.85</b>	<b>1,796.90</b>	<b>1,445.18</b>	<b>1,786.50</b>	<b>1,593.10</b>
<hr/>					
(17.53)	5.44	16.82	21.97	31.07	30.41
(22.33)	3.67	10.68	14.32	20.06	19.60
43.05	35.76	31.21	31.38	29.29	31.67
41.74	32.41	26.20	21.49	18.30	16.97
98.48	47.64	28.60	21.00	26.22	20.86
16.34	16.97	21.87	13.40	12.12	9.48
<hr/>					
(89.75)	10.44	35.69	39.87	63.57	38.58
(35.81)	7.91	25.65	23.05	29.53	24.58
-	44.27	38.98	43.39	50.79	61.02
-	2.26	2.57	2.30	1.97	1.64
<hr/>					
0.80	1.30	1.95	2.24	2.33	2.43
0.39	0.80	1.50	1.85	2.02	2.16
-	-	-	-	0.54	-
88	55	45	33	37	29
<hr/>					
761.28	803.37	1,052.90	765.51	1,096.15	1,024.34
<hr/>					
1,484.60	1,619.12	1,504.98	828.29	621.73	502.03
1,588	1,674	1,705	1,464	1,038	937
14,571	8,125	6,058	7,025	7,375	7,172
-	175.00	500.00	500.00	750.00	750.00
39.90	75.71	71.88	57.81	46.46	63.72

## Route Map - AGM Venue (ITC Gardenia)







**AstraZeneca Pharma India Limited**

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