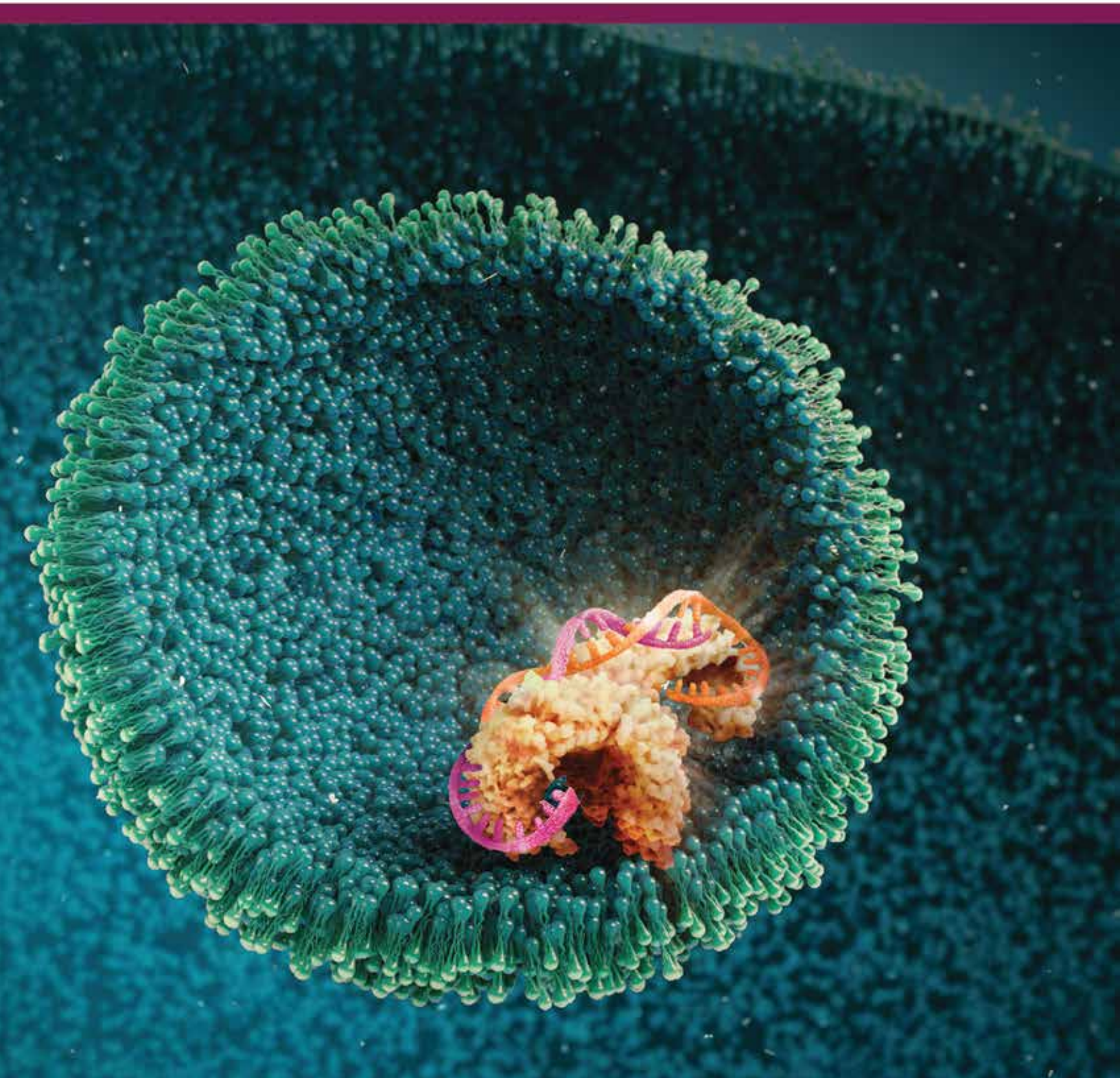


What science can do

AstraZeneca Pharma India Limited

Annual Report 2015-16



AstraZeneca

Welcome to AstraZeneca Pharma India Limited Annual Report 2015-2016

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

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

Our main therapy areas:



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



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



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



> Cambridge, UK



> Gaithersburg, Maryland US



> Gothenburg, Sweden

Globally we are increasing our proximity to bioscience clusters and co-locating around three strategic R&D centres.



We have a state-of-the-art, oral solid dosage manufacturing facility located in Bangalore, India.



Since 2010, AstraZeneca is committed to positively impact the health of adolescents in marginalised communities in Delhi through its Young Health Programme.



We are committed to provide additional support to help patients. We have patient assistance programs in respiratory, cardiovascular and oncology in India.

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AstraZeneca- Board of Directors



D E Udwadia
Chairman



K S Shah



Narayan K Seshadri



Sanjay Murdeshwar
Managing Director



Ian Brimicombe



Claire-Marie O'Grady

AstraZeneca Pharma India Limited

Board of Directors

Mr. D. E. Udawadia, Chairman
Mr. K. S. Shah
Mr. Narayan K Seshadri
Mr. Ian Brimicombe
Mr. Sanjay Murdeshwar, Managing Director
Ms. Claire-Marie O'Grady (from November 6, 2015)
Mr. Justin Ooi (upto January 11, 2016)
Ms. Rebekah Martin (upto November 6, 2015)

Auditors

BSR & Co. LLP, Bangalore

Legal Advisors

Udwadia & Co., Mumbai

Bankers

The Hongkong and Shanghai
Banking Corporation Limited

Corporate and Registered Office

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

Factory

12th Mile on Bellary Road
Kattigenahalli Village, Yelahanka
Bangalore 560 063

Sales Outlets

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

Committees of Directors

Audit Committee

Mr. K. S. Shah, Chairman
Mr. D. E. Udawadia
Ms. Claire-Marie O'Grady

Nomination & Remuneration Committee

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

Stakeholders' Relationship Committee

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

Corporate Social Responsibility Committee

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

Chief Financial Officer

Mr. Rajesh Marwaha

Legal Counsel & Company Secretary

Mr. Anantha Murthy N

Annual General Meeting
at 3.00 p.m. on Thursday, August 11, 2016
at 'The Mysore Hall', ITC Gardenia, No.1,
Residency Road, Bangalore - 560025

AstraZeneca Pharma India Limited

Registered Office: Block N1, 12th Floor, Manyata Embassy Business Park,
Rachenahalli, Outer Ring Road, Bangalore - 560045
CIN: L24231KA1979PLC003563, **Web:** www.astrazeneca.com/india
Email: comp.secy@astrazeneca.com, **Tel:** +91 80 67748000, **Fax:** +91 80 67748557

NOTICE

NOTICE is hereby given that the 37th Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held on **Thursday, August 11, 2016 at 3.00 p.m. at 'The Mysore Hall', ITC Gardenia, No.1, Residency Road, Bangalore - 560025**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements viz., the Audited Balance Sheet as at March 31, 2016, 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.
2. To appoint a Director in place of Mr. Sanjay Murdeshwar (holding DIN 01481811) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s. Price Waterhouse & Co Chartered Accountants LLP (Firm Registration No. 304026E/E-300009), as Statutory Auditors of the Company in place of M/s. BSR & Co. LLP, the retiring Statutory Auditors, to hold office for a period of 5 years from the conclusion of this 37th Annual General Meeting, until the conclusion of 42nd Annual General Meeting, subject to ratification at every Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014, as amended to date, payment of remuneration of ₹ 1,50,000/- (Rupees one lac fifty thousand only) plus applicable service tax and reimbursement of out-of-pocket expenses, at actuals, to M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore, (Firm Registration No.000065), appointed by the Board as Cost Auditors of the Company for conducting the cost audit of the accounts for the financial year ending March 31, 2017, be and is hereby confirmed, approved and ratified.

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

RESOLVED THAT subject to the provisions of Regulation 23 (4) of Securities and Exchange Board of India (Listing Obligations & Disclosure 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 2015-16:

(₹ in Crores)

Sl. No.	Nature of Material Related Party Transactions	Transactions Value (FY 2015-16)
1.	Purchase of raw materials and traded goods by the Company from AZ UK	102.07
2.	Reimbursement by AZ UK to the Company of the cost of employees deputed by the Company outside India	1.54
3.	Reimbursement by the Company to AZ UK, the cost related to overseas employees deputed in India	0.42
Total		104.03

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.

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, as amended to date ("the Act"), read with the applicable provisions of Schedule V thereto and subject to the approval of the Central Government and such conditions, if any, as may be stipulated by it while granting approval, which the Board of Directors of the Company ("the Board") is hereby authorised to accept, consent of the Company be and is hereby

accorded for the re-appointment of Mr. Sanjay Murdeshwar (DIN: 01481811) ("Mr. Murdeshwar") as the Managing Director of the Company for a period of 3 (three) years from May 2, 2016 to May 1, 2019 (both days inclusive) at the remuneration set out in the Agreement dated May 24, 2016 between the Company and Mr. Murdeshwar, such remuneration, in view of inadequacy of profits in the financial year ended March 31, 2016, having been approved both by the Board and by the Nomination and Remuneration Committee of the Board pursuant to the applicable provisions of Section II of Part II of Schedule V to the Act.

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.

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

Place: Bangalore
Date: May 25, 2016

Anantha Murthy N
Legal Counsel & Company Secretary

NOTES:

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

The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power 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 August 4, 2016 to August 11, 2016** (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 Item Nos. 4, 5 and 6 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 205A of the Companies Act, 1956, to the Investor Education and Protection Fund, established under Section 205C of the Companies Act, 1956.
7. Members who have not yet encashed the dividend warrant(s) from the financial year ended December 31, 2008 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agents. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall rest with the Company in respect of such amount. It may also be noted that the unclaimed dividend amounts which were lying with the Company upto the year ended on December 31, 2007, have been transferred to the Investor Education and Protection Fund. The details of the unclaimed dividends are available on the Company's website at www.astrazeneca.com/india. Members are requested to contact Integrated Enterprises (India) Limited (Unit: AstraZeneca Pharma India Limited), 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bangalore - 560 003, the Registrar and Share Transfer Agents of the Company to claim the unclaimed / unpaid dividends.
8. Details as required under the Listing Regulations in respect of the Director seeking appointment / re-appointment at the Annual General Meeting form an integral part of the Notice. The Director has furnished requisite declarations for his appointment / re-appointment.
9. The present Auditors - M/s. BSR & Co. LLP, Chartered Accountants, Bangalore who hold office up to the ensuing Annual General Meeting have conveyed that they do not wish to be re-appointed as Statutory Auditors of the Company for the financial year 2016-17. Accordingly, the

Board of Directors have recommended the appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP (Firm Registration No. 304026E/E-300009), as Statutory Auditors of the Company, for a period of 5 years from the conclusion of the ensuing Annual General Meeting upto the conclusion of the 42nd Annual General Meeting, subject to ratification at every Annual General Meeting.

10. Electronic copy of the Annual Report for 2015-16 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 Annual Report for 2015-16 is being sent in the permitted mode.
11. Electronic copy of the Notice of the 37th 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 37th 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.
12. Members may also note that the Notice of the 37th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website at 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.

13. 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, a 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 votes 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 [for members case whose email IDs are not registered with the Company/ Depository Participant(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 (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 or contact NSDL on toll free no. 1800-222-990.

(iii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

(iv) You can also update your mobile number and e-mail Id in the user profile details of the folio which may be used for sending future communication(s).

(v) The remote e-voting period commences on August 7, 2016 (9.00 a.m. IST) and ends on August 10, 2016 (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) August 4, 2016 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 in the paid up equity share capital of the Company as on the cut-off date (record date) of August 4, 2016.

(vii) Any person, who acquires shares of the Company and become member of the Company after despatch of the notice and holding shares as on the cut-off date i.e. August 4, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or 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 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 polling paper.

(ix) The Board of Directors has appointed Mr. K. T. Vijayakrishna, Practicing Company Secretary, (Membership No. FCS 1788) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. Mr. Vijayakrishna has conveyed to the Company his willingness to act as such.

(x) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

(xi) The Scrutinizer shall, immediately after the conclusion of voting at the meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three (3) days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the resolution of the voting, forthwith.

(xii) The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website at 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.

14. 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.

STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

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

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on May 25, 2016, appointed M/s. Rao, Murthy & Associates, as Cost Auditor, for conducting the Cost Audit for the year 2016-17 at a remuneration of ₹ 1,50,000/- plus applicable service tax and reimbursement of out-of-pocket expenses at actuals.

Rule 14 of Companies (Audit and Auditors) Rules, 2014, as amended, requires that the remuneration payable to the Cost Auditor be ratified by the Members. Hence the resolution at Item No.4 of the Notice.

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

The Board recommends that the remuneration payable to the Cost Auditor in terms of the resolution set out at Item No.4 of the accompanying Notice be confirmed, approved and ratified by the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No.5

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.5 of the accompanying 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 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 2015-16, 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.5 of the Notice. The Related Party viz, AZ UK is not a member of the Company.

The following relevant information is provided to the Members:

Particulars	Information
Name of the Related Party	AstraZeneca UK Limited ("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. Sanjay Murdeshwar Mr. Ian Brimicombe Ms. Claire-Marie O'Grady (being representatives of AstraZeneca Group on the Board of the Company)

Particulars	Information
Nature, material terms, monetary value and particulars of the transactions	<p><u>Nature of the Transactions:-</u> 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><u>Material Terms:</u></p> <ul style="list-style-type: none"> - Credit period: 360 days maximum - Transactions to take place at agreed transfer pricing - Termination of Agreement by 6 months written notice by either party <p>Monetary Value of the transactions during 2015-16 is ₹ 102.07 Crores.</p> <p><u>Other Particulars:</u></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. Likewise, the AZ UK had deputed its personnel to the Company. The Related Party has reimbursed the Company the cost of deputation of such personnel and vice-versa. The aggregate reimbursement made by the Related Party to the Company and vice-versa is ₹ 1.96 Crores as indicated in the text of the resolution at Item No. 5 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. 5 of the Notice during the financial year 2015-16 was ₹ 104.03 Crores.</p>
Any other relevant or important information for the Members	<p>The above Formulation, Packaging and Distribution Agreement dated June 20, 2005 was approved by the Members at the 36th Annual General Meeting held on September 2, 2015.</p> <p>AZ UK is not a member of the Company.</p>

The Board recommends the Resolution at Item No.5 of the Notice for approval of the Members.

Mr. Ian Brimicombe, being a Director of AZ UK, a Related Party and Mr. Sanjay Murdeshwar and Ms. Claire-Marie O'Grady, being representatives of AstraZeneca Group on the Board of the Company, may be deemed to be interested in the resolution at Item No. 5 of the Notice.

Item No.6

At the meeting of the Board held on February 6, 2016, Mr. Sanjay Murdeshwar (Mr. Murdeshwar) was re-appointed as the Managing Director of Company for a period of 3 (three) years from May 2, 2016.

In view of inadequacy of profits of the Company for the financial year ended March 31, 2016, the remuneration agreed to be paid by the Company to Mr. Murdeshwar, as Managing Director in terms of the Agreement dated May 24, 2016 between the Company and Mr. Murdeshwar referred to in the resolution at Item No.6 of the Notice is required, having regard to the applicable provisions of Section II of Part II of Schedule V to the Act, to be approved by a resolution passed by the Nomination and Remuneration Committee constituted by the Board and by the Members of the Company by a special resolution in general meeting. Further, payment of remuneration to Mr. Murdeshwar, is subject to the approval of the Central Government.

The Company is in the process of submitting an application to the Central Government seeking its approval for payment of remuneration to Mr. Murdeshwar.

The material terms of the said Agreement dated May 24, 2016 between the Company and Mr. Murdeshwar referred to in the text of the special resolution at Item No.6 of the Notice are as follows:

1. Mr. Murdeshwar to be the Managing Director for a period of three (3) years from May 2, 2016, unless his employment is previously determined in pursuance of any of the provisions of this Agreement. The re-appointment of Mr. Murdeshwar as Managing Director is subject to the approval of shareholders of the Company in the general meeting, by way of a special resolution. Further, payment of remuneration to Mr. Murdeshwar is subject to the approval of the Central Government.
2. As Managing Director, Mr. Murdeshwar to 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. Subject to the superintendence, control and direction of the Board, Mr. Murdeshwar to have the general control of the business of the Company and is vested with the management of the day-to-day affairs of the Company. Mr. Murdeshwar to be a Director liable to retire by rotation.
3. Mr. Murdeshwar to devote his whole time and attention during business hours to the business and affairs of the Company.
4. In consideration of the faithful and proper performance by Mr. Murdeshwar of his duties and responsibilities as Managing Director, the Company shall pay to him:
 - (i) (a) Salary: A salary of ₹ 4,88,250/- (Rupees four lakhs, eighty eight thousand two hundred and fifty only) per month with such increments as the Board may in its absolute discretion determine;
 - (b) Personal Pay: An amount of ₹ 6,75,080/- (Rupees six lakhs, seventy-five thousand and eighty only) per month with such increments as the Board may in its absolute discretion determine;
 - (c) 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.

The Company's Bonus Scheme currently has an on-target figure of 35% based on the Company's overall performance as well as the Managing Director's individual performance.

- (ii) The Company to provide to Mr. Murdeshwar:
 - (a) Housing Assistance - Company-leased house with a current rental amount of ₹ 3,50,000/- (Rupees three lakhs and fifty thousand only) per month, with such increase as negotiated between the Company and the Lessor;
 - (b) Education Assistance-reimbursement of international school fees for two children in Bangalore.
- (iii) Mr. Murdeshwar to be also entitled to the following benefits:
 - (a) the use of a telephone and one internet facility at his residence
 - (b) reimbursement of entertainment expenses actually incurred by Mr. Murdeshwar exclusively for the purpose of the Company's business;
 - (c) utilisation of the club facilities of the Company but excluding admission and life membership fees;
 - (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. The use of such motorcar by Mr. Murdeshwar for private purpose, shall be billed by the Company to, and payable by, Mr. Murdeshwar directly.
5. Income Tax, if any, on or in respect of the above remuneration shall be borne and paid by Mr. Murdeshwar.
6. If in any financial year of the Company during the continuance of the employment of Mr. Murdeshwar as Managing Director, the Company has no profits

or its profits are inadequate, Mr. Murdeshwar shall be entitled to remuneration as aforesaid subject to the limits prescribed in Schedule V to the Act.

7. Mr. Murdeshwar not to directly or indirectly engage in any trade or other business, occupation or employment whatsoever.
8. Mr. Murdeshwar shall, during his employment with the Company:
 - (a) follow the hours, work days and public holidays observed in the Company
 - (b) observe and comply with the service rules of the Company applicable to him
 - (c) to work at the Company's establishment in Bangalore or at such other place in India as the Company may direct without being entitled to any extra remuneration;
 - (d) not to divulge either during the continuance of his employment or thereafter to any person any confidential information pertaining to the Company, its business property, contracts, customers and trade secrets or of any Company which is the parent or associate of the Company.
9. If Mr. Murdeshwar is prevented by ill health or accident or any physical or mental disability from performing his duties, he shall promptly inform the Company and the Company shall be entitled to terminate forthwith his employment if such ill health or accident or such disability for a consecutive period of ninety (90) days in any twelve calendar month period.
10. The Company may terminate Mr. Murdeshwar's employment by notice in writing to him in accordance with the Company's policy, if Mr. Murdeshwar shall be guilty of negligence, misconduct or breach of this Agreement which, in the Board's opinion, renders his retirement from the office of Managing Director, desirable.
11. 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.

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

The Nomination and Remuneration Committee, at its meeting held on February 5, 2016 approved the remuneration agreed to be paid to Mr. Murdeshwar.

When approving the above remuneration agreed to be paid to the Managing Director, the Nomination and Remuneration Committee took into account his existing remuneration package and other relevant factors objectively considered by it to be reasonable including the overall interests of the Company and all its stakeholders and the heavy responsibilities that Mr. Murdeshwar will be called upon to effectively discharge in the present challenging times the Company is encountering.

The approval of the Members in general Meeting by a special resolution is being sought to the re-appointment of Mr. Murdeshwar as Managing Director and to the payment of the aforesaid remuneration to Mr. Murdeshwar as Managing Director for a period of 3 (three) years, which was approved by the Nomination and Remuneration Committee as aforesaid.

Hence, the special resolution at Item No. 6 of the Notice.

The said Agreement dated May 24, 2016 will be open for inspection by the Members at the Registered Office of the Company during normal hours (10.00 a.m. to 12.00 noon) on all working days, upto and including the date of the Annual General Meeting of the Company.

Mr. Murdeshwar is interested in the resolution at Item No. 6 of the Notice since it relates to his re-appointment as Managing Director and payment of remuneration to him.

None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

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

Anantha Murthy N
Legal Counsel & Company Secretary

Place: Bangalore
Date: May 25, 2016

Annexure - I to Notice

Statement of information in terms of Section II of Part II of Schedule V to the Companies Act, 2013

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, 2016 (Amount in ₹) Total Revenue 5,705,049,408 Profit before Tax 57,636,403 Profit after Tax 52,589,820
4. Foreign investments or collaborations, if any	AstraZeneca Pharmaceuticals AB, Sweden, the Company's promoter holds 1,87,50,000 equity shares constituting 75% of the paid-up equity share capital of the Company.

II. Information about the appointee

1. Background details	Mr. Murdeshwar holds Bachelor Degree in Chemical Engineering and Masters' Degree in Business Management and has nearly two decades of wide ranging experience in the pharmaceutical industry.
2. Past remuneration	During the year ended March 31, 2016, the remuneration at cost to the company for Mr. Murdeshwar, Managing Director, stood at ₹ 2,65,09,530/-.
3. Recognition or awards	None
4. Job profile and his suitability	Mr. Murdeshwar has been re-appointed as the Managing Director of the Company for a period of 3 years effective May 2, 2016, to be the overall in charge of the business affairs of the Company. He carries with him nearly two decades of wide ranging experience in the pharmaceutical industry and is best suited for the position for which he is appointed.
5. Remuneration proposed	₹ 2,65,10,826/- per annum (cost to the company)
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. Murdeshwar 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.	None

III. Other information

1. Reasons for loss or inadequate profits

- a) Government of India had notified the Drug Pricing Control Order ('the Order') during May 2013. Since then, ceiling prices have been announced by the Government in a phased manner. In the year 2014-15, 10 selling units across 5 brands of the Company were additionally covered in National List of Essential Medicines. While the Order benefits the patients by making essential drugs affordable, it had an adverse impact on the Company's profitability due to average price reduction of 41%.
- b) During 2014-15, the Company undertook a comprehensive review of the manufacturing standards of its contract manufacturers and identified certain process weaknesses. Production was stopped pending the review. Due to this, a significant part of the Company's portfolio, including several of its major brands, namely, Bricanyl (Respiratory), Bricarex (Respiratory), Linctus Codeinae (Respiratory), Xylocaine (Local Anesthesia), Sensorcaine (Local Anesthesia), Cerviprime (Maternal), Prostodin (Maternal), Seloram and Selomax (Cardiovascular) was not available in the market.
- c) Government of India has prohibited the manufacturing, sale and distribution of 344 fixed dose combinations including that of Chlopheniramine Maleate and Codeine Syrup. As such, the Company has stopped manufacture of its formulation, Mit's Linctus Codeine Co. (LCC) which is a fixed dose combination of Chlopheniramine Maleate and Codeine.
- d) Due to low demand for Terbutaline Sulphate, which was manufactured predominantly for export markets, the Company had shut down the Active Pharmaceuticals Ingredient Unit (API Unit) situated at Yelahanka, Bangalore, during December 2015.

In view of the above, the profitability of the Company has been adversely impacted.

2. Steps taken or proposed to be taken for improvement

The Company remains committed to accelerate growth in key therapy areas viz., cardiovascular and metabolic disease, respiratory and oncology through a 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.

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

All of the above would enable the Company to improve its performance in the near future.

3. Expected increase in productivity and profits in measurable terms

With continued investment and focus on the growth platform coupled with cost optimisation and controls, the Company has achieved Net Profit of ₹ 5.25 Crores during the financial year 2015-16 and expects to resume its growth path during the financial year 2016-17.

Annexure - II to Notice

Information under Regulation 36(3) of Listing Regulations regarding the Director seeking appointment / re-appointment at the 37th Annual General Meeting

Particulars	Mr. Sanjay Murdeshwar
Date of Birth & Age	August 30, 1966 (49 Years)
Date of Appointment / Re-appointment	May 2, 2016
Qualification(s)	Bachelor in Chemical Engineering from University of Bombay; Masters' in Business Management from Asian Institute of Management, Philippines
Brief profile and nature of their expertise in specific functional areas	He has rich experience in the Pharmaceutical Industry working across various roles and regions with Bayer AG. He has expertise on marketing, strategy development, sales and marketing excellence, and business development.
Directorships held in other listed companies	NIL
Membership/Chairmanships of Committees of other listed companies	NIL
Shareholding in the Company (No. of shares)	NIL
Relationship between Directors, inter-se	NIL

DIRECTORS' REPORT

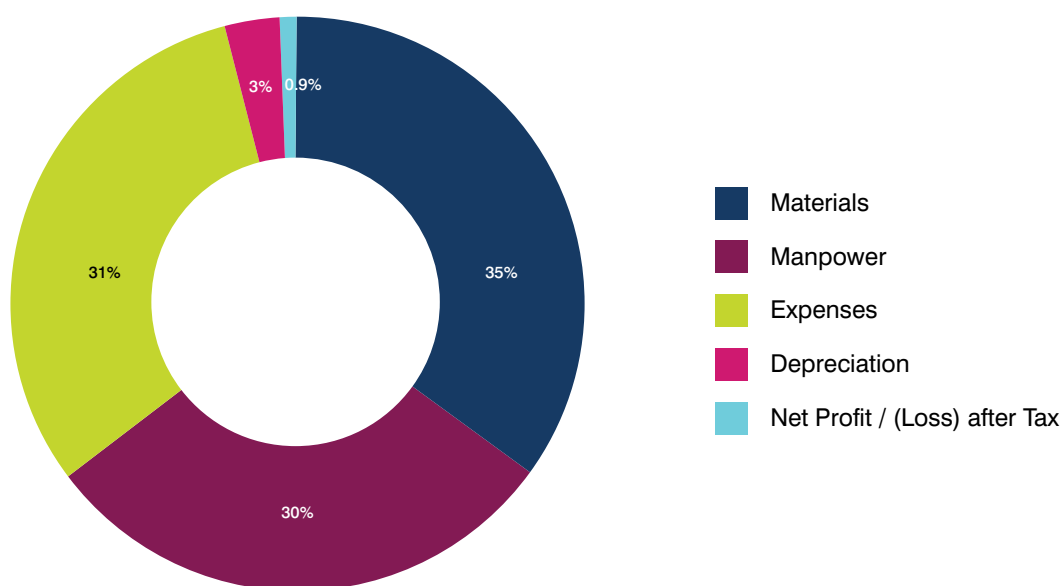
Your Directors are pleased to present the 37th Annual Report together with the Audited Financial Statements of the Company for the financial year ended March 31, 2016.

Financials

(₹ in Million)

Particulars	2015-16	2014-15
Sales and Other Income	5,705	5,229
Profit/(Loss) before Tax	58	-208
Provision for Taxation		
- Income Tax	5	-
- Adjustment for Deferred Tax	-	-
Total Tax	5	-
Profit/(Loss) after Taxation	53	-208
Surplus brought forward from the previous year	203	411
Total amount available for appropriation	255	203
Appropriation made by Directors		
Transfer to General Reserve	-	-
Appropriation recommended by Directors		
Dividend	-	-
Tax on proposed Dividend	-	-
Surplus carried over	255	203

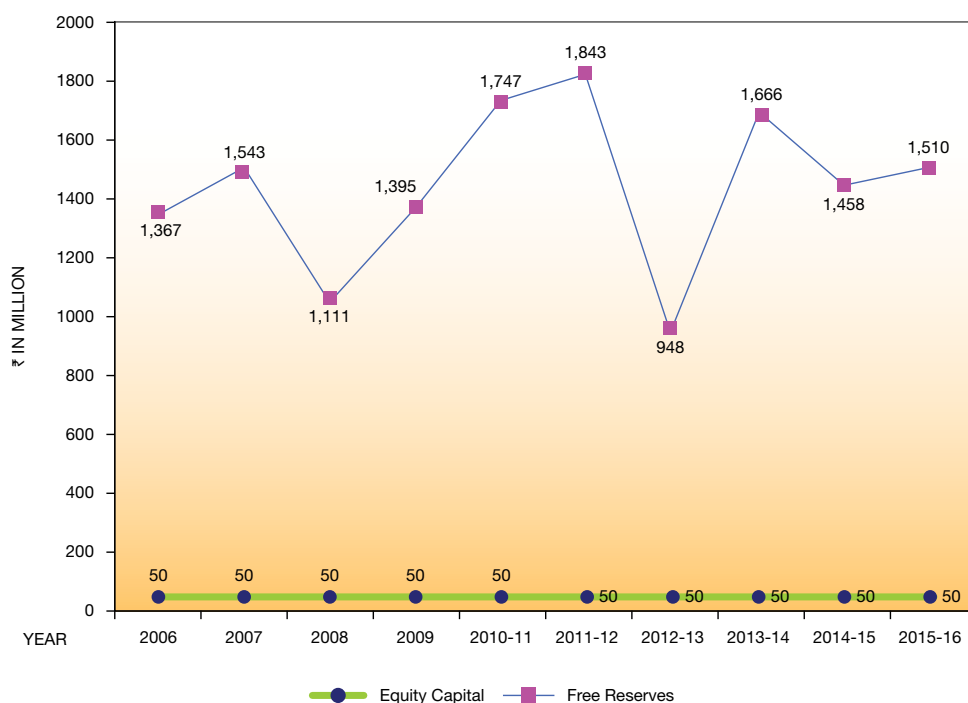
Distribution of Total Revenue (%)



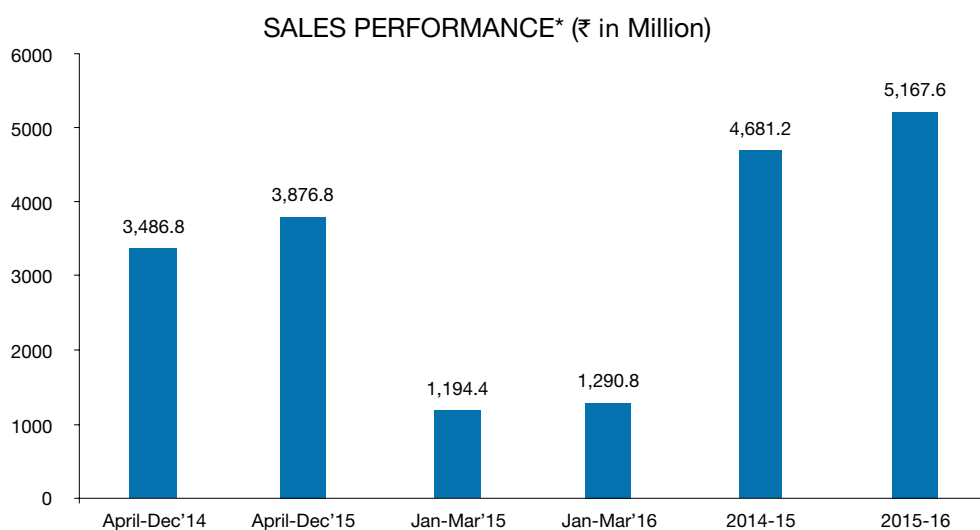
Dividend

Though the Company made significant progress during the year in terms of its business performance, considering its overall financial position, the Directors are unable to recommend any dividend for the year 2015-16.

Net Worth



Sales and Marketing



* including Exports

The Company registered sales of ₹ 5167.6 Million with a growth of 11% achieving a Net Profit of ₹ 53 Million, during the year. The Company's key growth brands - Brilinta, Forxiga, Onglyza, Kombiglyze and Symbicort, witnessed robust growth of 76% over last year, providing strong momentum to the Company's performance throughout the year.

Diabetes portfolio of the Company grew by 74% post acquisition from Bristol Myers-Squibb and launch of Forxiga. Forxiga is part of a newer class of medicines known as SGLT2 (Sodium Glucose Cotransporter 2) inhibitors that act to block reabsorption of sugar in the kidneys.

The drug, Brilinta (Ticagrelor) which provides cardiologists with a new and effective treatment to help reduce the rate of heart attack and cardiovascular deaths in adult patients with Acute Coronary Syndrome (ACS), is being received well by the market and continues to register rapid growth. During the year, the brand continued to grow its market share, as per IMS Health, from 9.43% (MAT March 2015) to 14.3% (MAT March 2016) and continued to be the #1 Oral Antiplatelet brand". During the year, Brilinta won the most prestigious OPPI Marketing Excellence Awards in the category of "**Best New Pharma Product Launch**". Brilinta also won the prestigious "**Brand of The Year**" AWACS - AIOCD Award for Chronic category under "**Best New Pharma Product Launch**".

Meronem, became the Company's first brand to cross the ₹ 100 Crores milestone and also won the prestigious AWACS - AIOCD Award for "**Brand of The Year**" in Acute category.

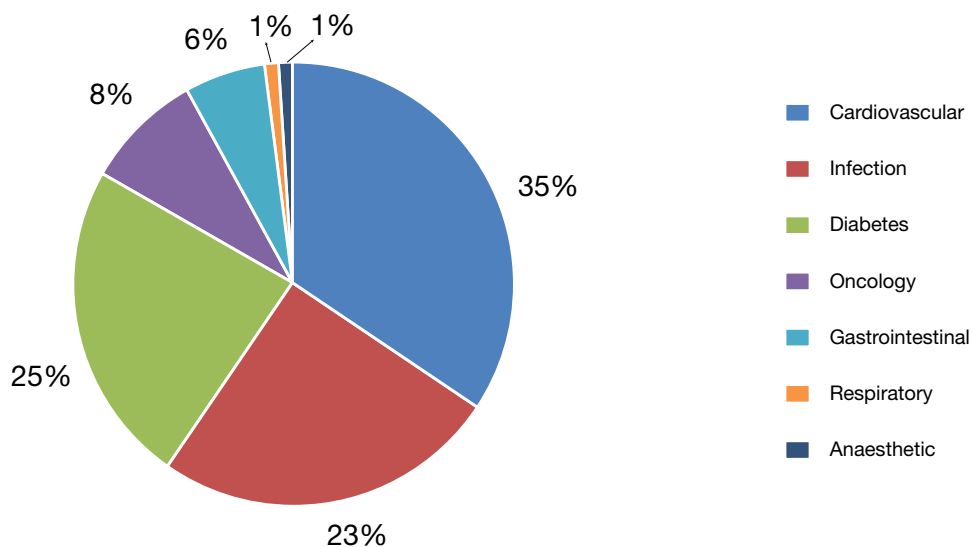
Distribution Services Agreements

During the year, the Company has entered into three Distribution Services Agreement. With Dr. Reddy's Laboratories for Saxagliptin and its fixed dose combination with metformin, our patented therapy for the treatment of type 2 Diabetes. The second Distribution Services Agreement is with Sun Pharma for Ticagrelor, our treatment for acute coronary syndrome (ACS) and the third Distribution Services Agreement for the treatment of type 2 Diabetes with Sun Pharma to promote and distribute Dapagliflozin and its fixed dose combination with metformin.

Pursuant to the above agreements, the Company, Dr. Reddy's Laboratories and Sun Pharma will co-promote, market & distribute Saxagliptin, Dapagliflozin and Ticagrelor under different brand name in Indian market.

These partnerships are in line with our commitment to transform patient care in Diabetes and ACS. It will enable us to increase the share of voice for the molecules through a wider reach to physicians, thereby benefitting more number of patients.

Therapeutic Area-wise Sales Contribution (%)



Manufacturing

Your Directors are pleased to inform that the manufacturing operations at the Company's factory situated at Bangalore have improved significantly. The factory has been able to manufacture and supply products as per the demand. The factory has now streamlined production of Formulations & Packaging of oral solids with a strong focus on key performing parameters. The factory management has spearheaded many quality and compliance driven initiatives to bring about a quality culture change at the site. Several employee engagement, quality and compliance improvement programs were launched during the year.

In view of low demand for Terbutaline Sulphate (TBS), which was manufactured predominantly for export markets and TBS being the only Active Pharmaceutical Ingredient (API) which was manufactured at the Company's factory in Bangalore and no other API manufacturing activity was planned to be carried out in the future, the Board of Directors of your Company decided to close the Active Pharmaceuticals Ingredient Unit (API Unit) situated at Yelahanka, Bangalore.

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 and commitment, affecting the financial performance of the Company which occurred 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, your Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

Safety Health and Environment

Safety as well as health & wellbeing of employees is a core focus area of the Company. During the year under review, the Company's field force was trained in defensive driving techniques to enhance their on-road safety. There was a significant reduction in the number of road accidents in the field. Health awareness activities were carried out, during the year.

Human Resources and Employee Relations

The Company is committed to provide career opportunities for its employees and enable their growth and development. 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. 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 all businesses.

Number of Employees

The total number of employees of the Company as on March 31, 2016 was 1587 as against 1654 as on March 31, 2015.

Factory Land

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

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

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

Other Matters

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

Further, the Company had received a notice dated August 7, 2014 from BBMP demanding improvement charges amounting to ₹ 7,08,20,430/-. The Company

had filed a Writ Petition before the Karnataka High Court challenging the said demand notice from BBMP. The Court has granted interim stay against the notice issued by BBMP and the stay is in force till the next date of hearing. There is no further development in the matter since the last hearing held on 26th April 2016.

Voluntary Delisting Offer

In last year's Directors' Report, the Members were informed that an appeal has been filed by two shareholders of the Company ('Appellants') before the Securities Appellate Tribunal (SAT), 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 (AZPAB).

The SAT which heard the appeal on September 11, 2015, had disposed of the same and passed the following order:

- a) Statement made by the Counsel for Respondent No.2 (i.e., AstraZeneca Pharma India Limited) and Respondent No.5 (AZPAB) that they shall not proceed with the delisting of equity shares of Respondent No.2 Company till completion of investigation and passing order by SEBI on merits, is accepted.
- b) 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.

There is no further development in the matter.

Transfer to Investor Education and Protection Fund

As required under Section 205C of the Companies Act, 1956, the unclaimed dividend amount aggregating ₹ 19.96 Lacs lying with the Company for a period of seven years pertaining to the financial year ended December 2007 was transferred during June 2015, to the Investor Education and Protection Fund, established by the Central Government.

Further, the unclaimed debenture amount including the interest payable thereon aggregating ₹ 27.62 Lacs lying with the Company for a period of seven years since January 2009 was transferred during February 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, your 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, 2016, 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, 2016 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 & Analysis Report, which forms part of this Report.

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

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

During the year under review, the Internal Complaints Committee received one complaint which was investigated. Post the investigation, a report was submitted to management indicating that the facts of the complaint could not be substantiated. However, to ensure comfortable working conditions, there was a management decision to separate the reporting line of the complainant with her consent.

Board Meetings

During the year, 6 meetings of the Board 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

The Board of Directors has carried out an annual evaluation of its performance, Board Committees and individual Directors pursuant to the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

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

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

The Board and the Nomination & Remuneration Committee also reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and

constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

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

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 along with other related matters have been provided in the Corporate Governance Report, which forms part of this Report.

Vigil Mechanism / Whistle Blower Policy

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

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

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

Related Party Transactions

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

All related party transactions are placed before the Audit Committee for its prior approval. Omnibus

approval of the Audit Committee is obtained for the 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.

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. 5 of the Notice, read with the relative Explanatory Statement.

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

Risk Management

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review is carried out to ensure that executive management controls risks by means of a properly defined frame work.

Corporate Social Responsibility (CSR)

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

YHP India has directly been able to reach out to 199,387 young people (84,848 boys and 114,539 girls) and has influenced 119,770 wider community members, including health professionals, educators and policy makers.

Since the average net profit 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 2015-16.

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

Extract of Annual Return

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

Details of remuneration of Directors / Key Managerial Personnel

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

Particulars of Employees

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 - VI 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 37th Annual General Meeting.

Management Discussion and Analysis Report

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

Corporate Governance

Your Company has been practicing the principles of good corporate governance. A detailed report on corporate governance as required under the Listing Regulations is annexed as Annexure - VIII. 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, your Company has not granted any Loan, Guarantees or made Investments within the meaning of Section 186 of the Companies Act, 2013.

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

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

Committees

Pursuant to Section 178 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors at its meeting held on May 30, 2014, 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 had constituted the Corporate Social Responsibility Committee. Details of these Committees are given in the Corporate Governance Report, which forms part of this Report.

Audit Committee

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

Directors and Key Managerial Personnel

The Companies Act, 2013 provides for appointment of Independent Directors, who shall hold office for a term of upto five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a special resolution by the Company. Further, the provisions of retirement by rotation as envisaged under Section 152 of the Companies Act, 2013, shall not apply to such Independent Directors. The Independent Directors of your

Company viz., Mr. D. E. Udawadia, Mr. K. S. Shah and Mr. Narayan K Seshadri have furnished the required declaration under Section 149 of the Companies Act, 2013, affirming that they meet the criteria of independence.

Ms. Rebekah Martin and Mr. Justin Ooi resigned as Director(s) of the Company, effective November 6, 2015 and January 11, 2016, respectively.

The Board of Directors at its meeting held on November 6, 2015 appointed Ms. Claire-Marie O'Grady as Director of the Company in the vacancy caused by the resignation of Ms. Rebekah Martin, to hold office as such upto the date Ms. Rebekah Martin would have held the office of Director.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Sanjay Murdeshwar, Managing Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. A resolution in this behalf is set out at Item No.2 of the Notice of the Annual General Meeting.

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

As on date, Mr. Sanjay Murdeshwar, Managing Director, Mr. Rajesh Marwaha, Chief Financial Officer and Mr. Anantha Murthy N, Legal Counsel & Company Secretary, are the Key Managerial Personnel of the Company.

Auditors

a) Statutory Auditors:

The present Auditors - M/s. BSR & Co. LLP, Chartered Accountants, Bangalore who hold office up to the ensuing Annual General Meeting have conveyed that they do not wish to be re-appointed as Statutory Auditors of the Company for the financial year 2016-17. As such, the Board of Directors of your Company based on the recommendation of the Audit Committee, have approved the proposal for appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP (Firm Registration No. 304026E/E-300009), as Statutory Auditors of the Company to hold office for a period of 5 years from the conclusion of the 37th Annual General Meeting, subject to the approval of the Members of the Company at the ensuing Annual General Meeting. The Notice of AGM contains a business to this effect

for your approval.

The Board of Directors wishes to place on record its appreciation of the guidance and support ably provided by M/s. BSR & Co. LLP during their tenure as the Statutory Auditors of the Company.

b) 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, 2016. The Secretarial Audit Report in Form MR-3 is annexed as Annexure - IX, which forms part of this Report.

c) 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 2016-17, on a remuneration as mentioned in the Notice convening the 37th 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 2014-15 was filed with the Ministry of Corporate Affairs on September 29, 2015.

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.

On behalf of the Board of Directors

Place: Bangalore
Date: May 25, 2016

D E UDWADIA
CHAIRMAN

Annexure I to Directors' Report

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

A. Conservation of Energy-

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

The New 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. 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 continues to use renewable energy concepts like

- Agro husk Boilers for steam generation
- Rainwater Harvesting
- Condensate water recovery system
- Recycled Materials for Construction

- iii. The capital investment on energy conservation equipment;

- Investment in power saving LED fixtures for lighting in the Central warehouse facility.
- The Company has taken initiative towards surrendering of surplus 750KVA contract demand load of BESCOM to reduce the energy cost, the process was completed in April 2016.
- Voltage stabilizer for lighting power conservation being implemented as part of our investment towards energy 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) 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	N. A.
4	The expenditure incurred on Research and Development	N. A.

C. Foreign Exchange Earnings and Outgo

(a) Activities relating to Exports etc.:

The Company has not exported any goods during the year ended March 31, 2016.

(b) Total foreign exchange used and earned:

The Company used foreign exchange amounting to ₹ 1,222,357,454 and earned ₹ 97,041,364.

On behalf of the Board of Directors

Place: Bangalore
Date: May 25, 2016

D E UDWADIA
CHAIRMAN

Annexure II to Directors' Report

Form No. AOC-2

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

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain 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 2015-16, 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, (ii) Reimbursement by AZ UK, to the Company of the cost of employees deputed by the Company outside India and (iii) Reimbursement by the Company to AZ UK, the cost related to overseas employees deputed in India.

D) Duration of the contracts / arrangements / transactions: (i) Agreement dated 20th 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 20th June 2005:

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

Credit Period: 360 days maximum

Transactions to take place at agreed transfer pricing

Termination of Agreement by 6 months written notice by either party

Monetary value of the transaction(s) during 2015-16 was ₹ 102.07 Crores

(ii) The Company had sent its personnel to the Related Party viz., AZ UK, on deputation. Likewise, the AZ UK had deputed its personnel to the Company. The Related Party has reimbursed the Company, cost of deputation of such personnel and vice-versa. The aggregate reimbursement made by the Related Party to the Company and vice-versa is ₹ 1.96 Crores.

The aggregate value of transactions with AZ UK, a Related Party during the financial year 2015-16 was ₹ 104.03 Crores.

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

G) Amount paid as advances, if any: Nil

On behalf of the Board of Directors

Place: Bangalore
Date: May 25, 2016

D E UDWADIA
CHAIRMAN

Annexure III to Directors' Report

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

The Company introduced AstraZeneca's signature global initiative, the Young Health Programme (YHP) in Financial Year 2010-11, designed to help marginalized young people deal with health problems they face, enabling them to live a better life. The programme has made significant progress since then. The CSR Policy has been posted on the Company's website at www.astrazeneca.com/india.
2. The Composition of the CSR Committee.
Mr. Ian Brimicombe - Chairman
Mr. D E Udawadia
Mr. Sanjay Murdeshwar
3. Average net profit of the Company for last three financial years: ₹ 40.09 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 2015-16.
6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report. - Not Applicable
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

Sanjay Murdeshwar
Managing Director

Place: Bangalore
Date: May 25, 2016

Ian Brimicombe
Chairman of CSR Committee

Annexure IV to Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

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

1. REGISTRATION AND OTHER DETAILS

CIN	L24231KA1979PLC003563
Registration Details	July 7, 1979
Name of the Company	AstraZeneca Pharma India Limited
Category/Sub Category	Public Company
Address of registered office and contact details	Block N1, 12 th 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 Enterprises India Limited 30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bangalore - 560003 Tel : 080 - 23460815-8 Fax: 080 - 23460819 Email: irg@integratedindia.in

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% of total turnover of the Company
1	Meronem	21001	18.04%
2	Brilinta / Axcer	21001	13.03%

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e., 1 st April 2015				No. of Shares held at the end of the year i.e., 31 st March 2016				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
(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	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds/UTI	94	-	94	-	1,769,347	-	1,769,347	7.08	7.08
(b) Banks/FI	3,511	125	3,636	0.01	6,321	125	6,446	0.03	0.02
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	3,918,772	-	3,918,772	15.68	1,356,720	-	1,356,720	5.43	10.25
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others(specify) - Alternative Investment Funds	-	-	-	-	3100	-	3,100	0.01	0.01
Sub-Total (B)(1)	3,922,377	125	3,922,502	15.69	3,135,488	125	3,135,613	12.54	(3.15)
(2) Non-Institutions									
(a) Bodies Corporate									
i. Indian	325,425	875	326,300	1.31	370,499	875	371,374	1.49	0.18
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	1,439,262	446,423	1,885,685	7.54	2,001,458	425,498	2,426,956	9.71	2.17
ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	61,540	-	61,540	0.25	162,280	-	162,280	0.65	0.40
(c) Others (specify)									
i. Foreign Bodies	-	-	-	-	-	-	-	-	-
ii. NRI/OCBs	36,121	1,250	37,371	0.15	49,555	1,250	50,805	0.2	0.05
iii. Clearing Members/ Clearing House	16,552	-	16,552	0.07	102,412	-	102,412	0.41	0.34
iv. Trusts	50	-	50	-	560	-	560	-	-
v. Limited Liability Partnerships	-	-	-	-	-	-	-	-	-
vi. Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
vii. Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub Total (B)(2)	1,878,950	448,548	2,327,498	9.31	2,686,764	427,623	3,114,387	12.46	3.15
Total Public Shareholding (B)=(B)(1)+(B)(2)	5,801,327	448,673	6,250,000	25	5,822,252	427,748	6,250,000	25	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL(A+B+C)	24,551,327	448,673	25,000,000	100.00	24,572,252	427,748	25,000,000	100.00	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e., 1 st April 2015			Shareholding at the end of the year i.e., 31 st March 2016			
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	% change in share holding during the year
1	AstraZeneca Pharmaceuticals AB	18,750,000	75.00	Nil	18,750,000	75.00	Nil	Nil
	Total	18,750,000	75.00	Nil	18,750,000	75.00	Nil	Nil

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

Sl. No.	Particulars	Shareholding at the beginning of the year i.e., 1 st April 2015		Cumulative shareholding at the end of the year i.e., 31 st March 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	There is no change in Promoters' Shareholding between 1 st April 2015 to 31 st March 2016			
	At the end of the year				

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

Sl. No.	Top 10 Shareholders (*)	Shareholding at the beginning of the year i.e., 1 st April 2015		Cumulative Shareholding at the end of the year i.e., 31 st March 2016	
		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
2	SUFFOLK (MAURITIUS) LIMITED	713,620	2.85	630,287	2.52
3	MANSFIELD (MAURITIUS) LIMITED	432,343	1.73	324,692	1.30
4	DB INTERNATIONAL (ASIA) LTD	787,346	3.15	164,508	0.66
5	BNP PARIBAS ARBITRAGE	599,832	2.40	146,431	0.59
6	SHIVANI T. TRIVEDI	22,174	0.09	126,497	0.51
7	ASHOK KUMAR RADHAKRISHNA RUIA	-	-	71,850	0.29

Sl. No.	Top 10 Shareholders (*)	Shareholding at the beginning of the year i.e., 1 st April 2015		Cumulative Shareholding at the end of the year i.e., 31 st March 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	GLOBE CAPITAL MARKET LIMITED	90,421	0.36	71,472	0.29
9	SATISH BHATT	61,550	0.25	61,550	0.25
10	FINQUEST FINANCIAL SOLUTIONS PVT. LTD.	-	-	52,000	0.21

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year i.e., 1 st April 2015		Shareholding at the end of the year i.e., 31 st March 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):	None of the Directors and Key Managerial Personnel hold shares in the equity share capital of the Company.			
	At the end of the year				

5. INDEBTEDNESS

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

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

6. Remuneration of Directors and Key Managerial Personnel

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

(in ₹)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager
		Sanjay Murdeshwar (Managing Director)
1	Gross Salary (as per Section 17(1) of Income Tax Act, 1961)	13,959,960
	Value of perquisites as per Section 17(2) of Income Tax Act, 1961	64,35,296
	Profits in lieu of salary as per Section 17(3) of Income Tax Act, 1961	N.A
2	Stock Option	N.A
3	Sweat Equity	N.A
4	Commission as a % of others	N.A
5	Others, if any	N.A
Total (A)		20,395,256
	Ceiling as per the Act	Remuneration paid to the Managing Director is within the limits approved by the Board, the Remuneration Committee, the Shareholders and the Central Government.

(B) Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (₹)
		D.E. Udvardia	K.S. Shah	Narayan K Seshadri	
1	Independent Directors				
	• Fee for attending Board and Committee meetings	1,300,000	1,300,000	700,000	3,300,000
	• Commission	-	-	-	-
	• Others	-	-	-	-
	Total(1)	1,300,000	1,300,000	700,000	3,300,000
2	Other Non-Executive Directors	Nil	Nil	Nil	Nil
	• Fee for attending Board and Committee meetings				
	• Commission				
	• Others				
	Total(2)	Nil	Nil	Nil	Nil
	Total (B) = (1+2)	1,300,000	1,300,000	700,000	3,300,000
	Total Managerial Remuneration (A+B)				23,695,256
	Overall Ceiling as per the Act	The remuneration paid to the Managing Director is within the limits approved by the Board, the Remuneration Committee, the Shareholders and the Central Government. Further, the sitting fees paid to the Non-executive Independent Directors is within the limits prescribed under the Companies Act, 2013.			

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

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (₹)
		Rajesh Marwaha (Chief Financial Officer)	Anantha Murthy N (Legal Counsel & Company Secretary)	
1	(a) Gross Salary as per provisions contained in Section 17(1) of Income tax Act, 1961	12,462,478	3,202,956	15,665,434
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961	176,100	60,900	237,000
	(c) Profits in lieu of salary u/s 17(3) of Income tax Act, 1961	-	-	-
2	Stock Option	N.A.	N.A.	
3	Sweat Equity	N.A.	N.A.	
4	Commission	N.A.	N.A.	
5	Others - if any	N.A.	N.A.	
	Total	12,638,578	3,263,856	15,902,434

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of the Companies Act, 2013, against the Company or its Directors or other officers in default, if any, during the year.

On behalf of the Board of Directors

Place: Bangalore
Date: May 25, 2016

D E UDWADIA
CHAIRMAN

Annexure V to Directors' Report

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

1. The ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year	Gross Salary (₹)	Ratio
Managing Director – Sanjay Murdeshwar	20,395,256	31
(Median remuneration of employees: ₹ 6.62 Lacs)		

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any	
Mr. Sanjay Murdeshwar, Managing Director	3.4%
Mr. Rajesh Marwaha, Chief Financial Officer	6.13%
Mr. Anantha Murthy N, Legal Counsel & Company Secretary	6.07%

- Percentage increase in the median remuneration of employees in the financial year: **5.8%**
- Number of permanent employees on rolls of the Company as on 31st March 2016: **1587**
- 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**
- Comparison of the remuneration of Key Managerial Personnel against performance of the Company: **Remuneration of KMP was based on the Company's increment guidelines**
- 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 No. of Shares	Closing Market Price per Share (₹)	EPS (₹)	PE Ratio (₹)	Market Capitalization (₹ In Crores)
31.03.2015	25,000,000	920.90	(8.34)	(110)	2302.25
31.03.2016	25,000,000	1,154.75	2.1	549.88	2886.87
Increase/(Decrease)	-	233.85	10.44	659.88	584.62
% of Increase/(Decrease)	-	25.39%	125.18%	599.89%	25.39(%)
Issue price of the share at the last IPO	-	1 (*)	-	-	-
Increase in market price as on 31.03.2016 as compared to issue price of IPO	-	1153.75	-	-	-
Increase in %	-	115375%	-	-	-

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

- Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and to point out if there are any exceptional circumstances for increase in the managerial remuneration : **As per Company's increment guidelines.**
- Comparison of the each remuneration of Key Managerial Personnel against performance of the Company: **Remuneration of KMP was based on the Company's increment guidelines**
- Key Parameters for any variable component of remuneration availed by the Directors: **None**
- 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. **None**
- Affirmation that the remuneration is as per remuneration policy of the Company: **Yes**

Annexure VII to Directors' Report

Management Discussion & Analysis Report

Indian Economy ^(1, 2, 3, 4, 5)

India with a Gross Domestic Product (GDP) estimated at \$ 2.1 trillion, is the world's 7th largest country by nominal GDP and the 3rd biggest in terms of purchasing power parity (PPP). India has overtaken China as the fastest growing major economy in the world, expanding by 7.3% (at constant price) at the end of 2015 and cementing its position as one of the sole bright spots in the global economy⁽²⁾. The Economist Intelligence Unit (EIU) expects the pace of growth to average 7.0% in 2017/2018-2019/2020, slowing from an annual average of 7.6% in 2015/2016-2016/2017⁽³⁾.

The Indian economy is on a high growth trajectory despite adverse global macroeconomic factors. Public investment has picked up with faster clearance of key projects. Better infrastructure and greater ease of doing business are promoting private investment and more generous benefits and wages for public employees are supporting private consumption. Even so, large non-performing loans, high leverage ratios for some companies and difficulty in passing key structural reforms are holding the economy back⁽⁴⁾.

The Union Budget 2015-16 laid out clear pathways to boost the country's growth along with fiscal prudence. The Indian government's efforts to improve the business climate has gained momentum⁽³⁾. The Union Budget 2016-17 aims to improve agriculture, and scale up infrastructure, with measured focus on social sector reforms and recapitalising India's banking system⁽⁵⁾.

Healthcare Environment ^(3, 5, 6, 7, 8, 9)

India still struggles with substantial gaps in its healthcare system despite its economic progress. The government has begun to scale back healthcare policy proposals, which aimed to deliver universal access to a range of subsidized benefits under a National Health Assurance Mission (NHAM) by 2019. Responsibility for the provision of free drugs has been shifted to the states, with the central government providing financial and technical support. Insufficient investments, inadequate planning and infrastructural challenges are the real major roadblocks for universal health coverage⁽³⁾. That said, the Union Budget for FY 2016-17 has provisions for several incentives for

the health sector including opening 3000 generic drug stores, a National Dialysis Services program and a new health protection scheme for BPL (Below Poverty Line) families with additional consideration for senior citizens. It also includes rationalisation of duties, development of skills and encouraging entrepreneurship to boost the 'Make in India' vision and a special patent regime with 10% rate of tax on income from worldwide exploitation of patents developed and registered in India.⁽⁵⁾

Government Health Spend and the current state of Healthcare in India

Total government allocated spend on public health was at a dismal 1.2% of GDP in 2015 and in an earlier report, World Health Organization (WHO) had ranked India's health system as 112 among 190 countries⁽⁶⁾. Furthermore, India has a high burden of Non-communicable diseases (NCDs) which account for about 40% of all hospital stays and roughly 35% of all recorded outpatient visits⁽⁷⁾. This translates into high out-of-pocket (OOP) payments toward healthcare costs for the Indian population.

India lags behind global benchmarks in healthcare infrastructure. This may be attributed to the severe shortfall of both infrastructure and skilled talent. India's ratio of 0.7 doctors and 1.5 nurses per 1,000 people is substantially lower than the WHO average of 2.5 doctors and nurses per 1,000 people. The bed density in the country was at 0.7 per 1000 population, well below the WHO benchmark of 3.5. India also lacks specialists in many medical disciplines and many locally trained physicians are tempted to go abroad for better pay and prospects. Additionally, there are concerns about the standard of education offered by some medical schools in the country⁽⁸⁾.

While the government is committed to expanding the public hospital infrastructure, private hospitals will remain the main providers of inpatient care. Other major challenges include the poor disease diagnosis rate in the country and drug compliance⁽³⁾. Affordability is another important criteria in determining the future of India's healthcare sector. India's out-of-pocket (OOP) spending rate is one of the highest in the world placing much of the burden on patients and their families. According to

the World Health Organization (WHO), just 32% of Indian healthcare expenditure in 2013 came from government sources. Of the remaining 68% which was private spending, around 86% was OOP⁽⁸⁾. The Credit Suisse Emerging Market Consumer Survey 2016 estimates that Indians on an average spend 2% of their disposable income on healthcare⁽⁹⁾.

Indian Pharmaceutical Market (IPM) ^(3, 9, 10, 11, 12)

The ₹ **1046 billion** Indian Pharmaceutical industry experienced a value growth of 14.4% in FY 2015-16 over FY 2014-15 according to March 2016 IMS Health database. Indian companies dominate the market with a 78% share of IPM and a value growth of 14.9%. MNCs, however, have showed signs of recovery in FY 2015-16 with a 12.7% value growth versus 8.5% in FY 2014-15. But, one can see some signs of recovery as evident in the volume (per unit) growth of 10.1% by MNCs versus a 2.6% volume growth over FY 2014-15. In comparison, Indian companies registered a 5.9% volume growth in FY 2015-16, a significant decline from their volume growth of 6.3% in FY 2014-15.⁽¹⁰⁾

Therapy Areas

The major therapy areas where AstraZeneca operates recorded double digit growth during the Financial Year 2015-16. Alimentary & Metabolism, Cardio Vascular therapy and Respiratory therapy were major contributors to the IPM growth growing at 17.0%, 14.4% and 11.2% respectively. Another major therapy area, Anti-infective therapy, grew at 8.9%. Amongst all new product launches from April 2014 to March 2016, more than 50% value contribution to IPM were from the above therapy areas.⁽¹⁰⁾ The Indian pharmaceutical market is forecasted to grow at a compound annual growth rate (CAGR) of 11.8% (±3.0%) over the period 2015-2020⁽³⁾.

Pharmaceutical Business Environment-Outlook⁽³⁾

Economic expansion, population growth and epidemiological trends will continue to drive up demand for medicines. However, price controls and the imposition of tighter regulations will limit rates of increase in market value. Tighter regulation, a squeeze on margins, and a relative dearth of new product opportunities may drive further consolidation of the local industry.

The introduction of a harmonized goods and services tax could trigger significant restructuring of the pharmaceutical distribution sector, allowing for wholesalers offering much broader geographical coverage. The implementation however, has been repeatedly postponed and no implementation date had been set as of early 2016.

Heavy detailing will remain central to local industry promotional strategies and a more exhaustive approach may be required as promotional activity is subject to closer scrutiny under revisions to the Uniform Code for Pharmaceuticals Marketing Practices (UCPMP). 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. The existing models of sales force coverage and sales force excellence will also require an overhaul as a consequence ⁽¹¹⁾.

As one of the stated goals of the 'Make in India' vision, the government introduced the first draft of the National Policy on Indian Patent Regulations (IPR) in December 2014.⁽³⁾ The National Intellectual Property Rights Policy was approved by the cabinet on May 12, 2016. The policy will make the Department of Industrial Promotion and Policy (DIPP) the agency in charge of regulating intellectual property rights in the country. The new policy aims at strengthening Innovation and Patent laws and safeguarding the interests of rights owners with the wider public interest, while combating infringements of intellectual property rights. However, the right to issue compulsory licenses to drug manufacturers, under "emergency" conditions will continue given that there would not be an immediate need to change patent laws that are already fully World Trade Organization-compliant.⁽¹³⁾

Growth and Demand Drivers

Rapid growth in Non-Communicable Diseases (NCD)

Every year, roughly 5.8 million Indians die from heart and lung diseases, stroke, cancer and diabetes⁽¹²⁾. NCDs now account for an estimated 60% of all deaths, according to the WHO, Non-communicable Disease Country Profile for India for 2014. Cardiovascular disease is responsible for a 26% share of overall mortality, while deaths caused by chronic respiratory diseases (13%), cancer (7%) and diabetes (2%) are on the increase⁽³⁾.

Increase in Non-communicable diseases diagnosis rates

With non-communicable diseases on the rise in India, the same are being diagnosed with increasing frequency, led by cardiovascular disease, chronic respiratory diseases, cancer and diabetes. Innovation is critical to addressing unmet medical need. The delivery of new medicines will rely on a more advanced understanding of disease and the use of new diagnostic technology and approaches, including personalised healthcare and predictive science.

Innovative product launches

New generation hepatitis C antivirals and diabetes treatments feature prominently among the new product launches expected to contribute to growth over the forecast period. It is paramount that the legal framework governing intellectual property protection is strengthened and improvements made in the administration of intellectual property law.

Proliferation of Private Hospitals

Rising incomes, growth in the number of patients with private health cover, expansion of the health tourism market, and contracting for the provision of private hospital services to public sector patients have all contributed to growing demand for private inpatient care. Expansion of the private hospital sector is expected by the provision of generous tax breaks for investors in the sector.

Expansion of Pharmacy Chains

The organized retail pharmacy market is estimated to comprise over 600,000 outlets, the majority of which are small, independent businesses. Pharmacy chains, with their focus on prime urban locations, are poised to command increased market shares due to their aggressive expansion anticipated over the next five years. Pharmacy chains will claim a growing share of the retail market. E-pharmacy is anticipated to grow, subject to restrictions by regulatory bodies.

Improving access to essential medicines

The opening of *Jan Aushadi* state centres to offer generics at 40% of the market price aim to increase access coupled with impetus of price regulation. Additionally, more companies are paying attention to socioeconomic factors and tailoring their prices to different segments of the population. There are a number of companies offering patient affordability

programs or introducing tiered pricing to increase access to medicine for expensive treatments.

Increase in health insurance coverage

Estimates place the basic health insurance coverage at 29% of the population. Further increases will be driven by state-level initiatives, and by further expansion of the private health insurance market. While the insurance companies offer sophisticated plans, the offerings may have to expand further for reimbursement of outpatient expenses and specific treatments for a condition as opposed to lump-sum payments.

Rising incomes and affordability

A McKinsey report suggests that if India continues on its high economic growth path, the income levels of the Indian population may increase substantially thereby improving the standard of living of many Indian households. This is expected to have a significant effect on healthcare spends as consumer spending patterns improve ⁽¹⁴⁾.

Risks/Threats

Delays in product registration

The number of new drugs being registered in India has fallen appreciably since the beginning of this decade due to a more conservative approach by regulatory authorities. New Drug Advisory Committees (NDACs), which were set up in 2012 to advise the Drug Controller General of India (DCGI) on new drug approvals have struggled to keep pace with the number of dossiers that require scrutiny, partly because some have not been convened on a regular basis. Where innovative new drugs are concerned, the main driver of lengthening approval periods has been the reluctance of the DCGI to rely exclusively on foreign trial data submitted in support of such products. For a time, it began to demand the submission of data of 100 Indian patients from local trials even for some life-saving products and orphan drugs. However, the Central Drugs Standard Control Organization does take cognizance of the order dated July 3, 2014 which allows a complete clinical waiver for new drugs approved outside India, in cases of national emergency, extreme urgency, and epidemic and for orphan drugs for rare diseases and drugs indicated for conditions/diseases for which there is no therapy. In the past 2 years there have been a number of instances where DCGI approved new drugs which fell within these categories.

Expansion of price controls and regulations

The government remains committed to reducing out-of-pocket expenditure on healthcare, and curbing patient spending on medicines will be a priority. The span of price controls will increase through an expansion of the National List of Essential Medicines (NLEM) in December 2015. The new 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. The new list includes a greater range of treatments for critical illnesses. The revision is estimated to increase the span of price control from under 20% to 30% of the market in value terms. Additionally, in April 2016, in line with provisions under the Drug Price Control Order (DPCO) 2013, the prices of 530 formulations subject to control under the DPCO will be revised downwards by 2.71% following a reduction in the annual wholesale price index. This policy includes manufacturers of scheduled formulations with a Maximum Retail Price (MRP) lower than the ceiling price.

Withdrawal of selected fixed dose combinations (FDCs)

As part of a review of over 6,000 FDCs, the DCGI in March 2016 announced the ban from sale of close to 350 combinations, including some leading products in the market on the grounds that these FDCs are irrational. The ban may be expanded further in the short-medium term. While it is expected to be implemented for most products, an interim stay has been granted for some products.

Withdrawal of import duty exemption on 76 life-saving drugs

The Central Board of Excise and Customs issued a notification withdrawing exemption from import duty on 76 drugs; including cancer and other lifesaving drugs in early 2016, with the objective of promoting domestic manufacture. While the withdrawal is not expected to result in significant price increases for the concerned products, the exemption was subsequently restored for three products, following heavy criticism of patient groups.

Quality Issues amongst local manufacturers

Local manufacturers have come under greater scrutiny in the recent years following notices from the FDA which had suspended imports from a succession of plants operated by significant number of local generic manufacturers. According to the

Credit Suisse Emerging Market Consumer Survey 2016, the year 2015 saw a decline in the trust of local brands in India. Just 50% of respondents indicated they trust local brands on both efficacy and safety falling from 61% in 2014⁽⁹⁾. The public health crisis at home apart, this has had a negative impact on India's drug exports as well. In the face of declining margins due to recent policy changes, local manufacturers may find it challenging to maintain manufacturing standards with the increasingly stringent GMP regulations.

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 ₹ **5608.1** million out of which domestic revenue contributed ₹ **5237.1 million (93.4%)** and income from Upfront fees ₹ **371 million (6.6%)**
- (ii) The **Clinical Trial** segment renders clinical trial services on pharmaceutical products to its group companies. During the year, the segment generated revenue of ₹ **97.04 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 2016-17, AstraZeneca will remain committed to prioritizing investment in its growth platforms; Cardiovascular and Metabolic disease, Respiratory and Oncology through a science-led innovation strategy. 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 maintain timelines of key regulatory milestones as it continues to align its portfolio to the global pipeline, subject to conduct of clinical trials, regulatory approvals and reasonable commercial viability.

According to IMS Health data (March 2016), Antidiabetic Therapy valued at INR 85 billion, is the second largest contributor to IPM and at 20.5% value growth, is one of the fastest growing therapy segments in the IPM. The oral Antidiabetic segment constitutes 75% of this market and is growing at 20.4%. The International Diabetes Federation has

forecast that India with a current estimated 65 million diabetic population will increase to 109 million by 2035. The Company will employ best efforts in maximising the potential of its antidiabetic portfolio.

With the launch of its new molecule in the oral antidiabetic segment, in May 2015, Astra Zeneca has brought to India a novel drug, the SGLT2 inhibitor, FORXIGA®. In March 2016, the Company announced a Distribution Services Agreement for Dapagliflozin with Sun Pharma to ensure a greater number of patients will have access to this important treatment option.

The Company's innovator brand in Oral Anti Platelet market, Brilinta® (Ticagrelor) continues to improve its value market share over the last one year and enjoys 14.3% of the OAP market currently. Over the course of FY 2015-16, Brilinta® won both the prestigious Dr. H. R. Nanji Memorial OPPI Marketing Excellence Awards 2015 and the 'Brand of the Year', 1st prize (Gold Award) from AWACS-AIOCD for the Chronic category, for "Best New Pharma Product launch". Barring unforeseen circumstances, the Company along with its Ticagrelor partner brand will employ best efforts 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 11.2%, the domestic market for respiratory diseases is one of the fastest growing therapies in India. Increasing air pollution in our cities and rural areas is contributing to a high burden of respiratory disease. There is a trend toward the use of combination therapy as maintenance treatment for asthma as well as Chronic Obstructive Respiratory Disease (COPD). Fixed-dosed combination therapies such as long-acting beta2 agonist (LABA)/inhaled corticosteroid (ICS) is expected to increase in usage. This may present an opportunity to AstraZeneca with Symbicort®, which is an ICS/LABA combination with an innovative delivery mechanism.

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

We will remain committed to maintaining a strong focus on cost optimisation 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 year, Company's Internal Finance Control was independently tested and validated by external auditors through the AstraZeneca Financial Control Framework (FCF). The Company makes best efforts to ensure 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 it could be exposed to, 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, Product Promotion and Product Security.

The internal audits for the Financial Year 2015-16 were carried out by Deloitte Touche Tohmatsu, India, based on an audit plan approved by the Audit Committee. The plan included audit of the Depots of the Company, key processes within Operations and Marketing units including enabling functions. The Audit Committee and the Management have reviewed the recommendations of the Internal Auditors and suitable remediation steps are being taken to implement their recommendations.

Discussion on financial performance with respect to operational performance

During the year ended March 31, 2016, the Company's total sales were ₹ **5167.6 million** as against ₹ **4681.2 million** reported in the corresponding previous year.

The total cost was at ₹ **5647.4 million** during the year as compared to ₹ **5737.6 million** in the previous year. The profit after tax was ₹ **52.6 million** during the year.

Developments in Human Resources/ Industrial Relations

The Company is committed to provide career opportunities for its employees and enable their growth and development. During the year, the India Development Week was conducted to enable employees to understand how to build careers and gain experiences across functions and businesses. 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 all businesses.

As on March 31 2016, the Company had **1587** employees on its rolls.

CAUTIONARY STATEMENT

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

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REPORT ON CORPORATE GOVERNANCE

Annexure VIII to Directors' Report

1. Company's Philosophy on Code of Governance

AstraZeneca Pharma India Limited ('the Company') is a subsidiary of AstraZeneca Pharmaceuticals AB, Sweden, which is an indirect subsidiary of AstraZeneca Plc, United Kingdom. The Company has been following the Code of Conduct of its ultimate parent Company and continues to do so. The Company's philosophy on Corporate Governance is sustained growth, increase in stakeholder value, transparency, disclosure, internal controls and risk management, internal and external communications and high standards of safety, health, environment management, accounting fidelity, product and service quality. The Company also complies with the listing requirements 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 practicing, high standards of Corporate Governance since its inception. The risk management and internal control functions are being geared up to meet progressive governance standards.

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

2. Board of Directors

- (i) The Board presently consists of six 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, of which one is a Woman Director. The Chairman of the Board is a Non-executive Independent Director. The Non-Executive Directors bring strong objective, business judgment in the Board deliberations and decisions. The composition of the Board is in conformity with the 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, 2016, the Company paid ₹ 7,99,500/- 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 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.
- (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) 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, 2016 are furnished herein below:

Name of the Director	Category	Number of Board Meetings during the year 2015-16		Whether attended last AGM held on Sept. 2, 2015	Number of Directorships and Committee Memberships/ Chairmanships excluding AstraZeneca Pharma India Limited as at March 31, 2016			
		Held	Attended		Other Directorships #	Committee Memberships \$	Committee Chairmanships \$	Number of shares held
Mr. D. E. Udwadia Chairman	Non-Executive Independent Director	6	6	Yes	8	6	1	-
Mr. K. S. Shah	Non-Executive Independent Director	6	6	Yes	-	-	-	-
Mr. Narayan K Seshadri	Non-Executive Independent Director	6	5	Yes	10	2	4	-
Mr. Ian Brimicombe	Non-Executive Director	6	3	Yes	-	-	-	-

Name of the Director	Category	Number of Board Meetings during the year 2015-16		Whether attended last AGM held on Sept. 2, 2015	Number of Directorships and Committee Memberships/ Chairmanships excluding AstraZeneca Pharma India Limited as at March 31, 2016			
		Held	Attended		Other Directorships #	Committee Memberships \$	Committee Chairmanships \$	Number of shares held
Mr. Sanjay Murdeshwar	Managing Director	6	6	Yes	-	-	-	-
Ms. Rebekah Martin (*)	Non-Executive Director	4	3	No	-	-	-	-
Ms. Claire-Marie O'Grady (**)	Non-Executive Director	3	3	NA	-	-	-	-
Mr. Justin Ooi (***)	Non-Executive Director	5	2	No	-	-	-	-

(*) Ms. Rebekah Martin resigned as Director of the Company, w.e.f. November 6, 2015

(**) Ms. Claire-Marie O'Grady was appointed as Director in the casual vacancy caused by the resignation of Ms. Rebekah Martin, w.e.f. November 6, 2015

(***) Mr. Justin Ooi resigned as Director of the Company, w.e.f. January 11, 2016

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

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

(vi) Six 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 27, 2015, August 4, 2015, October 15, 2015, November 6, 2015, December 2, 2015, February 6, 2016.

(vii) The Independent Directors, who are from diverse fields of expertise have long standing experience and expert knowledge in their respective fields are very relevant as well as 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, Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information etc. 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.

(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 & background, etc. of the candidate.
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee
 21. To carry out such other functions as may be entrusted to by the Board of Directors, from time to time.
- (ii) The Managing Director, Chief Financial Officer / representatives of Internal Auditors and Statutory Auditors are invitees to all meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.
- (iii) Mr. K. S. Shah, the Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on September 2, 2015.

(iv) 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 during the financial year 2015-16	
		Held	Attended
Mr. K. S. Shah, Chairman	Non-Executive Independent Director	4	4
Mr. D. E. Udawadia	Non-Executive Independent Director	4	4
Mr. Justin Ooi(*)	Non-Executive Non-Independent Director	3	2
Ms. Claire Marie O'Grady(**)	Non- Executive Non- Independent Director	-	-

(*) Mr. Justin Ooi resigned as the Director of the Company w.e.f. January 11, 2016

(**) Ms. Claire-Marie O'Grady was appointed as a member of the Audit Committee w.e.f. February 6, 2016

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

May 26, 2015, August 3, 2015, November 6, 2015, February 5, 2016

4. Nomination & 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;

b) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors

c) Devising a policy on diversity of Board of Directors

d) 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 of Directors their appointment and removal.

(ii) 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 during the financial year 2015-16	
		Held	Attended
Mr. Narayan K Seshadri, Chairman	Non- Executive Independent Director	2	2
Mr. D. E. Udawadia	Non- Executive Independent Director	2	2
Mr. K. S. Shah	Non- Executive Independent Director	2	2
Mr. Ian Brimicombe	Non- Executive Non-Independent Director	2	2

(iii) During the year ended March 31, 2016, two meetings of the Nomination and Remuneration Committee of the Board were held i.e., on May 27, 2015 and February 6, 2016.

(iv) Remuneration Policy

The Board of Directors at its meeting held on February 11, 2015, approved the Remuneration Policy for Directors, Key Managerial Personnel and for other employees. The said Policy has

been posted on the website of the Company at www.astrazeneca.com/india.

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

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

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

The Non-Executive Independent Directors are compensated by way of a profit-sharing commission and the criteria being their attendance in the Board/ Committee meetings.

The Non-Executive Directors other than the Non-Independent Directors are also paid sitting fees for attending the meetings of the Board/ Committees of the Board at ₹ 1,00,000/- per meeting.

The remuneration payable to the Managing Director, Key Managerial Personnel and Senior Management personnel are structured as fixed and variable components. The fixed remuneration comprises of Salary, Perquisites and retirement benefits and the variable component comprises of annual performance bonus which is linked to the achievement of the score card fixed at the beginning of the year.

(v) Remuneration to Directors during 2015-16:

a) Details of remuneration paid to the Non-Executive Directors during the year ended March 31, 2016:

Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. D. E. Udawadia	1,300,000	-	1,300,000
Mr. K. S. Shah	1,300,000	-	1,300,000
Mr. Narayan K Seshadri	700,000	-	700,000
Mr. Ian Brimicombe	-	-	-
Ms. Claire-Marie O'Grady	-	-	-
Ms. Rebekah Martin (*)	-	-	-
Mr. Justin Ooi (**)	-	-	-

(*) Ms. Rebekah Martin resigned as Director of the Company, w.e.f. November 6, 2015

(**) Mr. Justin Ooi resigned as Director of the Company, w.e.f. January 11, 2016

b) Details of remuneration paid to the Executive Directors during the year ended March 31, 2016:

Managing Director

Name of the Director	Salary (₹)	Perquisites (₹)	P.F & other Funds (₹)	Total (₹)
Mr. Sanjay Murdeshwar	13,959,960	6,435,296	-	20,395,256

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

Fixed Component / Performance Linked Incentive / Criteria

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

Service Contract / Notice Period / Severance Fees

a) The Contract of Service entered into by the Company with Mr. Sanjay Murdeshwar, the Managing Director, provides that the Company and the Managing Director shall be entitled to terminate the agreement by giving 90 days' notice in writing on either side.

b) No severance fee is payable by the Company to the Managing Director on termination of the agreement.

5. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, Corporate Social Responsibility (CSR) Committee of the Board has been constituted. Further, the Board has approved the CSR Policy, which has been posted on the website of the Company at www.astrazeneca.com/india.

The broad terms of reference of CSR Committee are:

- Formulate and recommend to the Board, the CSR Policy which shall indicate the activities

to be undertaken by the Company as detailed in the Schedule VII to the Act

- Recommend the amount of expenditure to be incurred on the activities referred to in the CSR Policy
- Monitor the implementation of CSR projects or programs or activities undertaken by the Company, on CSR Policy from time to time

During the year, one meeting of the CSR Committee was held on March 22, 2016.

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

Name of the Member	Category	Number of meetings during the financial year 2015-16	
		Held	Attended
Mr. Ian Brimicombe, Chairman	Non- Executive Non-Independent Director	1	-
Mr. D. E. Udawadia	Non- Executive Independent Director	1	1
Mr. Sanjay Murdeshwar	Managing Director	1	1

Since the average net profits of the Company during the three immediately preceding financial years being negative, the Company was not required to spend on CSR activities during the financial year 2015-16.

6. 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 balance sheet, non-receipt of declared dividends etc.

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

The Committee is chaired by Mr. K. S. Shah - Non-Executive Independent Director.

Mr. Anantha Murthy N, Legal Counsel & Company Secretary is the Compliance Officer.

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

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

During the year, one meeting of the said Committee was held on November 5, 2015.

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 investors' grievances for the year ended March 31, 2016 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	1	Nil	2	1	4	Nil
Through Stock Exchange/SEBI	Nil	Nil	7	1	8	Nil

c. Share Transfer Committee

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

The Share Transfer Committee deals with matters relating to transfers/transmissions/ transposition/ consolidation/deletion of name/issue of share certificates in exchange for sub-divided/ consolidated/defaced share certificates/issue of

duplicate share certificates, re-materialization of shares, etc.

During the year, 9 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 Practicing Company Secretary carries out the Secretarial Audit at the office of the Registrar and Share Transfer Agent, and furnishes requisite reports/certificates which are submitted to the Stock Exchanges

8. General Meetings

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

Date	Year	Venue	Time
September 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
August 20, 2013	2012-13	Vivanta by Taj Hotel, Bangalore	3.00 P.M

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

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

Date of AGM	Particulars of Special Resolution(s) passed
September 2, 2015	a) Approval of the Members for Formulation Packaging and Distribution Agreement dated 20th June 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
Aug 20, 2013	a) Consent of Members for the appointment of Mr. Robert Haxton as Wholetime Director and payment of remuneration to him; b) Consent of Members for the appointment of Mr. Sanjay Murdeshwar as Managing Director and payment of remuneration to him; c) Approval of Members for the remuneration paid to Mr. Anandh Balasundaram, Managing Director, during the period April 1, 2012 to August 31, 2012; and d) Approval of Members for the remuneration paid to Ms. Ruby Lau, Wholetime Director, during the period April 1, 2012 to February 27, 2013.

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.

requirements of Accounting Standard 18 are disclosed in the notes to accounts annexed to the financial statements.

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, has been uploaded on the Company's website and can be accessed at www.astrazeneca.com/india.

9. Disclosures

(i) Related Party Transactions

Transactions with related parties, as per the

Materially significant related party transactions during the financial year ended March 31, 2016:

Name of the Entity	Relationship	Nature of transaction	Amount (₹ in Crores)
AstraZeneca UK Limited (AZ UK)	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	i) Purchase of raw materials and traded goods by the Company from AZ UK ii) Reimbursement by AZ UK, to the Company of the cost of employees deputed by the Company outside India. iii) Reimbursement by the Company to AZ UK, the cost related to overseas employees deputed in India	102.07 1.54 0.42
Total			104.03

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

(iii) The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides for adequate safeguards for victimization of Director(s) / Employee(s) who avail of the mechanism. In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee. 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.

(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:

- The Auditor's opinion on the financial statements is unmodified.
- The position of Chairman and Managing Director are separate.
- 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, 2016. 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.

10. Means of Communication

I. The quarterly, half yearly and annual financial results of the Company are sent to the Stock Exchanges immediately after the Board's approval, 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 are displayed on the website of the Company at www.astrazeneca.com/india

III. The website also displays official news releases. The presentation made by the Company to the institutional investors is available on the Company's website.

11. Shareholder Information

(i) Annual General Meeting

Date & Time of AGM	August 11, 2016, 3.00 PM
Venue	ITC Gardenia - Residency Road, Bangalore
Financial Year	2015-16
Book Closure Date	August 4, 2016 to August 11, 2016 (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 next.
The announcement of financial results during 2016-17 shall be as follows:

First Quarter Results	On or before August 14, 2016
Second Quarter Results	On or before November 14, 2016
Third Quarter Results	On or before February 14, 2017
Fourth Quarter & Annual Results	On or before May 30, 2017

(iii) Listing on Stock Exchanges

The Company's equity shares are listed on:

BSE Limited, (BSE)

25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai 400 001

National Stock Exchange of India Limited (NSE)

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

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

(iv) Unclaimed Shares

Pursuant to Regulation 39 (4) read with Schedule VI to the Listing Regulations, the Company's Registrar & Transfer Agents have sent three reminders to those shareholders whose share certificates were returned undelivered and remain unclaimed so far. The Company is in the process of taking further steps to transfer these unclaimed shares to one folio in the name of

"AstraZeneca Pharma India Limited - Unclaimed Suspense Account" and the voting rights thereon will be frozen till the shares are claimed by the rightful owners.

As on March 31, 2016, there were 278 shareholders in respect of whom the unclaimed shares aggregating 1,01,745 shares were lying with the Company.

(v) Stock Code

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

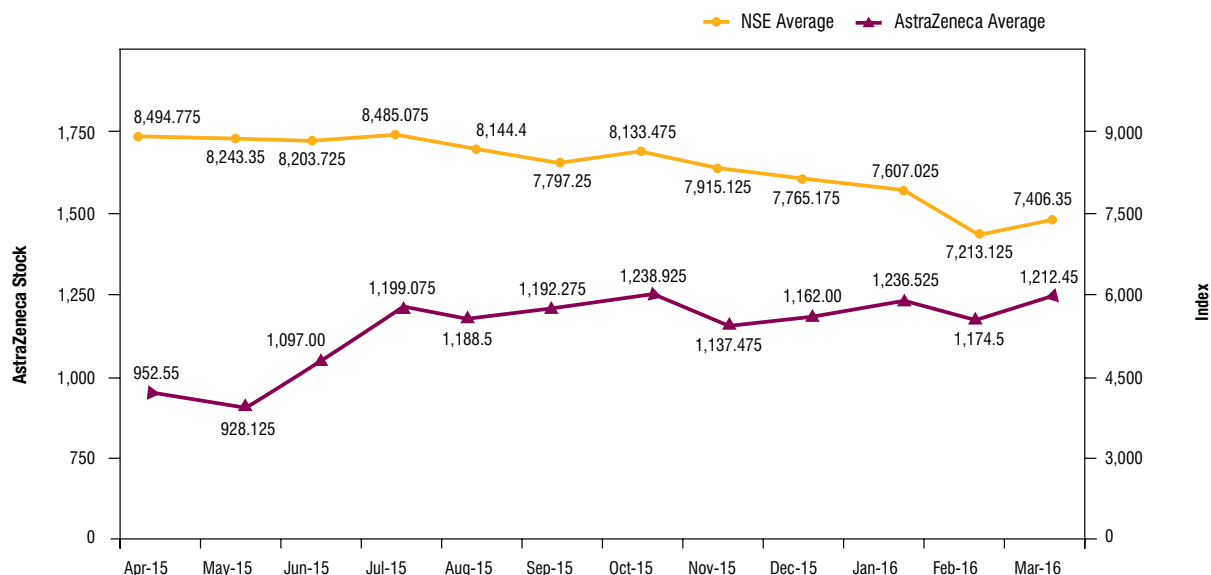
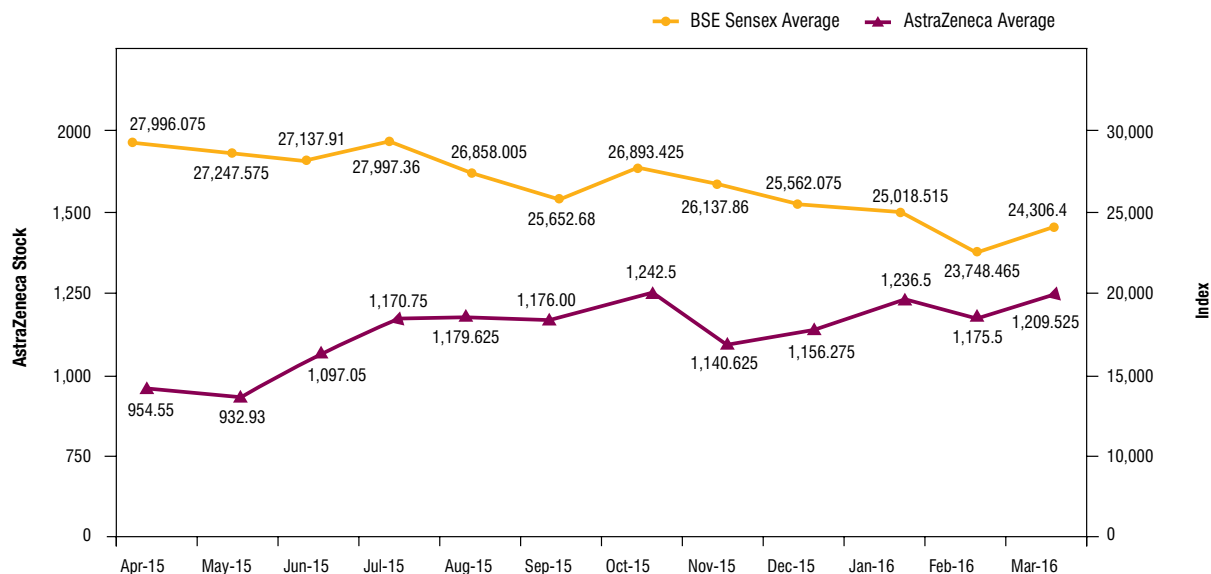
(vi) Market Price Data: High, Low during each month in the financial year ended March 31, 2016

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-15	1,044.00	865.10	29,094.61	26,897.54	1,044.00	861.10	8844.80	8144.75
May-15	1,015.85	850.00	28,071.16	26,423.99	1,016.20	840.05	8489.55	7997.15
Jun-15	1,299.00	895.10	27,968.75	26,307.07	1,298.80	895.20	8467.15	7940.30
Jul-15	1,244.90	1,096.60	28,578.33	27,416.39	1,248.00	1,150.15	8654.75	8315.40
Aug-15	1,275.45	1,083.80	28,417.59	25,298.42	1,274.90	1,102.10	8621.55	7667.25
Sep-15	1,267.00	1,085.00	26,471.82	24,833.54	1,268.00	1,116.55	8055.00	7539.50
Oct-15	1,325.00	1,160.00	27,618.14	26,168.71	1,325.00	1,152.85	8336.30	7930.65
Nov-15	1,204.20	1,077.05	26,824.30	25,451.42	1,199.95	1,075.00	8116.10	7714.15
Dec-15	1,271.50	1,041.05	26,256.42	24,867.73	1,274.00	1,050.00	7979.30	7551.05
Jan-16	1,348.00	1,125.00	26,197.27	23,839.76	1,350.00	1,123.05	7972.55	7241.50
Feb-16	1,250.00	1,101.00	25,002.32	22,494.61	1,250.00	1,099.00	7600.45	6825.80
Mar-16	1,314.00	1,105.05	25,479.62	23,133.18	1,314.90	1,110.00	7777.60	7035.10

Source: www.bseindia.com and www.nseindia.com

(vii) Performance of the Company's equity shares in comparison to BSE Sensex and NSE Nifty during the financial year 2015-16



(viii) Registrar & Transfer Agent

Integrated Enterprises India Limited,
30, Ramana Residency, 4th 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 Enterprises India Limited has adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as required from time to time.

Reconciliation of Share Capital Audit:

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

(x) Distribution of Shareholding as on March 31, 2016

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	2,285,930	9.14	14,334	99.53
5,001 to 10,000	212,561	0.85	29	0.20
10,001 to 20,000	213,696	0.86	13	0.09
20,001 to 30,000	142,289	0.57	6	0.04
30,001 to 40,000	106,559	0.43	3	0.02
40,001 to 50,000	91,125	0.36	2	0.01
50,001 to 100,000	224,119	0.90	4	0.03
100,001 and above	21,723,721	86.89	11	0.08
Total	25,000,000	100.00	14,402	100.00

(xi) Shareholding Pattern as on March 31, 2016

Particulars	Physical Holdings	Electronic Holdings	Total Holdings	%
AstraZeneca Pharmaceuticals AB	-	18,750,000	18,750,000	75.00
Banks	125	6,321	6,446	0.03
Trusts	-	560	560	0.00
Mutual Fund	-	1,769,347	1,769,347	7.08
FII	-	1,356,720	1,356,720	5.43
Non-Resident Indians	1,250	49,555	50,805	0.20
Indian Corporate Bodies	875	370,499	371,374	1.49
Others - Public	425,498	2,269,250	2,694,748	10.77
Total	427,748	24,572,252	25,000,000	100.00
Percentage	1.71%	98.29%	100.00%	

(xii) Dematerialization of shares and liquidity

The Company's equity shares are compulsorily traded in the dematerialised form. As on March 31, 2016, out of 2,50,00,000 equity shares of the Company, 2,45,72,252 equity shares representing 98.29% of the total equity share capital is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

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

None

(xiv) Plant location

12th Mile on Bellary Road
Venkata, Kattigenahalli Village
Yelahanka, Bangalore - 560 063

(xv) Company's Address for correspondence

Company Secretary/Compliance Officer
AstraZeneca Pharma India Limited
Block N1, 12th 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

Dividend for Financial Year	Percentage
2010-11	500
2011-12	175
2012-13	Nil
2013-14	Nil
2014-15	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, 2016, 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: Bangalore
Date: May 25, 2016

Sanjay Murdeshwar
Managing Director

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT AND SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS & 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 31st March, 2016 as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges for the period April 1, 2015 to November 30, 2015 and in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') for the period December 1, 2015 to March 31, 2016.

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 Agreement / 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: Bangalore
Date: May 25, 2016

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

Annexure IX to Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

To

The Members,

ASTRAZENECA PHARMA INDIA LIMITED

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AstraZeneca Pharma India Limited (hereinafter called 'the Company'). The 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 31.03.2016 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 the Company for the financial year ended on 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) 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;
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) The following key / significant laws as applicable specifically to the Company:

- a) Pharmacy Act, 1948
- b) Drugs and Cosmetics Act, 1940, and Rules / Orders made there under
- c) The Indian Copyright Act, 1957
- d) The Patents Act, 1970
- e) The Trade Marks Act, 1999

(vii) The following key / significant general laws as applicable to the Company:

(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. The 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. The 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 Karnataka Shops & Establishments Act, 1961
- xxvi. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxvii. The Labour Welfare Fund Act, 1965
- xxviii. 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 on Meetings of the Board of Directors and General Meetings i.e. SS - 1 and SS - 2 (applicable from 1st July, 2015).
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 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 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 20th June, 2014 (date of announcement by the Chairman) through Postal Ballot undertaken vide Notice dated 5th May, 2014. The Company has also received in-principle approvals from these Stock Exchanges.

However, stay was granted by the Hon'ble Bombay High Court from implementing the delisting proposal by the Company/Promoter Company till such time the Securities Appellate Tribunal (SAT) hears and disposes off the appeal filed by two shareholders in relation to delisting matter. The SAT which heard the appeal on September 11, 2015 had disposed of the same and passed the following order:

- a) Statement made by the 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: Bangalore
Date: May 25, 2016

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

Independent Auditor's Report

To the Members of AstraZeneca Pharma India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of AstraZeneca Pharma India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

AstraZeneca Pharma India Limited

Independent Auditor's Report (continued)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
- (ii) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2016 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 B; and

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 information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 2.6 and note 2.23 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There has been no delay in transferring amounts required to be transferred, to Investor Education and Protection Fund by the Company.

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

Chartered Accountants

Firm registration number: 101248W / W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place: Bangalore

Date: May 25, 2016

AstraZeneca Pharma India Limited

Annexure A to the Independent Auditor's Report

Annexure referred to in the Independent Auditor's Report to the Members of AstraZeneca Pharma India Limited ("the Company") for the year ended 31 March 2016. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventories, except goods-in-transit and stock lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. The discrepancies identified on physical verification of inventories between physical stocks and book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(iii) According to the information and explanations given to us, 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.

(iv) According to the information and explanations given to us, the Company has not given any loan or made any investments or given any guarantees under provisions of Section 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of bulk drugs and formulations and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

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

AstraZeneca Pharma India Limited

Annexure A to the Independent Auditor's Report (continued)

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax demand in relation to sale and lease back arrangement	42,373,443	1996-1997	Honourable High Court, Karnataka
Customs Act, 1962	Customs duty	21,248,482	2005-2006	Deputy Commissioner Customs, Mumbai
Finance Act, 1994	Disallowance of input service tax credit	518,820 ¹	April 2005 to March 2010	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax on import of services	25,648,174 ²	April 2006 to March 2012	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax on import of services	3,421,727 ³	April 2012 to March 2013	Central Excise and Service Tax Appellate Tribunal, Bangalore
Income tax Act, 1961	Income tax demand in relation to various disallowances	84,299,533 ⁴	2008-2009	Income tax Appellate Tribunal, Bangalore
Income-tax Act, 1961	Income tax demand in relation to various disallowances	5,077,460 ⁵	April 2009 to March 2010	Income tax Appellate Tribunal, Bangalore
Income-tax Act, 1961	Income tax demand in relation to various disallowances	10,397,300	April 2010 to March 2011	Income tax Appellate Tribunal, Bangalore
Punjab VAT	VAT Assessment	1,771,199	2006-2007	Punjab High Court and Deputy Excise and Taxation Commissioner, Patiala Division, Patiala
Delhi VAT	VAT Assessment	887,017 ⁶	2010-2011	Commissioner, Delhi VAT

¹ an amount of ₹ 26,000 has been paid under protest by utilizing credit

² an amount of ₹ 1,764,842 has been paid under protest by cash

³ an amount of ₹ 243,700 has been paid under protest by utilizing credit

⁴ an amount of ₹ 42,149,717 has been paid under protest by cash and adjustment of income tax refund

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

⁶ an amount of ₹ 88,701 has been paid under protest

AstraZeneca Pharma India Limited

Annexure A to the Independent Auditor's Report (continued)

- (viii) According to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year.
- (ix) The Company has not raised any money by public issues / further public offer during the year. The Company did not have any term loans outstanding during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its employees / officers has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has been paid and provided as per provisions of Section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all the transactions entered with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details disclosed in the financial statements are as required by the accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Chartered Accountants

Firm registration number: 101248W / W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place: Bangalore

Date: May 25, 2016

AstraZeneca Pharma India Limited

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of AstraZeneca Pharma India Limited ("the Company") as of 31 March 2016 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.

Auditor's 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, issued by the ICAI and 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 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 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:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 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

AstraZeneca Pharma India Limited

Annexure B to the Independent Auditor's Report (continued)

- 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.

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 with reference to financial statements over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 ICAI.

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

Chartered Accountants

Firm registration number: 101248W / W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place: Bangalore

Date: May 25, 2016

Financial Statements

AstraZeneca Pharma India Limited

(Amount in ₹)

Balance Sheet	Note	As at 31 March 2016	As at 31 March 2015
Equity and liabilities			
Shareholders' funds			
Share capital	2.1	50,000,000	50,000,000
Reserves and surplus	2.2	1,510,143,198	1,457,553,378
		<u>1,560,143,198</u>	<u>1,507,553,378</u>
Non-current liabilities			
Other long-term liabilities	2.3	12,669,242	10,189,118
Current liabilities			
Trade payables	2.4		
(a) total outstanding dues of micro enterprises and small enterprises		58,323	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		946,225,885	1,112,715,671
Other current liabilities	2.5	1,207,341,435	1,116,001,328
Short-term provisions	2.6	330,772,780	369,468,443
		<u>2,484,398,423</u>	<u>2,598,185,442</u>
		4,057,210,863	4,115,927,938
Assets			
Non-current assets			
Fixed assets	2.7		
Tangible assets		973,559,876	1,009,875,299
Intangible assets		-	-
Capital work-in-progress		63,121,928	122,065,301
		<u>1,036,681,804</u>	<u>1,131,940,600</u>
Non-current investments	2.8	5,460	5,460
Long-term loans and advances	2.9	331,626,911	345,523,911
Other non-current assets	2.10	6,055,344	5,852,667
		<u>337,687,715</u>	<u>351,382,038</u>
Current assets			
Inventories	2.11	767,295,669	861,307,005
Trade receivables	2.12	843,558,558	427,727,494
Cash and bank balances	2.13	768,317,263	250,844,070
Short-term loans and advances	2.14	276,369,131	1,074,606,506
Other current assets	2.15	27,300,723	18,120,225
		<u>2,682,841,344</u>	<u>2,632,605,300</u>
		4,057,210,863	4,115,927,938
Significant accounting policies	1		

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

As per our report of even date attached

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

Chartered Accountants

Firm registration number: 101248W / W-100022

Supreet Sachdev

Partner

Membership number: 205385

for and on behalf of the Board of Directors of

AstraZeneca Pharma India Limited

D E Udwardia

Chairman

Anantha Murthy N

Company Secretary

Sanjay Murdeshwar

Managing Director

Rajesh Marwaha

Chief Financial Officer

Place: Bangalore

Date: May 25, 2016

Place: Bangalore

Date: May 25, 2016

AstraZeneca Pharma India Limited

(Amount in ₹)

Statement of Profit and Loss	Note	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Revenue from operations			
Sale of products (gross)		5,229,620,205	4,760,435,938
Less: Excise duty		(62,063,786)	(79,228,881)
Sale of products (net)	2.27 (a)	5,167,556,419	4,681,207,057
Sale of services	2.16	97,041,364	9,280,801
Other operating revenue	2.16	372,724,865	480,206,234
Net revenue from operations		5,637,322,648	5,170,694,092
Other income	2.17	67,726,760	58,482,699
Total revenue		5,705,049,408	5,229,176,791
Expenses			
Cost of materials consumed	2.18	347,585,440	267,812,261
Purchase of stock-in-trade	2.19	1,588,871,493	1,672,774,678
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.20	54,151,583	60,075,541
Employee benefits	2.21	1,693,452,391	1,598,403,711
Depreciation and amortisation	2.7	174,263,555	152,814,833
Other expenses	2.22	1,789,088,543	1,685,692,809
Total expenses		5,647,413,005	5,437,573,833
Profit/ (loss) before tax		57,636,403	(208,397,042)
Income tax expense:			
- Current tax/ Minimum Alternate Tax ("MAT")		5,046,583	-
- Deferred tax		-	-
Profit/ (loss) after tax		52,589,820	(208,397,042)
Earnings/ (loss) per share (equity shares, par value of ₹ 2 each)			
- Basic and diluted	2.26	2.10	(8.34)
Weighted average number of equity shares outstanding		25,000,000	25,000,000

Significant accounting policies

1

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

As per our report of even date attached

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

Chartered Accountants

Firm registration number: 101248W / W-100022

for and on behalf of the Board of Directors of

AstraZeneca Pharma India Limited

Supreet Sachdev

Partner

Membership number: 205385

D E Udwadia

Chairman

Anantha Murthy N

Company Secretary

Place: Bangalore

Date: May 25, 2016

Place: Bangalore

Date: May 25, 2016

Sanjay Murdeshwar

Managing Director

Rajesh Marwaha

Chief Financial Officer

AstraZeneca Pharma India Limited

	(Amount in ₹)	
Cash Flow Statement	For the Year ended 31 March 2016	For the Year ended 31 March 2015
A) Cash flow from operating activities		
Profit/ (loss) before tax	57,636,403	(208,397,042)
<i>Adjustments to reconcile profit before tax to cash provided by operating activities:</i>		
Depreciation and amortisation	174,263,555	152,814,833
Provision for doubtful debts	985,279	(21,694,918)
Provision for doubtful loans and advances	1,734,927	5,031,004
Interest income on deposits with bank	(57,859,805)	(44,296,073)
Profit on sale of fixed assets, net	(416,759)	-
Unrealised foreign exchange loss/ (gain)	2,391,612	(1,129,608)
Liabilities no longer required, written back	-	(5,047,872)
Loss on write off of fixed assets	-	168,551
Operating profit before working capital changes	178,735,212	(122,551,125)
<i>Changes in assets and liabilities:</i>		
(Increase) / Decrease in trade receivables	(418,207,559)	123,263,560
Decrease / (Increase) in loans and advances and other current assets	833,065,736	(704,090,632)
Decrease in inventories	94,011,336	96,268,680
(Decrease) / Increase in liabilities and provisions	(93,066,484)	156,296,319
Decrease in other bank balances	5,146,206	2,481,388
Cash generated / (used) from operations	599,684,447	(448,331,810)
Income taxes (net of refund)	(29,799,242)	(8,673,390)
Net cash generated/ (used) in operating activities (A)	569,885,205	(457,005,200)
B) Cash flows from investing activities:		
Interest on deposits with banks	53,121,193	49,219,519
Purchase of fixed assets	(90,449,205)	(238,052,388)
Proceeds from sale of fixed assets	1,269,531	2,393,693
Net cash used in investing activities (B)	(36,058,481)	(186,439,176)

AstraZeneca Pharma India Limited

(Amount in ₹)

Cash Flow Statement (continued)	For the Year ended 31 March 2016	For the Year ended 31 March 2015
C) Cash flows from financing activities		
Payment of Unclaimed debenture principal	(2,751,658)	-
Payment of Unclaimed debenture interest	(220,133)	-
Decrease in other bank deposits (dividend accounts)	(2,174,415)	-
Net cash used in financing activities (C)	(5,146,206)	-
D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	528,680,518	(643,444,376)
E) Cash and cash equivalents as at the beginning of the year*	233,325,313	876,769,689
F) Cash and cash equivalents as at the end of the year*	762,005,831	233,325,313
[Net of book overdraft of ₹ Nil (previous year: ₹ 6,061,119)]		

* Refer note 2.13 to the financial statements

As per our report of even date attached

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

Chartered Accountants

Firm registration number: 101248W / W-100022

for and on behalf of the Board of Directors of

AstraZeneca Pharma India Limited

Supreet Sachdev

Partner

Membership number: 205385

D E Udwadia

Chairman

Anantha Murthy N

Company Secretary

Sanjay Murdeshwar

Managing Director

Rajesh Marwaha

Chief Financial Officer

Place: Bangalore

Date: May 25, 2016

Place: Bangalore

Date: May 25, 2016

AstraZeneca Pharma India Limited

Notes to the financial statements

1. Significant accounting policies

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

1.1. Background

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

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

1.2. Basis of preparation of financial statements

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

1.3. Use of estimates

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

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

1.4. Revenue recognition

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

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

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

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

The Company enters into certain marketing and supply agreements relating to various products. Revenue from such agreements is recognised upon completion of performance obligations or on a proportional performance basis over the period the Company performs its obligations, based on the terms of the agreements. Proportionate performance is measured based upon the efforts / costs incurred to date in relation to the total estimated efforts / costs to complete the contract. The Company monitors estimates of the total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the

AstraZeneca Pharma India Limited

Notes to the financial statements (Continued)

contract revenue or costs is reflected in the period in which the changes become known. In the event that the loss is anticipated on a particular contract, provision is made for the estimated loss.

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

Revenue which have been billed, but have not been accrued as per the terms of the contract with the customers are credited as deferred revenue.

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

1.5. Fixed assets and capital work-in-progress

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

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

Advances paid towards acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of fixed assets not ready for its intended use on such date is disclosed as Capital work-in-progress. The cost mainly comprises of material cost and other incidental and ancillary charges necessary for the asset to be ready to use. Till the date the asset is ready to use, no depreciation is computed on the amount classified as Capital work-in-progress.

1.6. Depreciation

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

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

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

*For these classes of assets, based on the internal technical assessment, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

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

1.7. Impairment of assets

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

AstraZeneca Pharma India Limited

Notes to the financial statements (Continued)

impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

1.8. Foreign exchange transactions

Foreign exchange transactions are recorded in Indian rupees using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date, the resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

1.9. Employee benefits

Defined contribution plans

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

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

Defined benefit plans

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

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expenses in the statement of profit and loss. When the benefits of a plan are improved, the portion of the increased benefits related to past service by employees is recognised in statement of profit and loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated absences

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

Other short-term benefits

Expense in respect of other short-term benefits including performance bonus is recognised on the basis of amount paid or payable for the period during which the employee renders service.

1.10. Employee stock option schemes

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

1.11. Investments

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

AstraZeneca Pharma India Limited

Notes to the financial statements (Continued)

1.12. Other current assets

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

1.13. Inventories

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

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

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

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

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

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

1.14. Provisions and contingent liabilities

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

Contingencies

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

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

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

AstraZeneca Pharma India Limited

Notes to the financial statements (Continued)

Onerous contracts

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

1.15. Income taxes

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

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

Minimum Alternate Tax ('MAT') under the provisions of sections 115 JAA of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The Company is allowed to avail credit equal to the excess of MAT over normal income tax for the assessment year for which MAT is paid. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried

forward for set-off against the normal tax liability. MAT credit so determined can be carried forward for set-off for ten succeeding assessment years from the year in which such credit becomes allowable. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

1.16. Earnings per share

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

1.17. Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. The lease term is the non-cancellable period for which the lessee has agreed to take the asset on lease together with any additional periods for which the lessee has the option to continue the lease, only in case this option is reasonably expected to be exercised at the time of inception of the lease, with or without any further payment.

1.18. Cash flow statement

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

1.19 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash deposit with banks and financial institutions. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.1 Share capital

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Authorised:		
25,000,000 (previous year: 25,000,000) equity shares of ₹ 2 each	50,000,000	50,000,000
Issued, subscribed and paid up		
25,000,000 (previous year: 25,000,000) equity shares of ₹ 2 each, fully paid-up	50,000,000	50,000,000
	50,000,000	50,000,000

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

Equity shares	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
At the commencement of the year	25,000,000	50,000,000	25,000,000	50,000,000
Movement during the year	-	-	-	-
At the end of the year	25,000,000	50,000,000	25,000,000	50,000,000

Terms and rights attached to equity shares

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

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

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

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

Name of the share holder	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
Equity shares of ₹ 2 each, fully paid				
AstraZeneca Pharmaceuticals AB, Sweden (Holding Company)	18,750,000	37,500,000	18,750,000	37,500,000

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

Name of the share holder	As at 31 March 2016		As at 31 March 2015	
	No of shares	% holding	No of shares	% holding
Equity shares of ₹ 2 each, fully paid				
AstraZeneca Pharmaceuticals AB, Sweden (Holding Company)	18,750,000	75.00	18,750,000	75.00
ICICI Prudential Asset Management Company Limited	1,739,258	6.96	-	-

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

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.2 Reserves and surplus

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital reserve		
At the commencement and end of the year	723,510,453	723,510,453
General reserve		
At the commencement and end of the year	531,307,958	531,307,958
Surplus (Statement of profit and loss)		
At the commencement of the year	202,734,967	411,132,009
Profit / (loss) for the year	52,589,820	(208,397,042)
Amount available for appropriation	255,324,787	202,734,967
Appropriations	-	-
At the end of the year	255,324,787	202,734,967
	1,510,143,198	1,457,553,378

2.3 Other long-term liabilities

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Dealer deposits	4,493,760	4,543,760
Rent equalisation reserve	8,175,482	5,645,358
	12,669,242	10,189,118

2.4 Trade payables

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Trade payables		
- Dues to micro enterprises and small enterprises [refer note 2.37]	58,323	-
- Dues to creditors other than micro enterprises and small enterprises*	946,225,885	1,112,715,671
	946,284,208	1,112,715,671

*Refer note 2.28 for details of dues to related parties

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.5 Other current liabilities

(Amount in ₹)		
Particulars	As at 31 March 2016	As at 31 March 2015
Book overdraft	-	6,061,119
Security deposit on leased asset	9,860,000	9,860,000
Deferred revenue	63,000,000	-
Advance from customers	36,623,465	36,312,575
Purchase of fixed assets	13,679,301	26,759,366
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
- Unclaimed dividends	6,311,432	8,485,847
- Unclaimed redeemed debentures	-	2,751,658
- Unclaimed interest on debentures	-	220,133
Other liabilities		
- Statutory liabilities	56,552,640	48,133,731
- Payable to employees	132,051,230	136,589,096
- Payable to related parties [refer note 2.28]	49,865,209	119,368,458
- Payable for expenses	839,398,158	721,459,345
	1,207,341,435	1,116,001,328

2.6 Short-term provisions

(Amount in ₹)		
Particulars	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits	175,891,940	164,850,241
Provision for tax, net of advance tax	12,598,932	7,552,349
Fringe benefit tax, net of advance tax	2,646,970	2,646,970
Provision for contingencies *	139,634,938	194,418,883
	330,772,780	369,468,443

* includes the following:

- Provision for direct and indirect taxes is utilised to settle adverse outcomes of cases against the Company. The provisions are based on advice obtained by the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.
- Provision for sales return made for expected loss on account of sales return. The provision are based on reliable estimate based on past experience of the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.
- ₹ 37,311,386 (previous year: ₹ 92,095,331) representing provision created towards expected charge backs. The provision was created based on best estimate by the management. The Company has not received any claim in the current year and after adjusting one suo-moto payment of ₹ 33,945, the Company has reversed ₹ 54,750,000 in the current financial year. The reversal has been adjusted with the sale of products. In respect of this provision, the disclosures required by Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" (AS 29) have not been provided in accordance with paragraph 72 of AS 29.

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

(Amount in ₹)

Particulars	Provision for direct and indirect tax cases		Provision for expected sales return	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Opening balance at the beginning of the year	78,649,769	78,649,769	23,673,783	23,673,783
Add: Charge for the year	-	-	22,256,014	20,533,673
Less: Utilisation	-	-	22,256,014	20,533,673
Less: Reversal	-	-	-	-
Closing Balance at the end of the year	<u>78,649,769</u>	<u>78,649,769</u>	<u>23,673,783</u>	<u>23,673,783</u>

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.7 Fixed assets

(Amount in ₹)

Asset description	Gross book value			Accumulated depreciation and amortisation				Net book value	
	As at 1 April 2015	Additions during the year	Deletions/ write-off during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year*	Deletion/ write-off during the year	As at 31 March 2016	As at 31 March 2015
Tangible assets									
Owned assets									
Freehold land	4,943,674	-	-	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	321,609,494
Roads and culverts	16,319,531	-	-	16,319,531	4,322,105	1,366,146	-	5,688,251	10,631,280
Plant and machinery	968,011,234	37,591,270	13,697,002	991,905,502	530,203,598	77,615,075	13,012,152	594,806,521	397,098,981
Vehicles	11,409,026	-	1,152,967	10,256,059	8,305,248	1,774,362	1,139,170	8,940,440	1,315,619
Office equipment #	231,566,277	50,859,427	329,212	282,096,492	106,930,277	58,167,405	198,539	164,899,143	124,636,000
Furniture and fixtures	141,363,063	20,041,899	469,040	160,935,922	36,584,323	13,893,707	445,587	50,032,443	104,778,740
Leased assets									
Plant and machinery ##	49,300,000	-	-	49,300,000	39,440,000	-	-	39,440,000	9,860,000
Intangible assets									
License for use and application of know-how and trademark	1,884,376,025	138,800,905	15,648,221	2,007,528,709	874,500,726	174,263,555	14,795,448	1,033,968,833	1,009,875,299
Total	1,914,444,474	138,800,905	15,648,221	2,037,597,158	904,569,175	174,263,555	14,795,448	1,064,037,282	1,009,875,299
<i>Previous year</i>	<i>1,697,476,605</i>	<i>223,052,566</i>	<i>6,084,697</i>	<i>1,914,444,474</i>	<i>755,276,795</i>	<i>152,814,833</i>	<i>3,522,453</i>	<i>904,569,175</i>	<i>1,009,875,299</i>

Capital work-in-progress

Particulars	As at 31 March 2016	As at 31 March 2015
Opening balance	122,065,301	93,109,172
Additions during the year	10,850,515	209,443,790
Assets capitalised during the year	(69,793,888)	(180,487,661)
Closing balance	63,121,928	122,065,301

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

includes IT equipments

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

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.8 Non-current investments

(Amount in ₹)		
Particulars	As at 31 March 2016	As at 31 March 2015
Non-trade investments		
<i>Quoted, fully paid, at cost</i>		
Investment in equity shares		
100 (previous year: 100) equity shares of TTK Healthcare Limited of ₹ 10 each	5,325	5,325
2 (previous year: 2) equity shares of Torrent Cables Limited of ₹ 10 each	135	135
	5,460	5,460
At the commencement of the year	5,460	5,460
Additions during the year	-	-
Deletions / adjustments during the year	-	-
At the end of the year	5,460	5,460
Market value of quoted investments	92,730	93,287

2.9 Long-term loans and advances

(Amount in ₹)		
Particulars	As at 31 March 2016	As at 31 March 2015
Secured, considered good		
Loan to employees	5,128,054	11,375,063
	5,128,054	11,375,063
Unsecured, considered good		
Capital advance	1,609,803	4,098,195
Security deposits	35,344,918	36,409,876
Advances recoverable in cash or in kind or for value to be received	11,269,925	44,778,324
Loan to employees	5,281,029	5,668,513
Advance tax, net of provision for tax	272,993,182	243,193,940
	326,498,857	334,148,848
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	6,622,052	7,577,336
Security deposits	2,794,171	2,670,781
	9,416,223	10,248,117
Less: Provision for doubtful advances	(9,416,223)	(10,248,117)
	-	-
	331,626,911	345,523,911

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.10 Other non-current assets

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Fixed deposit with bank held as margin money for guarantee	6,055,344	5,852,667
	6,055,344	5,852,667

2.11 Inventories [refer note 2.27]

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Raw materials	84,193,947	134,116,985
Raw materials-in-transit	5,234,599	-
Packing materials	13,478,365	23,301,816
Work-in-progress	13,534,865	49,055,013
<i>Finished goods</i>		
Manufactured	135,964,774	83,074,481
Traded	477,846,705	549,521,462
Traded goods-in-transit	24,869,804	16,453,778
Stores and spares	12,172,610	5,783,470
	767,295,669	861,307,005

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

2.12 Trade receivables

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Unsecured		
<i>Receivables outstanding for a period exceeding six months from the date they became due for payment</i>		
Considered good	3,428,746	7,404,505
Considered doubtful	30,691,252	29,705,973
<i>Other receivables</i>		
Considered good	840,129,812	420,322,989
Considered doubtful	-	-
	874,249,810	457,433,467
Less : Provision for doubtful receivables	(30,691,252)	(29,705,973)
	843,558,558	427,727,494

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.13 Cash and bank balances

(Amount in ₹)		
Particulars	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents		
Cheques in hand	11,158,227	12,531,356
<i>Balances with banks:</i>		
Current accounts	50,847,604	1,855,076
Short-term deposit with bank (with original maturity of 3 months or less)	700,000,000	225,000,000
<i>Other bank balances:</i>		
In unclaimed dividend accounts, redeemable debentures and interest on debentures	6,311,432	11,457,638
	768,317,263	250,844,070

(Amount in ₹)		
Reconciliation of bank deposits		
Particulars	As at 31 March 2016	As at 31 March 2015
Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	700,000,000	225,000,000
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	6,055,344	5,852,667
	706,055,344	230,852,667

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.14 Short-term loans and advances

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured, considered good		
Loan to employees	6,404,046	9,012,646
	<u>6,404,046</u>	<u>9,012,646</u>
Unsecured, considered good		
Security deposits	20,208,194	21,381,121
Receivable from related parties [refer note 2.28]	34,658,399	809,116,388
Advances recoverable in cash or in kind or for value to be received	210,580,049	228,561,331
Loan to employees	4,518,443	6,535,020
	<u>269,965,085</u>	<u>1,065,593,860</u>
Unsecured, considered doubtful		
Security deposits	6,689,371	6,461,944
Advances recoverable in cash or in kind or for value to be received	8,163,429	6,200,997
Loan to employees	506,846	129,884
	<u>15,359,646</u>	<u>12,792,825</u>
Less: Provision for doubtful advances	<u>(15,359,646)</u>	<u>(12,792,825)</u>
	<u>-</u>	<u>-</u>
	<u>276,369,131</u>	<u>1,074,606,506</u>

2.15 Other current assets

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Interest accrued but not due on deposits	6,938,738	2,200,126
Stock of samples	14,489,771	9,670,327
Other receivables	5,872,214	6,249,772
	<u>27,300,723</u>	<u>18,120,225</u>

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.16 Sale of services and other operating revenues

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
<i>Sale of services</i>		
Clinical trials	97,041,364	9,280,801
	97,041,364	9,280,801
<i>Other operating revenues</i>		
Sale of scrap	1,724,865	3,897,206
Income from distribution activities [refer note 2.42]	-	476,309,028
Income from sale of distribution rights	371,000,000	-
	372,724,865	480,206,234

2.17 Other income

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit on sale/ transfer of assets, net	416,759	-
Interest income on deposits	57,859,805	44,296,073
Liabilities no longer required, written back	-	5,047,872
Rental income	4,781,516	2,443,312
Net gain on account of foreign exchange fluctuations	-	2,422,960
Miscellaneous income	4,668,680	4,272,482
	67,726,760	58,482,699

2.18 Cost of materials consumed

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
<i>Raw material and packing material</i>		
Consumption of raw material	305,010,909	209,394,751
Consumption of packing material	42,574,531	58,417,510
	347,585,440	267,812,261

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.19 Purchase of stock-in-trade

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
<i>Stock-in-trade</i>		
Closing stock-in-trade	502,716,509	565,975,240
Cost of stock-in-trade sold	1,652,130,224	1,586,437,911
	<u>2,154,846,733</u>	<u>2,152,413,151</u>
Less: Opening stock-in-trade	(565,975,240)	(479,638,473)
	<u>1,588,871,493</u>	<u>1,672,774,678</u>

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

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Inventories at the beginning of the year		
Finished goods	83,074,481	242,445,543
Work-in-progress	49,055,013	64,845,064
Stock-in-trade	565,975,240	479,638,473
A	<u>698,104,734</u>	<u>786,929,080</u>
Inventories at the end of the year		
Finished goods	135,964,774	83,074,481
Work-in-progress	13,534,865	49,055,013
Stock-in-trade	502,716,509	565,975,240
B	<u>652,216,148</u>	<u>698,104,734</u>
Less: Excise duty on opening stock of finished goods	(9,316,004)	(38,064,809)
Add: Excise duty on closing stock of finished goods	17,579,001	9,316,004
Increase/(decrease) C	<u>8,262,997</u>	<u>(28,748,805)</u>
Changes in inventory (A - B + C)	<u>54,151,583</u>	<u>60,075,541</u>

2.21 Employee benefits

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries, bonus and allowances*	1,462,124,454	1,357,235,387
Contribution to provident and other funds [refer note 2.38 and note 2.39]	103,903,454	97,147,120
Employee stock compensation expense #	4,088,471	14,000,000
Staff welfare expense*	123,336,012	130,021,204
	<u>1,693,452,391</u>	<u>1,598,403,711</u>

*Net of re-imbursement towards marketing distribution promotion cost [Refer note 2.42]

represents reimbursement of cost of employee stock option issued by AstraZeneca Plc, United Kingdom "the ultimate holding company" to the employees of the Company [refer note 2.36]

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.22 Other expense

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Selling, marketing and distribution*	719,428,537	648,821,903
Travel and conveyance*	275,522,226	283,411,937
Legal and professional	136,582,096	154,216,607
Clinical trial*	111,572,604	-
Power and fuel	74,349,305	85,080,813
Rent*	74,599,718	85,429,960
Carriage outwards	70,024,157	68,839,281
Repairs and maintenance		
- Buildings	7,744,848	7,762,545
- Plant and machinery	22,066,492	23,227,548
- Others	25,067,607	22,021,408
Rates and taxes*	34,053,144	45,873,004
Processing charges	23,302,275	36,653,027
Commission	48,365,174	42,704,319
Consumption of stores and spare parts	25,894,531	28,852,956
Communication*	39,515,170	37,529,386
Cost of samples distributed	8,729,285	17,369,784
Insurance	24,396,979	22,650,896
Printing and stationery	6,291,241	8,548,686
Provision for doubtful debts, net	985,279	(21,694,918)
Provision for doubtful advances	1,734,927	5,031,004
Net loss on account of foreign exchange fluctuations	3,222,844	-
Bad debts written off, net	-	30,672,923
Miscellaneous*	55,640,104	52,689,740
	1,789,088,543	1,685,692,809

*Net of reimbursement towards marketing distribution promotion cost [Refer note 2.42]

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.23 Contingent liabilities

(a) Claims against the company not acknowledged as debt

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Excise and service tax matters*	14,940,958	26,311,359
Income tax related # (net of payment under protest)	137,584,062	76,046,266
Sales tax matters** (net of payment under protest)	1,240,407	-
<p>* The Company has received a service tax demand of ₹ 23,508,332 for the period April 2006 to March 2012, on the expenditure incurred in foreign currency for various expenses such as registration fee, transportation, accommodation for attending different conferences / seminars, meetings and trainings. The Commissioner vide OIO 62/2014 confirmed the demand along with interest and penalties, against which the Company has filed an appeal with Customs Excise and Service Tax Appellate Tribunal ("CESTAT") on 8 January 2015. Out of the above balance, the Company has provided ₹ 11,064,245 and the balance amount of ₹ 12,444,087 is considered to be contingent in nature.</p>		
<p>* The Company has 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 as payment under protest as on date and has filed an appeal with Commissioner of Central Excise (Appeals) on 18 February 2016. Out of the above balance, the Company has provided ₹ 2,937,496 and the balance amount of ₹ 2,496,871 is considered to be contingent in nature. The Company is currently awaiting the hearing for the same.</p>		
<p># The Transfer Pricing Officer ("TPO") vide its Order for the period April 2008 to March 2009 made an adjustment to the clinical trial segment of the Company by determining the arm's length margin at 43.73%. Moreover, the Assessing Officer ("AO") carried out adjustments relating to disallowance of provision for doubtful advances, difference between interest income as per books and TDS certificate and disallowance of expenses in respect of sample distribution, grants, sponsorship, medical donations and equipment donation. The Dispute Resolution Panel passed an unfavorable order on 19 November 2013 after which the AO confirmed the demand vide its Order dated 30 December 2013 amounting to ₹ 84,299,533. The Company filed a submission before the Income Tax Appellate Tribunal ("ITAT") on 28 February 2014. 50% of the total demand has been deposited as per the order of the AO amounting to ₹ 42,149,817. 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 hearing date has been rescheduled to 30 May 2016.</p>		
<p># The Transfer Pricing Officer ("TPO") vide its Order for the period April 2010 to March 2011 made an adjustment to the clinical trial segment of the Company. Moreover, the AO carried out adjustments relating to disallowance of provision for doubtful advances, difference between interest income as per books and TDS certificate and disallowance of expenses in respect of sample distribution, grants, sponsorship, medical donations and equipment donation. The Company 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 yet to be listed before ITAT for hearing.</p>		
<p># 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. Moreover, the 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 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 is currently awaiting hearing on the same. The adjustment as per the order have been reduced the refund claim by ₹ 85,036,946.</p>		

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

- ** The Company has received an assessment order from Delhi VAT Department (DVAT) wherein the department has disallowed certain sales returns amounting to ₹ 4,755,672 for the period of 2010-2011 and has imposed tax, interest and penalty amounting to ₹ 887,017. The Company has paid 10% of the total demand as payment under protest as on date and has filed an appeal with department contesting the disallowance of sales returns. Out of the above balance, the Company has provided ₹ 443,509 and the balance amount of ₹ 354,807 is considered to be contingent in nature.
- ** The Company has received re-assessment order from Punjab VAT Department for the period 2006-2007 wherein the department has a raised demand of ₹ 1,771,199 for the stock write off. On the grounds of period of limitation, the Company has filed a writ petition with the Honourable Punjab High Court and an appeal with Deputy Excise and Taxation Commissioner, Patiala Division, Patiala on 4 June 2015. Out of the above balance, the Company has provided ₹ 885,599 and the balance amount of ₹ 885,600 is considered to be contingent in nature. Till date there is no hearing in this case.
- 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 2016	As at 31 March 2015
In respect of bank and other guarantees	18,469,353	20,193,548

(c) Others

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

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

2.24 Commitments

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	8,795,753	16,084,171
Other commitments		
Contractual liability on cancellation of agreement for custom manufactured products	-	2,358,798
Amounts payable under non-cancellable lease agreements for residential and office premises	19,838,539	47,943,847

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.25 Auditors' remuneration (included in legal and professional fees)*

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Audit fees	3,901,250	3,501,250
Tax audit fees	367,500	367,500
Reimbursement of out of pocket expenses	532,615	545,302
	<u>4,801,365</u>	<u>4,414,052</u>

* Excludes service tax

2.26 Earnings/ (loss) per share

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

(Amount in ₹, except number of shares)

Particulars		As at 31 March 2016	As at 31 March 2015
Net profit / (loss) for the year attributable to equity shareholders	A	52,589,820	(208,397,042)
Weighted average number of equity shares of ₹ 2 each used for calculation of earning per share	B	25,000,000	25,000,000
Earnings/ (loss) per share, basic and diluted	(A/B)	<u>2.10</u>	<u>(8.34)</u>

The Company does not have potentially dilutive equity shares.

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.27 (a) Details of goods manufactured and traded

(i) Class of goods manufactured

(Amount in ₹)

Particulars	Opening stock ¹ as at 1 April 2015	Turnover ² for the year ended 31 March 2016	Closing stock ¹ as at 31 March 2016
Bulk drugs	- (-)	- (23,472,479)	- (-)
Tablets and capsules	76,750,606 (196,517,597)	998,565,612 (990,211,546)	122,310,675 (76,750,606)
Injectables	8,462,299 (23,797,196)	91,811,643 (148,196,518)	12,851,004 (8,462,299)
Ointments	98,609 (1,711,412)	32,926,276 (33,333,815)	832,722 (98,609)
Liquids	950,338 (30,835,403)	24,188,836 (266,251,042)	96,743 (950,337)
Inhalation products	- (-)	(374) 1,794	- (-)
Subtotal	86,261,852 (252,861,608)	1,147,491,993 (1,461,463,606)	136,091,144 (86,261,852)

(ii) Class of goods traded

(Amount in ₹)

Particulars	Opening stock ¹ as at 1 April 2015	Turnover ² for the year ended 31 March 2016	Closing stock ¹ as at 31 March 2016
Formulations:			
Tablets and capsules	355,495,153 (265,596,143)	2,493,603,287 (1,738,485,620)	404,751,907 (355,495,153)
Injectables	211,869,715 (206,153,963)	1,439,949,061 (1,454,581,709)	103,948,642 (211,869,715)
Inhalation products	2,597,593 (11,215,724)	31,763,258 (23,801,056)	8,379,361 (2,597,593)
Dry powder	2,495,735 (2,165,002)	(1,180) (2,947,477)	- (2,495,735)
Liquids	- (-)	- 72,411	- (-)
Subtotal	572,458,196 (485,130,832)	3,965,314,426 (3,219,743,451)	517,079,910 (572,458,196)
Grand total	658,720,048 (737,992,440)	5,112,806,419 (4,681,207,057)	653,171,054 (658,720,048)

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

Notes:

1. Stock indicated above is net of provision to bring down the value of the inventories to their net realisable values and to account for obsolescence and includes stock inventory held for distribution as samples (disclosed under other current assets).
2. Turnover indicated above is net of excise duty. Turnover does not include the amount reversed for provision of DHS and other chargebacks amounting to ₹ 54,750,000 which has been adjusted in the current year sales.
3. Previous year figures are given in brackets.

(iii) Work-in-progress

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Bulk drugs	-	18,463,603
Formulations:		
Tablets and capsules	6,882,881	25,035,390
Injectables	6,651,984	3,274,834
Ointments	-	2,281,186
	13,534,865	49,055,013

2.27 (b) Purchase of traded goods*

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Formulations:		
Tablets and capsules	1,068,598,010	961,545,818
Injectables	503,682,364	692,632,818
Inhalation products	16,591,119	15,785,823
Dry powder	-	2,810,219
	1,588,871,493	1,672,774,678

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

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.27 (c) Details of consumption of raw and packing materials

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Raw materials		
Crestor 10mg (Bulk tablets)	48,372,567	39,251,458
Seloken XL 50 Mg (Bulk Tablets)	31,990,467	50,859,466
Vancomycin Hydrochloride Ip	27,593,717	13,304,204
Seloken XL 25mg (Bulk tablets)	25,963,201	46,212,214
Crestor 20mg (Bulk tablets)	25,500,614	37,880,585
*Other raw materials	145,590,343	21,886,824
	305,010,909	209,394,751
Packing materials		
Bottle amber 100ml	-	9,232,677
Vial clear glass	-	10,565,885
*Other packing material	42,574,531	38,618,948
	42,574,531	58,417,510

Notes:

* Items, which in value, individually account for less than 10 per cent of the total value of the raw materials and packing material consumed, have not been disclosed separately. None of the items in packing material individually consume more than 10% of the total value.

2.27 (d) Consumption of imported and indigenous raw and packing materials

(Amount in ₹)

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	216,606,611	62.32	224,582,231	83.86
Indigenous	130,978,829	37.68	43,230,030	16.14
	347,585,440	100.00	267,812,261	100.00

2.27 (e) Consumption of imported and indigenous spares and stores

(Amount in ₹)

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	-	-	-	-
Indigenous	25,894,531	100	28,852,956	100.00
	25,894,531	100	28,852,956	100.00

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.28 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	<p>AstraZeneca SDN Bhd, Malaysia;</p> <p>AstraZeneca Singapore Pte Ltd, Singapore;</p> <p>AstraZeneca Pharmaceuticals (Phils) Inc, Philippines;</p> <p>AstraZeneca NV/SA, Belgium;</p> <p>AstraZeneca India Private Limited, India;</p> <p>PT AstraZeneca Indonesia, Indonesia;</p> <p>AstraZeneca Pty Ltd, Australia;</p> <p>AstraZeneca Pharmaceutical Co. Ltd, China;</p> <p>AstraZeneca Pharmaceuticals LP, USA;</p> <p>AstraZeneca (Thailand) Ltd, Thailand;</p> <p>IPR Pharmaceuticals Inc, Puerto Rico;</p> <p>AstraZeneca KK, Japan;</p> <p>AstraZeneca Korea Limited, Korea;</p> <p>AstraZeneca Vietnam;</p> <p>AstraZeneca GmbH, Germany;</p> <p>AstraZeneca UK Limited, United Kingdom;</p>
Key management personnel	
- Managing Director	Sanjay Murdeshwar
- Whole-time director	Robert Ian Haxton (resigned w.e.f 14 December 2014)
- Directors	<p>Ian Brimicombe</p> <p>Ms. Claire-Marie O'Grady (appointed w.e.f 6 November 2015)</p> <p>Rebekah Martin (resigned w.e.f 6 November 2015)</p> <p>Justin Ooi (resigned w.e.f 11 January 2016)</p>

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

(ii) Related party transactions

(Amount in ₹)

Nature of transactions	For the year ended 31 March 2016	For the year ended 31 March 2015
Purchase of materials and traded goods		
AstraZeneca UK Limited, United Kingdom	1,020,722,017	862,086,656
AstraZeneca AB, Sweden	71,950,682	63,561,632
IPR Pharmaceuticals Inc, Puerto Rico	47,818,864	69,326,273
	1,140,491,563	994,974,561
Payment towards reimbursement of expenses		
AstraZeneca UK Limited, United Kingdom	11,868,563	25,277,270
AstraZeneca Pharmaceuticals LP, USA	3,097,992	14,001,401
AstraZeneca AB, Sweden	1,979,938	18,548,205
AstraZeneca India Private Limited, India	479,898	4,869,462
AstraZeneca GmbH, Germany	457,999	5,816,069
AstraZeneca Singapore Pte Ltd, Singapore	198,739	3,677,323
AstraZeneca Pty Ltd, Australia	-	888,393
	18,083,129	73,078,123
Receipt as reimbursement of expenses		
AstraZeneca UK Limited, United Kingdom	62,867,836	264,139,647
AstraZeneca Pharmaceuticals LP, USA	14,721,262	14,570,266
AstraZeneca Singapore Pte Ltd, Singapore	9,800,871	12,122,772
AstraZeneca India Private Limited, India	5,721,517	-
AstraZeneca AB, Sweden	1,136,190	53,246,786
AstraZeneca Pharmaceuticals (Phils) Inc, Philippines	-	15,966,392
Others	-	1,481,318
	94,247,676	361,527,181

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.28 Related parties (continued)

(ii) Related party transactions (continued)

(Amount in ₹)		
Nature of transactions	For the year ended 31 March 2016	For the year ended 31 March 2015
Rent expense		
AstraZeneca India Private Limited, India	-	8,075,410
Sales of products		
AstraZeneca AB, Sweden	-	23,472,479
	-	23,472,479
Sale of services		
AstraZeneca AB, Sweden	97,041,364	9,280,801
Other operating revenues		
AstraZeneca UK Limited, United Kingdom	-	417,744,016
AstraZeneca AB, Sweden	-	26,688,414
IPR Pharmaceuticals Inc, Puerto Rico	-	31,876,598
	-	476,309,028
Rental income		
AstraZeneca India Private Limited, India	4,590,156	2,287,832
Director's remuneration		
Sanjay Murdeshwar	20,395,256	19,523,836
Robert Ian Haxton	-	11,254,810
	20,395,256	30,778,646

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

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

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Short-term loans and advances		
AstraZeneca UK Limited, United Kingdom	13,932,342	711,743,896
AstraZeneca India Private Limited, India	11,261,704	88,447
AstraZeneca Singapore Pte Ltd, Singapore	5,169,831	6,326,690
AstraZeneca Pharmaceuticals LP, USA	3,940,194	17,713,200
AstraZeneca AB, Sweden	-	29,987,102
AstraZeneca Pharmaceutical Co. Ltd, China	-	542,537
AstraZeneca Pharmaceuticals (Phils) Inc, Philippines	-	5,827,221
IPR Pharmaceuticals Inc, Puerto Rico	-	35,816,546
Others	354,329	1,070,749
	34,658,400	809,116,388
Trade receivables		
AstraZeneca AB, Sweden	44,392,151	17,763,309
	44,392,151	17,763,309
Trade payables and other current liabilities		
AstraZeneca UK Limited, United Kingdom	770,803,808	823,846,742
AstraZeneca AB, Sweden	45,004,585	146,781,692
IPR Pharmaceuticals Inc, Puerto Rico	16,338,358	69,326,273
AstraZeneca Pharmaceuticals LP, USA	2,184,497	35,364,336
Others	1,818,311	7,316,671
	836,149,559	1,082,635,714

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.29 Segment reporting

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

- (i) **Healthcare** - The Company engages in the manufacture, trading and sale of pharmaceutical products.
- (ii) **Clinical trial services** - The Company renders clinical trial services on pharmaceuticals products to its group companies.

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

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

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

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

Primary segment information

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Segment revenue		
(a) Healthcare	5,540,281,284	5,161,413,291
(b) Others	97,041,364	9,280,801
	5,637,322,648	5,170,694,092
Less: Inter-segment revenue	-	-
Net income from operations	5,637,322,648	5,170,694,092
Segment results		
(Loss) / profit before tax and interest		
(a) Healthcare	(13,516,017)	(272,137,152)
(b) Others	3,425,660	5,257,411
	(10,090,357)	(266,879,741)
Other un-allocable income, net of interest expenses	67,726,760	58,482,699
Exceptional item	-	-
Total profit / (loss) before tax	57,636,403	(208,397,042)
Less: Provision for taxation	5,046,583	-
Profit after taxation	52,589,820	(208,397,042)

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Segment assets		
(a) Healthcare	2,958,508,725	3,613,610,675
(b) Others	44,392,151	221,000
(c) Unallocated assets	1,054,309,987	502,096,263
	4,057,210,863	4,115,927,938
Segment liabilities		
(a) Healthcare	2,279,322,181	2,428,236,381
(b) Others	60,985,741	25,636,603
(c) Unallocated liability	156,759,743	154,501,576
	2,497,067,665	2,608,374,560
Capital expenditure		
(a) Healthcare	79,857,532	252,008,695
(b) Others	-	-
	79,857,532	252,008,695
Depreciation		
(a) Healthcare	174,263,555	152,814,833
(b) Others	-	-
	174,263,555	152,814,833

Secondary segment information

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

- a) Domestic
- b) Exports

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Segment revenue		
(a) Domestic	5,540,281,284	5,137,940,812
(b) Export	97,041,364	32,753,280
	5,637,322,648	5,170,694,092
Segment assets		
(a) Domestic	3,989,603,867	4,051,271,193
(b) Export	67,606,996	64,656,745
	4,057,210,863	4,115,927,938
Capital expenditure		
(a) Domestic	79,857,532	252,008,695
(b) Export	-	-
	79,857,532	252,008,695

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.30 Details of deferred tax asset

(Amount in ₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax liabilities		
Depreciation on fixed assets	42,855,625	34,711,696
	<u>42,855,625</u>	<u>34,711,696</u>
Deferred tax assets		
Carry forward business loss and unabsorbed depreciation	42,855,625	34,711,696
	<u>42,855,625</u>	<u>34,711,696</u>
Deferred tax assets, net	<u>-</u>	<u>-</u>

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

2.31 Value of imports on CIF basis

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Raw and packing materials (net of returns)	162,005,243	102,623,254
Capital goods	1,470,160	5,435,419
	<u>163,475,403</u>	<u>108,058,673</u>

2.32 Expenditure in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Employee benefits	16,660,008	52,205,525
Legal and professional	12,878,659	23,519,767
Marketing	11,838,410	25,996,438
Others	113,031	3,687,025
	<u>41,490,108</u>	<u>105,408,755</u>

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.33 Earnings in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
F.O.B. value of exports	-	23,472,479
Sale of services (Gross)	97,041,364	9,280,801
	97,041,364	32,753,280

2.34 Leases

The Company is obligated under non-cancellable operating leases for residential and office premises. Total rental expense under non-cancellable operating leases amounted to ₹ 27,233,772 (previous year: ₹ 22,122,059) for the year ended 31 March 2016.

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

Period	For the year ended 31 March 2016	For the year ended 31 March 2015
Not later than 1 year	15,778,460	27,233,772
Later than 1 year and not later than 5 years	4,060,079	20,710,075
Later than 5 years	-	-

The Company is also obligated under cancellable lease for residential and office premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable operating lease entered amounted to ₹ 42,890,703 (previous year: ₹ 63,307,901) for the year ended 31 March 2016.

Further the Company is obligated under operating lease agreements for vehicles. Total lease rental expense under the said agreement amounted to ₹ 839,406 (previous year: ₹ 647,120) for the year ended 31 March 2016.

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.35 Forward contracts entered for the hedging purpose, which were outstanding as on 31 March 2016 amounted to ₹ Nil (previous year: ₹ Nil). Foreign currency exposure as on 31 March 2016, which was not hedged, are as follows:

Un-hedged foreign currency exposure

Underlying asset / liability		As at 31 March 2016		As at 31 March 2015	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Short term loans and advances	USD	344,401	22,860,516	760,545	46,893,436
	AUD	5,305	354,329		
Trade receivables	USD	647,848	44,392,151	276,938	17,763,309
Trade payables and other current liabilities	GBP	157,637	15,133,707	92,081	9,168,782
	USD	122,102	7,083,365	732,973	44,902,259
	EUR	28,857	1,995,729	92,777	6,882,847
	SEK	4,680	33,202	109,617	871,163
	AUD	-	-	26,627	1,326,574
			91,852,999		127,808,370

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

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

For the year ended 31 March 2016

Type of arrangement	Date of grant	Number of RSUs granted	Fair value (in GBP)	Expense recognized during the year*	Outstanding asset/(liability) as at the year end
AstraZeneca Restricted Stock Plan	30-Mar-12	2,995	28.05	(4,423,323)	-
	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	47.62	69,432	75,415
				4,088,471	26,178,817

For the year ended 31 March 2015

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

* Negative value represents reversal of cost for employee exits and forfeitures.

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.37 Dues to micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
- Principal	58,323	-
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

2.38 Gratuity plan

The Company has the following defined Gratuity plan.

Leaving service benefit:

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

For Management staff:

Completed years of service (years)	Number of days eligible for every completed year of service (days)
3 to 9	15 days salary for every year of service subject to the maximum limit as per Gratuity Act, 1972
10 to 14	3/4 th 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

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

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.

Normal retirement benefit, death and disability benefit:

For Management staff:

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

For Non-Management staff:

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

For Field staff (PSR):

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

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Obligations at year beginning	275,262,593	227,777,778
Current service cost	23,541,222	21,162,489
Interest cost	21,142,324	19,439,388
Benefits settled	(31,695,145)	(23,570,820)
Actuarial (gain)/loss	5,235,052	30,453,758
Obligations at year end	293,486,046	275,262,593
Change in plan assets		
Plan assets at beginning of the year, at fair value	257,223,425	208,434,070
Expected return on plan assets	21,917,322	18,219,125
Actuarial gain/(loss)	(8,501,149)	18,753,074
Contributions	32,950,000	35,387,976
Benefits settled	(31,695,145)	(23,570,820)
Plans assets at year end, at fair value	271,894,453	257,223,425

2.38 Gratuity plan (continued)

Reconciliation of present value of the obligation and the fair value of the plan assets

Fair value of plan assets at the end of the year	271,894,453	257,223,425
Present value of the defined benefit obligations at the end of the year	293,486,046	275,262,593
Liability recognised in balance sheet	(21,591,593)	(18,039,168)

Gratuity cost for the year

Service cost	23,541,222	21,162,489
Interest cost	21,142,324	19,439,388
Expected return on plan assets	(21,917,322)	(18,219,125)
Actuarial (gain)/loss	13,736,201	11,700,684
Net gratuity cost	36,502,425	34,083,436

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Investment details of plan assets		
Equity instruments	15.41%	13.57%
Debt instruments	84.59%	86.43%
Assumptions		
Interest rate	8.00%	8.00%
Discount factor	7.65%	7.80%
Estimated rate of return on plan assets	8.50%	8.50%
Salary increase	1st 2 years 9% and thereafter 8%	1st 2 years 9% and thereafter 8%
Attrition rate	5% to 13% based on the employee designation	5% to 13% based on the employee designation
Retirement age	60 Years	60 Years

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

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

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Fair value of Plan Asset	271,894,453	257,223,425	208,434,070	201,073,129	232,271,890
Project benefit Obligation, End of period	293,486,046	275,262,593	227,777,847	205,586,619	193,583,642
(Surplus)/Deficit in the plan	21,591,593	18,039,168	19,343,777	4,513,490	(38,688,248)
Experience adjustment on Plan Assets	(8,501,149)	18,753,074	(162,016)	(2,529,814)	(2,465,531)
(Gain)/Losses due to change in assumption	2,661,378	19,693,403	8,944,397	28,232,652	(5,330,180)
Experience (Gain)/ Losses on PBO	2,573,674	10,760,354	4,631,587	15,900,063	4,428,327
Total(Gain)/ Loss	5,235,052	30,453,757	13,575,984	44,132,715	(901,853)

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

2.39 Provident fund

The Company contributed ₹ 27,998,520 (previous year ₹ 31,019,778) towards provident fund during the year ended 31 March 2016.

The guidance on implementing AS 15, Employee Benefits (revised 2005) issued by Accounting Standard Board states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities for the year ended 31 March 2016. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at 31 March 2016.

The details of fund plan assets as at 31 March 2016 is given below:

(Amount in ₹)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Plan assets at the year end, at fair value	621,219,620	576,486,371
Present value of the defined benefit obligations at the end of the year	604,783,894	559,033,180
Liability recognised in balance sheet	-	-

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Discount rate	7.66%	7.77%
Remaining term of maturity	7.88 years	8.01 years
Expected guaranteed interest rate	8.80%	8.75%

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

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

2.41 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 BSE 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 National Stock Exchange and Bombay Stock Exchange for voluntary delisting of equity shares from the said exchanges.

A writ petition has been filed by two shareholders of the Company before the Honourable High Court of Judicature at Bombay ("the Court"), seeking inter-alia an order from the Court, restraining the Company and AstraZeneca Pharmaceuticals AB, Sweden ("AZPAB") from implementing the delisting proposal of AZPAB. The Court which heard the petition on 8 October 2014 has disposed the same, with the directions that the Petitioners as well as the Company and AZPAB are at liberty to prefer appeal against Securities Exchange Board of India (SEBI) Order dated 24 June 2014, to the Securities Appellate Tribunal, within six weeks; until the SAT hears and disposes of the Petitioners' appeal, the Company and AZPAB, shall not take any further steps in the process of delisting of equity shares of the Company; and the SAT to hear and decide the appeals as expeditiously as possible and preferably by 28 February 2015. Further, an appeal has also been filed by two shareholders of the Company before the Securities Appellate Tribunal (SAT), Mumbai, against part of SEBI's Order dated 24 June 2014, in relation to delisting proposal of AZPAB. 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.

2.42 During the previous year ended 31 March 2015, the Company entered into agreements with group companies - AstraZeneca UK, London (AZ UK), AstraZeneca AB, Sweden (AZ PAB) IPR Pharmaceuticals Inc. Puerto Rico (AZ IPR). As per the terms and conditions, the Company will receive reimbursement of certain costs incurred for the marketing and promotion of the new launch products and support for the distribution of other products supplied by group companies, in accordance with the arm's length return on revenues. Accordingly, the Company billed ₹ 677,579,383 to the group companies during the year ended 31 March 2015. Out of the total amount, ₹ 201,270,355 was towards the reimbursement of certain costs incurred for the marketing and promotion of the new launch product and the balance amount aggregating ₹ 476,309,028 towards support for the distribution of other products supplied by group companies, in accordance with the arm's length return on revenues. The amount billed towards

AstraZeneca Pharma India Limited

Notes to the Financial Statements (Continued)

the transfer pricing adjustment had been accounted as other operating income and the reimbursement towards marketing and promotion cost has been reduced from the respective expenses.

Further, during the current quarter and year ended 31 March 2016, the Company has incurred ₹ 124,803,318 towards certain costs for the marketing and promotion of a new launch product. As the upfront fees received during the year for distribution and service agreements exceeds the expenses incurred towards marketing and promotion of the new launch product, the same have not been billed to the Group companies in the current year.

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries, bonus and allowances	-	80,180,803
Selling, marketing and distribution	-	75,607,539
Travel and conveyance	-	21,062,377
Clinical trial	-	13,003,569
Rates and taxes	-	2,361,032
Communication	-	1,646,674
Rent	-	1,228,593
Miscellaneous	-	6,179,768
Total	-	201,270,355

As per our report of even date attached

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

Chartered Accountants

Firm registration number: 101248W / W-100022

Supreet Sachdev

Partner

Membership number: 205385

Place: Bangalore

Date: May 25, 2016

for and on behalf of the Board of Directors of

AstraZeneca Pharma India Limited

D E Udhwadia

Chairman

Anantha Murthy N

Company Secretary

Place: Bangalore

Date: May 25, 2016

Sanjay Murdeshwar

Managing Director

Rajesh Marwaha

Chief Financial Officer

TEN YEAR SUMMARY

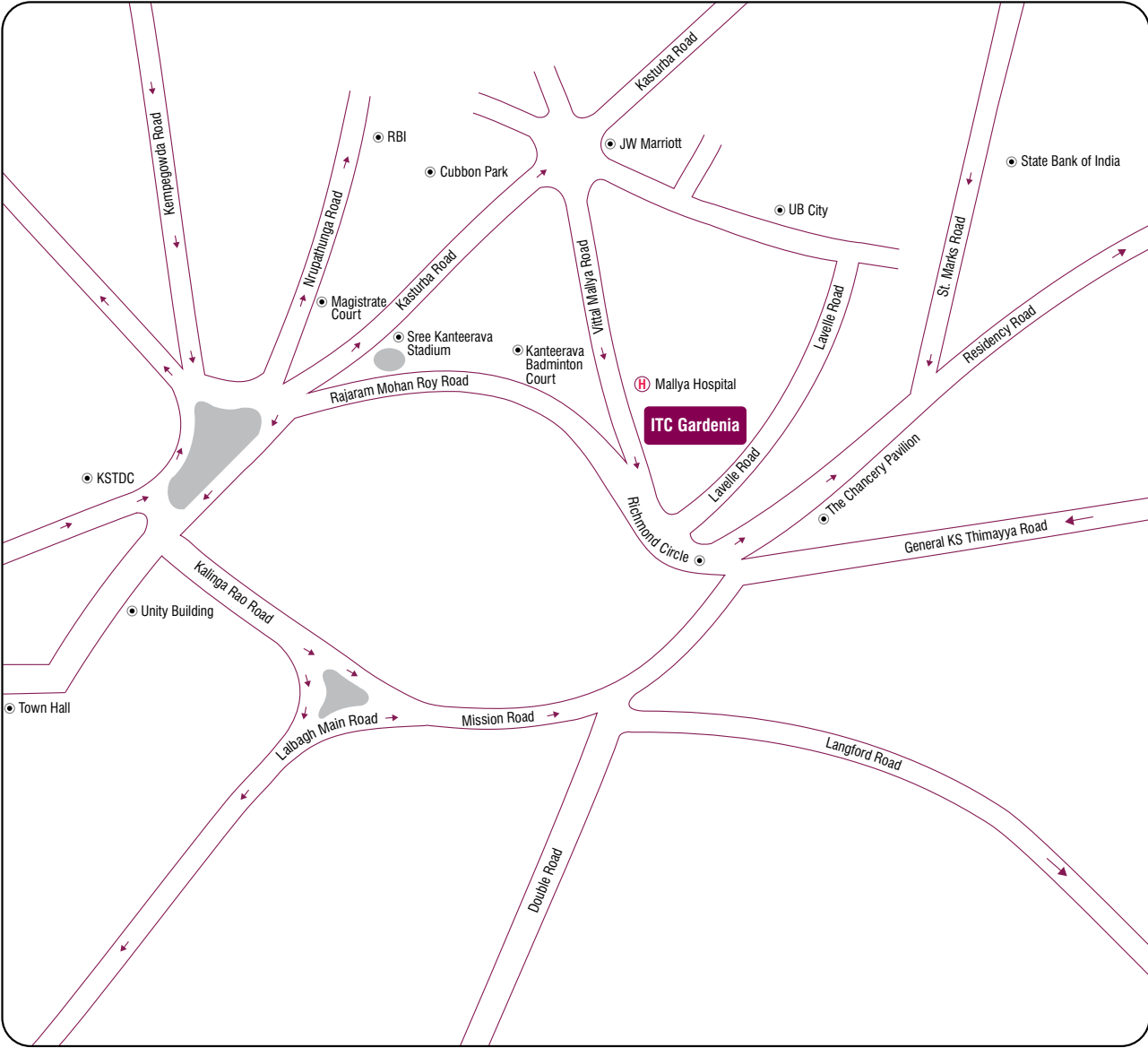
Particulars	Unit	2006	2007	2008	2009
Sales & Earnings					
Total income	₹	2,773.65	3,135.63	3,681.40	4,023.77
Profit before depn, int & tax	₹	806.82	1,011.89	1,261.15	946.06
Profit before int & tax	₹	749.51	953.49	1,192.39	885.29
Profit before tax	₹	749.51	953.49	1,143.76	883.92
Profit after tax	₹	487.36	614.59	738.35	576.17
Deferred Tax Liability for earlier years	₹	-	-	-	-
Balance Profit after Tax	₹	487.36	614.59	738.35	576.17
Dividend paid	₹	300.00	375.00	375.00	250.00
Retained earnings	₹	145.29	175.86	299.62	283.68
Capital Employed					
Fixed assets					
- Gross including Cwip & Cap Adv	₹	793.54	829.89	811.52	831.29
- Net	₹	332.77	332.34	304.50	303.44
Investments	₹	0.07	0.07	0.06	0.06
Deferred tax assets	₹	9.81	17.26	23.71	29.40
Net Current Assets (Working Capital)	₹	1,074.60	1,243.43	1,458.23	1,112.29
Total		1,417.24	1,593.10	1,786.50	1,445.18
Represented by					
Networth	₹	1,417.24	1,593.10	1,161.50	1,445.18
Share capital	₹	50.00	50.00	50.00	50.00
Reserves	₹	1,367.24	1,543.10	1,111.50	1,395.18
Borrowings - secured	₹			625.00	-
Deferred tax Liability	₹	-	-	-	-
Total		1,417.24	1,593.10	1,786.50	1,445.18
Ratios					
Measures of Performance					
PBT to total income	%	27.02	30.41	31.07	21.97
PAT to total income	%	17.57	19.60	20.06	14.32
Material consumption to sales	%	34.66	31.67	29.29	31.38
Employee cost to sales	%	16.74	16.97	18.30	21.49
Net fixed assets to net worth	%	23.48	20.86	26.22	21.00
Fixed assets usage	Times	9.15	9.48	12.12	13.40
Measures of Investments					
Return on Networth	%	34.39	38.58	63.57	39.87
Earnings per share @	₹	19.49	24.58	29.53	23.05
Dividend payout ratio	%	61.56	61.02	50.79	43.39
Dividend coverage ratio	Times	1.62	1.64	1.97	2.30
Measures of Financial Status					
Current ratio*	Unit	2.10	2.43	2.33	2.24
Quick ratio*	Unit	1.75	2.16	2.02	1.85
Debt equity ratio	Unit	-	-	0.54	-
Inventory holding (on sales)	Days	47	29	37	33
Other information					
Contribution to exchequer **	₹	970.29	1,024.34	1,096.15	765.51
Employee					
- Cost	₹	442.65	502.03	621.73	828.29
- Numbers		895	937	1038	1464
Number of shareholders		6,981	7172	7375	7025
Dividend	%	600.00	750.00	750.00	500.00
Book value = net worth per share @	₹	56.69	63.72	46.46	57.81

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

(₹ in Million)

2010-11 (15 months)	2011-12	2012-13	2013-14	2014-15	2015-16
6,003.06	5,378.51	4,008.84	4,831.79	5,229.18	5,705.05
1,097.98	365.93	(579.92)	(37.64)	(55.58)	231.90
1,009.85	292.55	(702.70)	-	(208.40)	57.64
1,009.85	292.55	(702.70)	-	(208.40)	57.64
641.30	197.65	(895.32)	(5.09)	(208.40)	52.59
-					
641.30	197.65	(895.32)	(5.09)	(208.40)	52.59
250.00	87.50	-	-	-	-
351.71	95.96	(895.32)	(5.09)	(208.40)	52.59
1,169.89	1,558.27	1,732.57	1,797.24	2,040.61	2,102.33
513.88	901.82	982.41	1,035.31	1,131.94	1,036.68
0.06	0.06	0.06	0.01	0.01	0.01
75.42	177.62	-			
1,207.54	813.35	15.06	680.64	375.61	523.46
1,796.90	1,892.85	997.53	1,715.95	1,507.55	1,560.14
1,796.90	1,892.85	997.53	1,715.95	1,507.55	1,560.14
50.00	50.00	50.00	50.00	50.00	50.00
1,746.90	1,842.85	947.53	1,665.95	1,457.55	1,510.14
-					
-					
1,796.90	1,892.85	997.53	1,715.95	1,507.55	1,560.14
16.82	5.44	(17.53)	-	(3.99)	1.01
10.68	3.67	(22.33)	(0.11)	(3.99)	0.92
31.21	35.76	43.05	37.62	42.74	38.52
26.20	32.41	41.74	36.34	34.15	32.77
28.60	47.64	98.48	60.33	75.08	66.45
21.87	16.97	16.34	5.13	5.18	5.86
35.69	10.44	(89.75)	(0.30)	(13.82)	3.37
25.65	7.91	(35.81)	(0.20)	(8.34)	2.10
38.98	44.27	-			
2.57	2.26	-	-	-	-
1.95	1.30	0.80	1.12	1.01	1.08
1.50	0.80	0.39	0.73	0.68	0.77
-	-	-	-	-	-
45	55	88	79	67	54
1,052.90	803.37	761.28	568.67	634.69	773.15
1,504.98	1,619.12	1,484.60	1,604.60	1,598.40	1,693.45
1705	1674	1588	1559	1654	1587
6058	8125	14571	13978	12978	14402
500.00	175.00	-	-	-	-
71.88	75.71	39.90	68.64	60.30	62.41

Route Map - AGM Venue (ITC Gardenia)





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