



AstraZeneca Pharma India Limited

Annual Report 2008

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Foreword



AstraZeneca (AZ) is one of the world's leading pharmaceutical companies with a broad range of medicines designed to fight disease in important areas of healthcare. Backed by strong science and wide-ranging commercial skills, we are committed to sustainable development of our business and the delivery of a flow of new medicines that bring benefit for patients and create enduring value for our shareholders and society.

Continuing on its path to success, AZ India has embarked on a growth trajectory to significantly enhance its presence in the Indian Pharma Market. A key element of this strategy is to expand its product portfolio by:

- Launching all AZ mega brands
- Preparing for and launching AZ patented molecules
- Launching differentiated products to cater to the requirements of the Indian market

The other key element of this strategy is to use this enhanced portfolio to expand the field force size and presence very significantly. This would not only help in the launch of new products but would also help in the growth of its existing product portfolio.

Together, these initiatives will ensure that your company will be able to compete effectively in the market in terms of market presence and coverage.

This strategy entails considerable investments in the short term and will provide the impetus to achieve accelerated growth in the coming years.

AstraZeneca Pharma India Limited

Board of Directors

Mr. D. E. Udawadia, *Chairman*
Mr. K. S. Shah
Mr. Ian Brimicombe
Mr. Graham Baker (Till December 31, 2008)
Mr. Bhasker V. Iyer
Mr. Francis McNamara III (Effective February 18, 2009)
Mr. Anandh Balasundaram, *Managing Director*

Auditors

BSR & Co., Bangalore

Legal Advisors

Udwadia & Udeshi, Mumbai

Bankers

The Hongkong and Shanghai
Banking Corporation Limited

Corporate and Registered Office

"Avishkar"
Off Bellary Road
Hebbal
Bangalore 560 024

Factory

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

Sales Outlets

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

* Company outlets

Committees of Directors

Audit Committee

Mr. K. S. Shah, *Chairman*
Mr. D. E. Udawadia
Mr. Bhasker V. Iyer

Shareholders'/Investors' Grievance Committee

Mr. K. S. Shah, *Chairman*
Mr. Anandh Balasundaram

Chief Financial Officer

Mr. S. J. V. Chelliah

Company Secretary

Mr. N. R. Srinivasan

Annual General Meeting

at 3.00 P.M. on Monday, May 18, 2009
at The Ball Room, The Taj West End Hotel,
Race Course Road, Bangalore 560001

Notice

Notice is hereby given that the 30th Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held at 3:00 P.M. on Monday, May 18, 2009 at The Ball Room, The Taj West End Hotel, Race Course Road, Bangalore 560 001, to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at December 31, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon
2. To declare a Dividend
3. To appoint M/s. BSR & Co., Chartered Accountants, as Statutory Auditors to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration
4. To appoint a Director in place of Mr. K. S. Shah, who retires by rotation, and, being eligible, offers himself for re-appointment
5. To appoint a Director in place of Mr. Ian Brimicombe, who retires by rotation, and, being eligible, offers himself for re-appointment

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 AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The relevant details as required by Clause 49 of the Listing Agreement executed with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under item numbers 4 and 5 are annexed.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, May 5, 2009 to Monday, May 18, 2009 (both days inclusive).
4. The Dividend, if any, that may be declared at the Meeting will be paid on or before Wednesday, June 17, 2009 to those members entitled thereto whose names appear in the Register of Members of the Company at the close of business hours on Monday, May 4, 2009.
5. Members are requested to immediately notify change of address, if any, to the Company's Registrar & Share Transfer Agents, M/s. Alpha Systems Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 (Telephone No. 080-23460815/6/7/8 Fax No. 080-23460819).
6. For the convenience of Members and for the proper conduct of the Meeting, entry to the place of Meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members/Proxies attending the meeting are kindly requested to complete the enclosed Attendance Slip and affix their signature at the place provided thereon and hand it over at the entrance.
7. Members holding more than one Share Certificate in different folios are requested to kindly apply for consolidation of share folios and send the relative Share Certificates to the Company's Registrar & Share Transfer Agents. Members are requested to quote the Folio numbers / Client ID / DP ID in all correspondence.
8. Members are advised to avail of the Electronic Clearing Service (ECS) facility for dividends that may be declared. To avail of this facility, those members holding shares in physical form, are requested to return the duly filled in ECS form enclosed herewith to the Company's Registrar & Share Transfer Agents. Members holding shares in demat mode are requested to provide the details to National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL), as the case may be, through their respective Depository Participant (DP).
9. (a) Members may please note that unpaid or unclaimed dividends in respect of the financial years upto 1993-94 have been transferred to the credit of the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the dividend

warrants for the aforesaid financial years are requested to claim the amount from the Registrar of Companies- Karnataka, Kendriya Sadan, 2nd Floor, 'E' Wing, Koramangala, Bangalore 560 034. Intimations have been sent to the Members concerned, pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

- (b) Members may also please note that consequent to the amendment to Section 205A (5) of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, all amounts transferred to the Unpaid Dividend Account of the Company for the years 1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000, and 2000-2001 remaining unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer have been transferred to the Investor Education and Protection Fund.
10. Members are requested to note that as prescribed by the Securities and Exchange Board of India (SEBI), trading in securities of the Company is in dematerialised form only. Hence, Members who are yet to dematerialise their shares are advised to do so. The Company has entered into agreements with NSDL and CDSL for demat facilities.

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

N R Srinivasan
Company Secretary

Dated: March 16, 2009

Registered Office:

"Avishkar",
Off Bellary Road,
Hebbal, Bangalore - 560 024

Annexure to Notice

Details of the Directors seeking appointment / re-appointment at the 30th Annual General Meeting

Particulars	Mr. K. S. Shah	Mr. Ian Brimicombe
Date of Birth	September 3, 1940	October 15, 1963
Date of Appointment	May 5, 2004	September 8, 2006
Qualifications	Graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India and a Fellow Member of the Institute of Company Secretaries of India.	BSc. Hons. King's College, London Chartered Accountant (Institute of Chartered Accountants of England & Wales) Charter Tax Adviser (Chartered Institute of Taxation)
Expertise in specific functional area	Mr. Shah has wide experience in the industry including Finance, General Management & Administration.	Mr. Brimicombe is trained in audit, tax and corporate finance at Coopers & Lybrand, London (now Price Waterhouse Coopers) from 1986 to 1994 qualifying as a Chartered Accountant and a Chartered Tax Adviser. Mr. Brimicombe has been a Director of Group Tax, responsible for Global Tax operations and delivery of AstraZeneca's Group Tax targets.
Directorships held in other Public Companies (excluding foreign companies)	Sundaram-Clayton Limited (Alternate Director)	NIL
Membership / Chairmanships of Committees of other public companies (included only Audit and Shareholders/ Investors Grievance Committee)	Sundaram-Clayton Limited (Alternate Director) – Audit Committee member	NIL
Shareholding in the Company (No. of shares)	NIL	NIL

Directors' Report

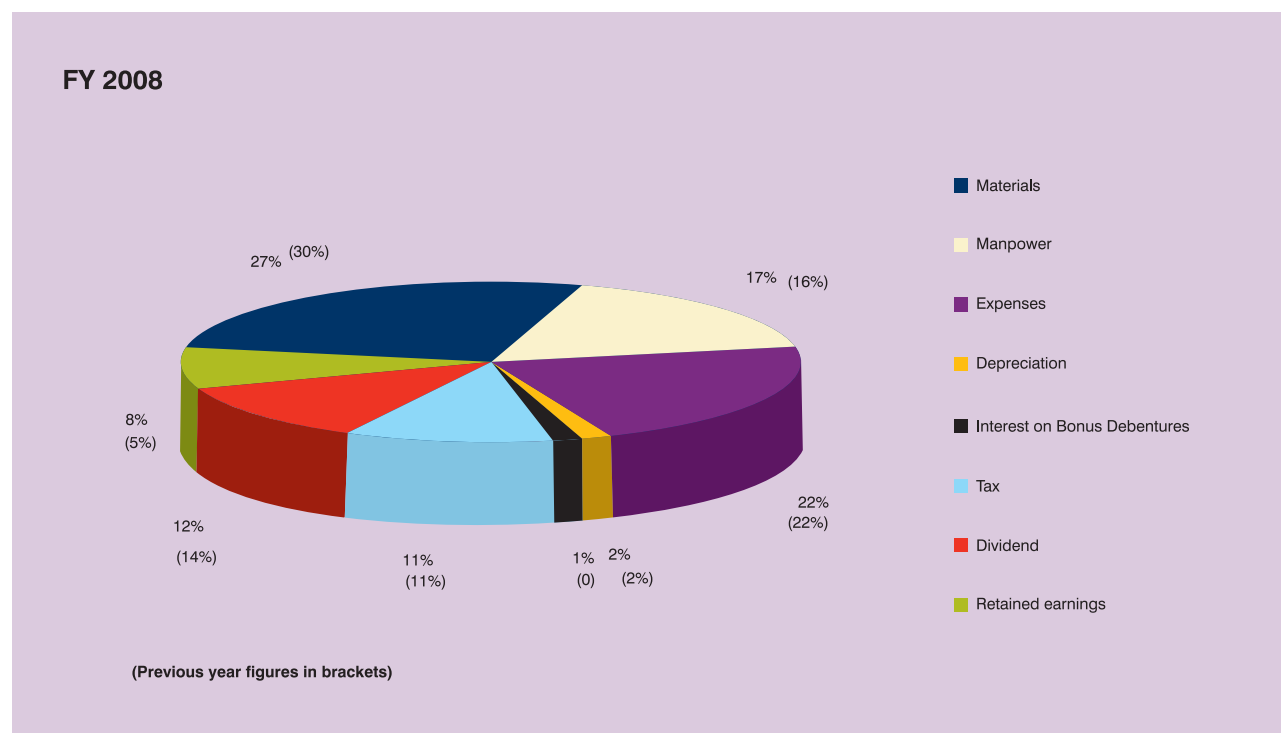
Your Directors have pleasure in presenting their 30th Report together with the Audited Accounts of the Company for the year ended December 31, 2008.

FINANCIAL RESULTS

(Rs. in Million)

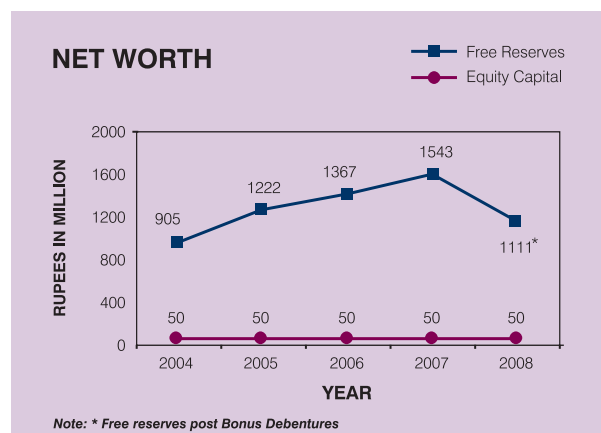
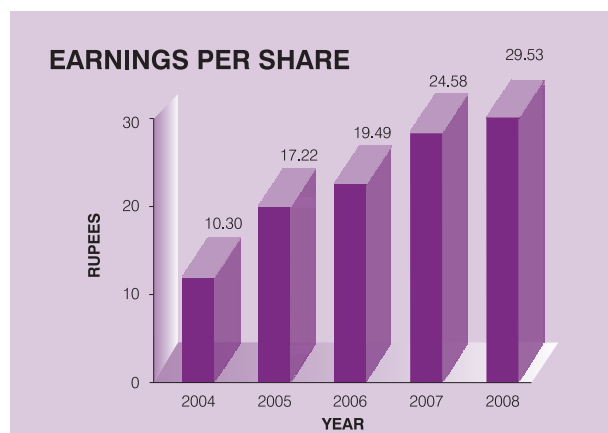
	2008		2007
Sales and Other Income	3681		3136
Profit Before Tax	1144		954
Provision for Taxation			
- Income Tax	395	333	
- Adjustment for Deferred Tax	(6)	(7)	
- Fringe Benefit Tax	17	13	339
Profit after Taxation	738		615
Surplus brought forward from the previous year	496		381
Total amount available for appropriation	1234		996
Appropriation made by Directors			
Transfer to General Reserve	74		61
Transfer to Debenture Redemption Reserve	312		
Appropriation recommended by Directors			
Dividend	375		375
Tax on proposed Dividend	64		64
Surplus carried over	409		496

DISTRIBUTION OF GROSS REVENUE



DIVIDEND

The Directors are pleased to recommend payment of a Dividend of 750% (Rs.15/- per Equity Share of the face value of Rs.2/- each), which, if approved by the Members at the Annual General Meeting will involve an outflow of Rs. 375 Million towards Dividend and Rs.63.73 Million as Dividend Distribution Tax resulting in a total outflow of Rs.438.73 Million.



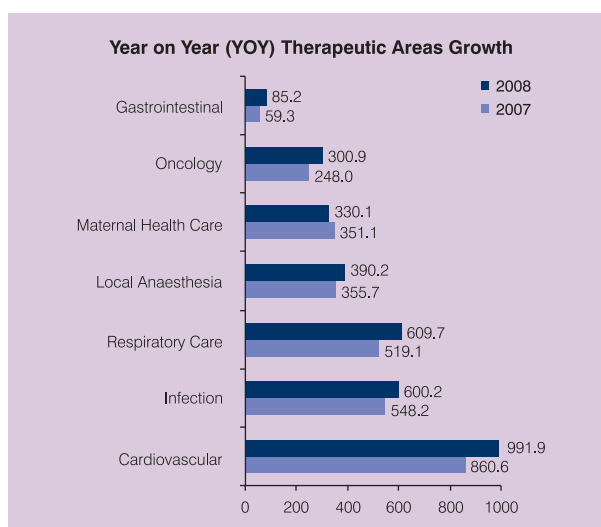
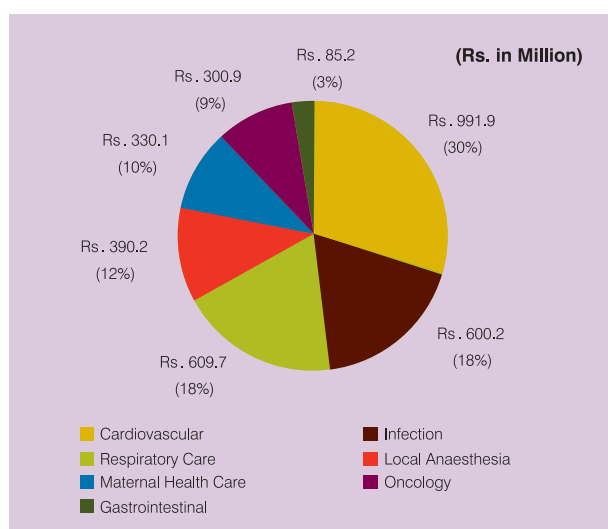
BONUS DEBENTURES

The 8% secured fully paid-up redeemable non-convertible Debentures of the face value of Rs. 25/- each (Bonus Debentures) issued by the Company on January 12, 2008, from the General Reserve of the Company, pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka on July 6, 2007, were redeemed on January 11, 2009, as per the terms of the issue. This involved an outflow of Rs. 675 Million towards the repayment of the principal amount (Rs. 625 Million) together with the interest amount (Rs. 50 Million). As the issue of Bonus Debentures constituted 'Deemed Dividend' under the Income Tax Act, 1961, the Company has remitted an amount of Rs. 106 Million as Dividend Distribution Tax.

SALES AND MARKETING

The Company registered an impressive growth of 14.28% over the previous year with sales of Rs. 3,398 Million (which included export sales of Rs. 83.8 Million).

Therapeutic Area wise Sales contribution - 2008



Note: Other products contributing about Rs.5.6 Million not represented in the graphical representation

During the year, each Therapeutic Area (TA), except Maternal Health Care TA, showed a positive growth.

In the Cardiovascular TA, Seloken XL continued to show strong performance. Selomax which was launched in the previous year also showed an impressive growth rate. Betaloc, Imdur and Ramace continued to be major contributors in this TA.

In the Infection TA, Meronem continued to be the No.1 Hospital product*.

The Respiratory TA's performance was driven by the performance of Clavotrol, Bricanyl and Linctus Codeine. It was further strengthened by the launch of AstraZeneca's research product Symbicort Turbuhaler (formoterol/budesonide) for treatment of Asthma. The Local Anesthesia TA continued to grow, both Xylocaine and Sensorcaine registering steady growth.

The Maternal Health Care TA showed marginal degrowth. However, with the launch of Gladis and Valenzia, it is expected that this TA will consolidate its position in the market in the following years.

The Oncology portfolio was the fastest growing TA in 2008. Arimidex, Iressa, Zoladex 10.8 mg and Faslodex were amongst the major contributors.

The Gastrointestinal TA registered an impressive growth driven by both Neksium Tab and Neksium I.V.

(*Source: IMS HSA Audit Dec'08)

SALES FORCE EFFECTIVENESS (SFE)

Year 2008 was a year of consolidation for the Company's SFE practices. Of the key building blocks of SFE, Segmentation and Targeting was seen as a clear priority to have the right customer list validated by both internal and external sources. New Selling Skills modules were rolled out to the Speciality Care Team to sharpen their skill sets. A major step was taken in the direction of optimizing learning by adopting state of the art e-learning training programs. Performance management and R3 (Recognition, Reward and Retention) training was rolled out to the Regional Business Managers.

MEDICAL, REGULATORY AND CLINICAL TRIALS

During the year 2008, medical support was provided for the launch of new brands, namely, Symbicort, Gladis and Valenzia. Strategic medico-marketing initiatives such as setting up and conducting of Advisory Board meetings, scientific meetings and symposium in order to update the knowledge of medical fraternity were undertaken for the existing products.

Timely renewals of various licenses including import licence and site registrations were obtained for the Company's products.

Various regulatory approvals in connection with conducting Global Clinical Trials in India were obtained during the year. Your company continued to participate in pivotal global clinical trials as per Good Clinical practice norms for AstraZeneca pipeline products like Zactima, Recentin and Brilinta.

MANUFACTURING

The Company continued with its initiatives towards better cost management through purchasing efficiency, improved Overall Equipment Effectiveness and process improvements both in formulations and Active Pharmaceutical Ingredients (APIs). During the year the API facility was re-certified by Swedish regulatory authorities. Productivity continued to show improvement both in terms of value and volume. There was reduction in normalised waste generation by 5.8 % and normalised power and water consumption by 1.98 % and 13.58 % over the previous year, respectively.

SAFETY HEALTH AND ENVIRONMENT

During the year 2008, the surveillance audit for Occupational Health Safety Assessment Series (OHSAS) 18001 for health and safety and ISO 14001 for the environment by M/s. Germanischer Lloyd, Germany, were successfully completed.

The Company crossed 1 Million accident free man-hours with no accidents reported during the year.

HUMAN RESOURCES AND EMPLOYEE RELATIONS

Attracting and retaining the best talent available continued to be a focus area for the Company. New Leadership Capability was rolled out across the organization to enhance the capability to meet the future challenges of the business. The Company's strong Goal Alignment Process continued to ensure that every individual's efforts were fully aligned to the overall business objective.

A wage settlement agreement was executed with factory workmen for a period of three years, i.e. upto June 30, 2011. Employee relations continued to be cordial at all levels.

The Company has a total employee strength of 1038.

INFORMATION SYSTEMS

During the year 2008, the Company also rolled out SAP implementation which is expected to go live in the first half of 2009. The Company continued to implement several productivity enhancement initiatives for the sales and marketing activities.

FACTORY LAND AT YELAHANKA

In the last Directors' Report, members were informed that the National Highways Authority of India (NHAI) had acquired a portion of the factory land at Yelahanka for expansion of the Hyderabad – Bangalore Highway. The Special Land Acquisition Officer (SLAO) had awarded compensation of Rs.23,709,554/- for the said acquisition. The SLAO had subsequently reduced the compensation to Rs.498,879/-, claiming that the original award was amended on the basis of a direction received from the Government of Karnataka.

The Company has not accepted the amended award and has disputed the same. The Company has invoked the arbitration provisions under the National Highways Act, 1956. The Company has further filed a Writ Petition challenging the direction given by the Government of Karnataka and for directing the SLAO to pay compensation as per the original amount awarded. The matter is yet to come up for hearing. As per advice received, the Company has adequate grounds for challenging the amended award.

In this connection, reference may be made to note No.2 in Schedule 17 of the Annual Accounts.

DRUG PRICE CONTROL ORDER

The Writ Petitions filed by the Company challenging the Demand Notices issued by the Central Government under the provisions of the Drug Price Control Order in respect of Rifampicin and Ibuprofen are pending hearing before the Hon'ble High Court of Karnataka. By its orders dated August 10, 2006, the Hon'ble High Court of Karnataka stayed the operations and implementation of the said demand notices.

In this connection, reference may be made to note No.1 in Schedule 17 to the Annual Accounts.

OPEN PUBLIC OFFERS MADE BY ASTRAZENECA PHARMACEUTICALS AB, SWEDEN TO THE SHAREHOLDERS OF THE COMPANY

Members have been advised of the Writ Petitions filed by the under-mentioned shareholders challenging the First Open Public Offer made pursuant to the Letter of Offer dated May 11, 2002 and the Second Open Public Offer made pursuant to the Letter of Offer dated October 29, 2002, by AstraZeneca Pharmaceuticals AB, Sweden. The status of the same as of December 31, 2008 is as under:

First Open Offer pursuant to the Letter of Offer dated May 11, 2002

The suit filed by Ms. Annie Koshy in the Kerala High Court, Kochi, is pending hearing before the Court. The two suits, filed by Mr. Arun Kumar Agarwal and Ms. A. Prameela, in the Hon'ble High Court of Karnataka, are part heard.

Second Open Offer pursuant to the Letter of Offer dated October 29, 2002

The two suits filed by Mr. Arun Kumar Agarwal and Ms. A. Prameela, in the Hon'ble High Court of Karnataka, are part heard.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, (the Act), the Board of Directors states that in the preparation of the Company's Annual Accounts, the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable. The Board of Directors has selected such accounting policies which have been applied 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 of the financial year ended December 31, 2008 and of the profit of the Company for that period. The Board of Directors has 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.

It is confirmed that the financial statements have been prepared on a going concern basis.

BOARD'S RESPONSE TO AUDIT OBSERVATIONS

- (i) The observation made by the Auditors under Para (ix) (a) of the Annexure to the Auditors' Report regarding Sales Tax dues of Rs. 765,290/-, pertains to C-Forms pending collection for the Financial Years 2005-06 and 2007-08. The Company is following up for the collection of the said C-Forms and will endeavour to collect them before the assessments for the respective years are completed.
- (ii) The observation made by the Auditors under Para (xxi) of the Annexure to the Auditors' Report is self-explanatory. The Management has since then strengthened the controls to prevent such incidents in future.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

Information required under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure-I and forms part of this Report.

Information required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of the Employees) Rules, 1975, is given in Annexure-II and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company aims to make a positive contribution to the local communities through charitable donations, sponsorships and other initiatives that help make a difference to people's lives.

In the year 2008, the Company continued its support to the Federation of Obstetrics & Gynaecological Societies of India (FOGSI) in their initiative - "Jagruti". The campaign involved dissemination of key messages promoting safe motherhood and simple precautionary measures, through Radio & Television media. The message was broadcast among the rural masses through a dramatized depiction followed by a panel discussion of experts comprising doctors and social workers.

Your Company continues its community activities focused on making the Katigenahalli Primary School, Yelahanka, a better place to study for the children. Your Company also continues to contribute to the monthly operating cost of the emergency ambulance service "Operation Sanjeevini" run by the Comprehensive Trauma Care Consortium, Bangalore.

CORPORATE GOVERNANCE REPORT

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed by the Listing Agreement of the Stock Exchanges on which the Company's shares are listed, have been complied with.

The Management Discussion & Analysis Report is attached as Annexure-III and forms part of this Report.

A Report on Corporate Governance forming part of the Directors' Report, along with a certificate from the Statutory Auditors confirming compliance, is annexed as Annexure-IV and forms part of this Report.

DIRECTORS

Mr. Graham Baker resigned as a Director with effect from December 31, 2008. The Board places on record its appreciation of the services rendered and contribution made by Mr. Graham Baker to the Company, during his tenure as a Director.

Mr. Francis McNamara III was appointed as a Director from February 18, 2009 in the casual vacancy arising from the resignation of Mr. Graham Baker. Your Directors are pleased to welcome Mr. McNamara on the Board.

In accordance with the provisions of the Act and the Company's Articles of Association, Mr. K. S. Shah and Mr. Ian Brimicombe, Directors, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-election. Your Board of Directors has recommended their re-election.

AUDITORS

The present Auditors M/s. BSR & Co., Chartered Accountants, retire at the ensuing Annual General Meeting. However, being eligible, they offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank AstraZeneca Pharmaceuticals AB, Sweden and AstraZeneca PLC, United Kingdom for their continued support.

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

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

On behalf of the Board of Directors

D. E. UDWADIA
CHAIRMAN

Place : Bangalore
Date : March 16, 2009

Annexure I to Directors' Report

Form A

1. Disclosure of particulars with respect to conservation of energy

SI No.	Particulars	2008 Jan-Dec.	2007 Jan-Dec.
A	POWER AND FUEL CONSUMPTION		
	1 Electricity Purchased Unit (Kwh) Million Total amount (Rs in Million) Rate/Unit (Rs)	2.55 13.12 5.15	2.75 14.52 5.29
	(i) Own Generation Through Diesel Generation Unit (Kwh) Million Unit per Litre of Diesel Cost/Unit (Rs)	0.33 2.99 10.64	0.25 2.68 11.64
	(ii) Through Steam Turbine/Generator Units Unit per Litre of Fuel Oil/Gas Cost/Unit (Rs)	NIL	NIL
	2 Coal (including Agro Husk & Briquettes) Quantity (Tonne) Total Cost (Rs Million) Average Rate (Rs /Tonne)	1199.14 4.68 3900.28	931.32 2.97 3185.15
	3 Furnace Oil Quantity (Kilo Litre) Total Amount (Rs Million) Average Rate	NIL	NIL
	4 Other/Internal Generation Quantity (Kilo Litre) Total Amount Average Rate	NIL	NIL
B	CONSUMPTION PER UNIT OF PRODUCTION		
	Standards* (if any)	2008 + Jan-Dec	2007 + Jan-Dec.
	(i) Electricity (ii) Furnace Oil (iii) Coal (iv) Others		

* Owing to the range of products manufactured and the ever changing product mix, it has not been possible to establish standards relating to consumption of energy per unit of production.

+ For the same reasons and as per the Records and Books, maintained by the Company, under the Companies Act, 1956, the Company is not in a position to furnish the required information in the prescribed format for the current year and the previous year.

Annexure I to Directors' Report (Continued)

Form B

2. Disclosure of Particulars with respect to Technology Absorption, Research & Development (R&D)

1	Specific areas in which R&D was carried out by the Company	The Company continued its R&D activities in following therapeutic categories: Cardiovascular Formulations Maternal healthcare products: Bulk drug Carboprost tromethamine & Dinoprostone
2	Benefits derived as a result of the above R&D	R&D in the above areas is expected to yield substantive benefits in the years to come. One process Patent filed in 2007 has been published in 2008.
3	Future plan of action	Formulations Development Department will focus on cost optimisation projects. Alternate route of synthesis for Carboprost and Process development of Dinoprostone will be continued.
4	Expenditure on R&D Capital Recurring Total Total R&D expenditure as a percentage of total sales.	Rs. 858,086 Rs. 23,609,724 Rs. 24,467,810 0.72%
5	Technology absorption, adaptation and innovation. Efforts in brief made towards technology absorption, adaptation and innovation.	In year 2008 Ramipril tablets 1.25 mg was developed based on direct compression technology. The technology has been absorbed by transferring it to production department.
6	Benefits derived as a result of the above efforts e.g., Product development, import substitution, etc.	The technology has been successfully employed in commercialisation of Ramace tablets 1.25 mg after performing scale up and validation of the developed process.
7	In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished. Technology imported Year of Import	AstraZeneca Pharmaceuticals AB, Sweden, the Company's promoter continue to extend from time to time additional know-how for the following products licensed by them to the Company. Such technical know-how is adapted and absorbed as ongoing activity. Vancomycin CP Inj. 2006-2007
8	Has technology been fully absorbed, areas where this has not taken place, reasons there for and future plan of action.	Technologies have been fully absorbed.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Activities relating to Exports, etc.:

The Company has exported goods amounting to Rs. 83,793,589/- during the year ended December 31, 2008.

(ii) Total foreign exchange used and earned:

The Company used foreign exchange amounting to Rs. 909,648,857/- and earned Rs. 157,380,389/-.

Annexure II to Directors' Report

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended December 31, 2008

Name	Designation	Age	Date of Joining	Qualification	Experience in years	Previous Employment	Gross Remuneration
A. Employed through the year and in receipt of remuneration aggregating Rs.24,00,000/- or more							
Mr. Anandh Balasundaram	Managing Director	43	1-Mar-05	B. TECH, PGDBM	20	Cadbury India Limited	11,892,539 *
Mr. Ramesh Kadaba Venkatapathi	Director-Quality Assurance & Technical Services	56	9-Nov-81	B. PHARM	32	Mit Laboratories	2,454,256
Mr. Rao R S V	Director-Supply Chain	55	31-Jul-90	PGDAS, M. PHARM	31	Cadila Laboratories	2,487,937
Dr. Premnath Shenoy K R	Director-Regulatory	53	2-May-94	M. PHARM, DMS, PHD	27	Cosmed Analytical & Centre Services	3,050,688
Mr. UmaNandan Misra	Vice President - Operations	57	1-Jan-97	M. PHARM, M.S (PHARMACY)	36	Wockhardt Ltd	3,880,790
Mr. S J V Chelliah	Chief Financial Officer	41	4-Apr-98	B.COM, FCA, CISA	22	Alsthor India Ltd	4,206,134
Mr. Gopinathan K Menon	Vice President - Commercial Excellence	54	10-Mar-03	B.SC, MBA	32	Novartis India Ltd	3,306,197
Mr. Suresh Subramanian	Director - Strategy Planning	45	20-Sep-04	B.SC, MMM	26	Novartis India Ltd	4,367,019
Mr. Kumar K S	Vice President - Sales & Marketing	50	16-Sep-04	B.SC, MMM	28	Novartis India Ltd	4,321,002
Mr. Gagan Singh	Director-Strategy Planning & Business Development	37	1-Feb-06	BA, MBA	15	Baxter India	2,694,699
Mr. Ratnakar Kekre	Director - Distribution	55	20-Nov-06	B.COM	34	Cipla Ltd	2,438,538
Mr. P Mohan	Director IS/IT	54	25-Oct-06	B.SC, DBM	31	Nicholas Piramal India Ltd.	3,121,136
Mr. N R Srinivasan	Vice President-Legal & Company Secretary	40	1-Dec-06	B.COM, LLB, ACS, PGDFM	18	Tata Industries	2,512,217
Mr. Alok Mehta	Vice President -Human Resources	38	30-Apr-07	BA, MA	16	Deutsche Bank	6,658,357
B. Employed during part of the year and in receipt of remuneration aggregating Rs 2,00,000/- per month or more							
Dr. Paurus M Irani	Vice President-Medical & Regulatory	42	11-Aug-08	MBBS, MD	15	Ranbaxy Laboratories	2,425,137

* Includes an amount of Rs. 1,990,829 being a provision for performance-linked bonus for the financial year 2008.

Notes:

- All appointments are contractual and terminable by notice on either side.
- None of the employees mentioned above is related to any of the Directors of the Company
- Remuneration includes Salary, Allowances, Company's Contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Leave encashment, Leave Travel Concession, Medical Expenses, Bonus, House Rent Allowance, Expenses for providing residential accommodation and money value of perquisites.

Management Discussion & Analysis Report

Annexure III to Directors' Report

Industry structure and developments

During the financial year 2008, the total Indian Pharmaceutical market was over Rs. 341,932 Million and has grown by 10.06%. The IMS ORG Report shows that your Company has a market share of about 0.60%.

(Source: IMS ORG MAT DEC 2008)

Opportunities and threats / Risk and concerns

The efforts being put in by the industry bodies to bring in certain changes in the areas of patentability & pre-grant opposition under the current Patent Act are yet to materialise. The Central Government is yet to take action on report submitted by Inter-ministerial Committee on regulatory data protection. The draft Pharma Policy has been referred to Group of Ministers to submit its report before implementation. The proposal in the draft policy to expand the number of drugs covered by Drug Price Control Order (DPCO) by including drugs listed in national list of essential medicines, if accepted could be an area of concern for the pharmaceutical industry in India. It is hoped that Government would take right steps to encourage innovation in the country by suitably revising the relevant policies and guidelines in this area.

Risk Management

The Company has a formal Risk Management process and the risk register is established and updated periodically. A Business Continuity plan has been established and is being reviewed on an ongoing basis.

Segment-wise or product-wise performance

The Company has two business segments, namely:

- Healthcare
- Clinical Trial Services

The Healthcare division engages in the manufacture and sale of pharmaceutical products. During the year, the Healthcare division generated total revenue of Rs. 3,413 Million, out of which domestic sales were Rs. 3,317 Million and exports sales Rs. 96 Million.

The Clinical Trial Services division renders clinical trial services on pharmaceutical products to its group companies. During the year, the division generated revenue from export of services of Rs. 145 Million.

A separate disclosure as required under Accounting Standard 17 - Segment Reporting, is being made in the financial statements.

Outlook

The Company, with a view to significantly enhance its market presence, is working on a growth strategy to expand its product portfolio by launching both AstraZeneca Global brands as well as local brands coupled with expansion in the field force over the next two to three years.

Internal control systems and their adequacy

The Company has a robust system of internal control comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The system is reviewed and updated on an on going basis. The Company is continuously upgrading its internal control systems by measures such as strengthening of Information Technology infrastructure and use of external management assurance services. The Group Internal Audit team (GIA) of AstraZeneca continues to support the internal audit function. During the year 2008, the scope of Deloitte has been extended to cover the audit of Depots of the Company for carrying out substantial audits based on an audit plan approved by the Audit Committee. The Audit Committee and the Management have reviewed the

recommendations of Internal Auditors and suitable steps have been taken to implement their recommendations. The Company also rolled out SAP implementation which is expected to go live in the first half of 2009.

Discussion on financial performance with respect to operational performance

The Company performed well during the financial year 2008 with total sales registering a growth of 14.28%. The launch of 'Symbicort' strengthened the Company's Respiratory Therapy Area. With the launch of the new product and continued investment in the major therapy areas, the total cost registered an increase of 16.29%. However, significant cost saving was achieved at the plant through process improvements and reduction in waste generation and increased purchasing efficiency. This resulted in the growth of both Profit Before Tax (PBT) and Profit After Tax (PAT) by 20% over the previous year.

Material developments in Human Resources/Industrial Relations front, including number of people employed

The Company has signed a wage settlement with factory workmen for a period of three years, i.e. upto June 30, 2011. As on December 31, 2008, the Company had 1038 employees on its rolls. Employee relations at all levels continued to remain cordial.

Report on Corporate Governance

Annexure IV to Directors' Report Mandatory Requirements

1. Company's Philosophy on Code of Governance

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

The Company believes in, and has been practicing, the various elements of Corporate Governance since its inception. 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 mark the operations and management of the Company.

2. Board of Directors

a. Composition and number of other Boards or Board Committees in which the Director is a member or chairman

The present strength of the Board is six Directors. There are five Non-Executive Directors in the Board, of which two Directors are independent. Three Directors represent the promoter Company, AstraZeneca Pharmaceuticals AB, Sweden. The Non-Executive Directors bring strong business judgment in the Board deliberations and decisions. The Company is in compliance with the requirements of Clause 49 of Listing Agreement as amended from time to time.

The Company paid Rs. 861,600/- (excluding out of pocket expenses) for the year ended December 31, 2008 to the law firm of Udawadia & Udeshi as fees for professional services that were provided by the firm to the Company on specific legal matters entrusted by the Company to it for legal advice from time to time. Mr. D. E. Udawadia is a partner of the above firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgment of Mr. Udawadia as a Director of the Company.

The Company has not had any pecuniary relationship/transaction with any of the Non-Executive Directors.

Name of the Director	Category	Number of Directorships and Committee Memberships/ Chairmanships excluding AstraZeneca Pharma India Limited as at December 31, 2008			
		Other Directorships #	Committee Memberships	Committee Chairman	Number of shares held
Mr. D. E. Udwardia <i>Chairman</i>	Non-Executive Independent Director	13	8	1	5
Mr. K. S. Shah	Non-Executive Independent Director	1	1	---	---
Mr. Ian Brimicombe	Non-Executive Non-Independent Director	---	---	---	---
Mr. Bhasker Iyer	Non-Executive Non-Independent Director	---	---	---	---
Mr. Graham Baker <i>(Resigned w.e.f. December 31, 2008)</i>	Non-Executive Non-Independent Director	---	---	---	---
Mr. Anandh Balasundaram <i>Managing Director</i>	Executive Non-Independent Director	---	---	---	---

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

b. Number of Board meetings held during the year 2008 and Attendance of each Director at Board Meetings and the last Annual General Meeting

Name of the Director	Dates of Board Meeting					Date of last AGM
	January 12, 2008	February 25, 2008	April 28, 2008	July 29, 2008	October 23, 2008	April 28, 2008
Mr. D. E. Udwardia	✓#	✓#	✓#	✓#	✓#	✓#
Mr. K. S. Shah	✓#	✓#	✓#	✓#	✓#	✓#
Mr. Ian Brimicombe	✗	✗	✗	✗	✗	✗
Mr. Bhasker Iyer	✗	✓#	✓#	✓#	✗	✓#
Mr. Graham Baker *	✗	✗	✓#	✗	✗	✓#
Mr. Anandh Balasundaram	✓#	✓#	✓#	✓#	✓#	✓#

*Mr. Graham Baker has resigned from the board with effect from December 31, 2008

3. Audit Committee

a. Brief description of terms of reference

The terms of reference of the Audit Committee cover all areas prescribed by Clause 49 II (D) and include the following: to review reports of the Internal Auditors and to meet the Statutory Auditors to discuss their findings, suggestions and other related matters; and to review weaknesses in internal controls reported by the Internal and Statutory Auditors and to review the financial statements.

The Audit Committee has also been granted the following additional powers as prescribed under Clause 49 II (C) of the Listing Agreement:

1. Re-appointment and, if required, the replacement or removal of the statutory auditor
2. Reviewing with management, matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
3. Reviewing with the management, the quarterly financial statements before submission to the Board for approval
4. Reviewing the performance of statutory and internal auditors
5. Reviewing the functioning of the Whistle Blower mechanism
6. Reviewing related party transactions
7. Reviewing Management Discussion & Analysis

b. Composition, Names of Members and Chairman

The Audit Committee comprises three Non-Executive Directors viz.,

Name of the Audit Committee Member	Position	Category
Mr. K. S. Shah	Chairman	Non-Executive Independent Director
Mr. D. E. Udwadia	Member	Non-Executive Independent Director
Mr. Bhasker Iyer	Member	Non- Executive Non-Independent Director

Mr. Shah possesses financial and accounting knowledge, as he is a Fellow Member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and a Commerce Graduate. The Managing Director, Chief Financial Officer, representatives of Internal Auditors and representatives of Statutory Auditors are invitees to all meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee.

c. Number of meetings and attendance during the year

Four meetings of the Audit Committee were held during the year 2008. The details of which are:

Name of the Audit Committee Member	February 25, 2008	April 28, 2008	July 29, 2008	October 23, 2008
Mr. K. S. Shah	✓#	✓#	✓#	✓#
Mr. D. E. Udwadia	✓#	✓#	✓#	✓#
Mr. Bhasker Iyer	✓#	✓#	✓#	✗

The Chairman of the Audit Committee, Mr K S Shah, was present at the Annual General Meeting held on April 28, 2008.

The Audit Committee met on February 18, 2009 to review the Annual Accounts for the year ended December 31, 2008 and recommended acceptance of the Annual Accounts by the Board of Directors of the Company.

4. Remuneration Committee

The Remuneration Committee was disbanded by the Board of Directors at its meeting held on November 26, 2003 as there is only one Executive Director. His remuneration is decided by the Board of Directors of the Company subject to the approval of the shareholders.

Executive Director/Managing Director

Mr. Anandh Balasundaram is the Executive Director/Managing Director. There is no other Executive Director on the Board. The Executive Director's remuneration was approved by the shareholders of the Company at the Annual General Meeting held on April 28, 2008.

Non-Executive Directors

The compensation of the Non-Executive Directors is in the form of commission not exceeding 1% of the net profits of the Company so long as the Company has a Wholtime Director and/or Managing Director and commission not exceeding 3% of the net profits of the Company in case there is no Wholtime Director and/or Managing Director at any time.

The Non-Executive Directors are also paid sitting fees of Rs.20,000/- each for every Board and Committee meetings attended by them, as permitted under the relevant statutory provisions.

Details of remuneration paid to the Directors during the year ended December 31, 2008

Non-Executive Directors

Name of the Director	Sitting Fees (Rs)	Commission # (Rs)	Total (Rs)
Mr. D. E. Udawadia	180,000	600,000	780,000
Mr. K. S. Shah	200,000	810,000	1,010,000
Mr. Ian Brimicombe	—	—	—
Mr. Bhasker Iyer	—	—	—
Mr. Graham Baker	—	—	—

The payment of remuneration by way of commission to Non-Executive Directors is determined having regard to the number of Board and Committee meetings attended by them. Commission for the year ended December 31, 2007 was paid during the above period.

Executive Director/Managing Director

Name of the Director	Basic Salary (Rs)	Perquisites (Rs)	P.F. & other Funds (Rs)	Total (Rs)
Mr. Anandh Balasundaram	9,792,989*	1,216,969	882,581	11,892,539

* Includes an amount of Rs 1,990,829 being a provision for performance-linked bonus for the financial year 2008. The same has been provided based on overall assessment of the Managing Director's performance including financial parameters.

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

Mr. Anandh Balasundaram has been issued 2,254 Share Options under the AstraZeneca Share Option Plan by AstraZeneca Plc, United Kingdom. The cost incurred by AstraZeneca Plc pursuant to the said AstraZeneca Share Option Plan for the year ended December 31, 2008 amounts to Rs. 215,682/-.

5. Shareholders' Committees:**a. Shareholders' / Investors' Grievance Committee:**

The Shareholders' / Investors' Grievance Committee comprises the following members, viz.

Name of the Committee Member	Position	Category
Mr. K. S. Shah	Chairman	Non-Executive Independent Director
Mr. Anandh Balasundaram	Member	Managing Director

During the year 2008, only one meeting of the Committee was held on April 28, 2008 and both the Members were present at the meeting.

b. Name and designation of the Compliance Officer

Mr. N R Srinivasan, Vice President - Legal & Company Secretary, is the Compliance Officer of the Company.

c. Details of Shareholders'/Investors' complaints:

The Committee looks inter-alia into redressal of Shareholders' / Investors' complaints. 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 Shareholders' / Investors' Grievances for the financial year 2008 is:

Particulars	Non-receipt of Dividend Warrant(s)	Non-receipt of refund Order(s)/ Allotment Letter(s)	Non-receipt of Share Certificate(s)	Non-receipt of Annual Report	Total No. of Complaints received	Complaints pending
Direct	4	1	3	2	10	NIL
Through Stock Exchange/ SEBI	3	NIL	NIL	NIL	3	NIL

d. Share Transfer Committee:

In addition to the above, the Board also has a Share Transfer Committee comprising Mr. Anandh Balasundaram, Mr. S J V Chelliah and Mr. N R Srinivasan as Members. 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, rematerialization of shares, etc.

The meetings of the Share Transfer Committee are need based. Nine meetings of the said Committee were held during the year under review, viz., on January 18, 2008, February 28, 2008, March 20, 2008, April 17, 2008, June 10, 2008, August 6, 2008, September 4, 2008, November 7, 2008 and December 10, 2008.

The Minutes of the Share Transfer Committee Meetings are noted at the Board Meetings.

6. General Meetings

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

Date	Year	Type	Venue	Time
April 28, 2008	2007	29 th Annual General meeting	The Grand Ashok, Bangalore	2.30 P. M.
April 30, 2007	2006	28 th Annual General meeting	Taj West End Hotel, Bangalore	11.00 A.M.
November 13, 2006	2006	Court convened Meeting of Equity Shareholders	Hotel Taj Residency, Bangalore	3.00 P. M.
June 6, 2006	2006	Extraordinary General Meeting	Hotel Taj Residency, Bangalore	2.00 P. M.
April 28, 2006	2005	27 th Annual General Meeting	Taj West End Hotel, Bangalore	3.00 P. M.

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

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting. The following are the Special Resolutions passed at the previous three Annual General Meetings and Extraordinary General Meetings held in the past 3 years:

Date of AGM/EGM	Whether Special Resolution passed	Summary
April 30, 2007	Yes	Renewal of the Special Resolution passed by the shareholders for payment of Commission (exclusive of the sitting fees paid) to Non-Executive Directors, not exceeding in the aggregate 1% or 3% of the net profits of the Company, in accordance with Section 309 of the Companies Act, 1956, and as the Board may, from time to time, decide.
November 13, 2006	Yes*	Court convened meeting for approving Scheme of Arrangement for issuance of 8% secured fully paid-up redeemable non-convertible bonus debentures from the Company's General Reserve, in the ratio of one debenture of the face value of Rs.25/- each for every equity share held.
June 6, 2006	Yes	Subdivision of each of 5,000,000 equity shares of Rs.10 each into 25,000,000 equity shares of Rs.2/- each. Consequent alteration of Article 3 of the Articles of Association of the Company on Authorised Share Capital.

* This was passed by a dual majority comprising more than three-fourth in value and majority in number of shareholders

c. Whether special resolutions were put through Postal Ballot last year, details of the voting pattern, person who conducted the Postal Ballot exercise, proposed to be conducted through Postal Ballot and procedure for Postal Ballot:

None.

7. Disclosures

The Audit Committee is briefed on the related party transactions undertaken by the Company.

(i) Materially significant related party transactions during the year ended December 31, 2008:

Name of the entity	Relationship	Nature of transaction	Amount (Rs.)
AstraZeneca Pharmaceuticals AB, Sweden	Holding Company	i) Dividend Payment ii) Interest on debentures iii) Debenture issued	337,499,250 43,767,026 562,498,750
AstraZeneca AB, Sweden	Holding Company of AstraZeneca Pharmaceuticals AB, Sweden	i) Purchase of Raw Materials and traded goods ii) Payment towards Royalty iii) Payment towards reimbursement of expenses iv) Receipts towards reimbursement of expenses v) Service Income vi) Sale of Goods vii) Processing income	95,796,220 1,922,227 416,534 - 144,961,874 72,117,395 12,418,515
AstraZeneca UK Ltd., United Kingdom	Parent company of AstraZeneca AB, Sweden	i) Purchase of traded goods ii) Payment towards reimbursement of expenses iii) Receipts towards reimbursement of expenses	407,800,004 3,312,579 80,817,337
AstraZeneca Pty Ltd., Australia	Group Company	Purchase of traded goods	22,237,736
AstraZeneca GIA-Asia Pacific, Malaysia	Group Company	i) Receipts towards reimbursement of expenses ii) Payment towards reimbursement of expenses iii) Sale of Goods	941,335 72,401 11,676,194
AstraZeneca Singapore Pte Ltd.	Group Company	i) Receipts towards reimbursement of expenses ii) Payment towards reimbursement of expenses	13,511,662 4,031,979
AstraZeneca India Pvt Ltd.	Group Company	i) Payment towards reimbursement of expenses ii) Receipts towards reimbursement of expenses iii) Rent expenses	2,985,458 909,856 15,505,680

Name of the entity	Relationship	Nature of transaction	Amount (Rs.)
AstraZeneca Philippines	Group Company	Receipts towards reimbursement of expenses	60,971
PT AstraZeneca Indonesia	Group Company	Receipts towards reimbursement of expenses	2,691,415
AstraZeneca Thailand	Group Company	Receipts towards reimbursement of expenses	1,081,367
AstraZeneca Belgium	Group Company	Receipts towards reimbursement of expenses	2,302,603
AstraZeneca China	Group Company	Receipts towards reimbursement of expenses	2,917,705
Anandh Balasundaram	Managing Director	Managerial Remuneration	11,892,539

There were no material individual transactions with related parties which were not in the normal course of business. Further there were no material individual transactions with related party or others, which were not at arm's length basis.

- (ii) The Senior Management has made disclosures to the Board that none of the material, financial and commercial transactions with any of the parties were in conflict of their personal interest.
- (iii) The Company follows Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. The Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- (iv) Details of non-compliance by the Company, penalties, strictures 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:

During the year ended December 31, 2004, a letter was received from the Securities and Exchange Board of India (SEBI) on violation of Takeover Regulations – Settlement of Consent Order for violation of Regulations 6(2) and 6(4) for 1997 and 8(3) for 1998 and 2000 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The Company has responded appropriately denying any violation of Regulations 6(2) and 8(3). SEBI is yet to respond to the Company's letter.

During the year ended December 31, 2004, the Company received a letter from the Stock Exchange, Mumbai, on non-compliance of Clause 40A of Listing Agreement, relating to minimum public shareholding. A detailed reply was sent to the Stock Exchange denying non-compliance by the Company of Clause 40A of the Listing Agreement.
- (v) The Company has a process in place that meets the objectives of the Whistle Blower Policy. In the opinion of the Board, there are no cases where a person was denied access to the Audit Committee.
- (vi) The Managing Director (CEO) and the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the year ended December 31, 2008.
- (vii) The Company has complied with all mandatory requirements. Adoption of non-mandatory requirements is given later in this Report.

8. Means of Communication

- The quarterly, half yearly and annual financial results of the Company were sent to the Stock Exchanges immediately after the Board's approval, first by fax followed by courier. The same were published in "The Business Standard" (English) and "Hosadigantha" (Kannada) newspapers.
- The financial results are displayed on the website of the Company at www.astrazenecaindia.com.
- The website also displays official news releases. In the current period, the Company has not made any presentation to institutional investors or to analysts.

9. Shareholder Information

(i) 30th Annual General Meeting (AGM):

Date & Time of AGM	Monday, May 18, 2009, at 3:00 P.M.
Venue	The Ball Room, The Taj West End Hotel
Financial Year	2008
Book Closure Date	Tuesday, May 5, 2009 to Monday, May 18, 2009
Dividend Payment Date	If approved, payment by or before Wednesday, June 17, 2009

(ii) Financial Calendar & announcement of financial results

Financial Year	January to December
First Quarter Results	On or before April 30, 2009
Second Quarter & Half Yearly Results	On or before July 31, 2009
Third Quarter Results	On or before October 31, 2009
Last Quarter & Annual Results	On or before March 31, 2010

(iii) Listing of Shares and Bonus Debentures*

The Company's Shares are listed on:

Bangalore Stock Exchange Limited (BgSE) Stock Exchange Towers, No.51, 1 st Cross, J C Road, Bangalore 560 027
Bombay Stock Exchange Limited (BSE) P. J. Towers, Dalal Street, Fort, Mumbai 400 001
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

* The Bonus Debentures have since been redeemed on January 11, 2009 and stand extinguished on the Redemption Date.

Listing fees for the financial year 2008-09 have been paid to all the above Stock Exchanges.

(iv) Stock Code

For Equity Shares:

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

For Bonus Debentures:

Bangalore Stock Exchange Limited	ASTRAZEN
Bombay Stock Exchange Limited	912455
National Stock Exchange of India Limited	ASTRAZEN N1
ISIN for NSDL and CDSL	INE203A07019

The 8% secured fully paid-up redeemable non-convertible Debentures of the face value of Rs. 25/- each (Bonus Debentures) issued by the Company on January 12, 2008, pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka, were redeemed on January 11, 2009 as per the terms of issue. The Redemption Proceeds, i.e., principal amount together with the interest accrued thereon upto the Redemption Date, were paid to the eligible Debentureholders on January 12, 2009. The said Debentures stand extinguished automatically on the Redemption Date.

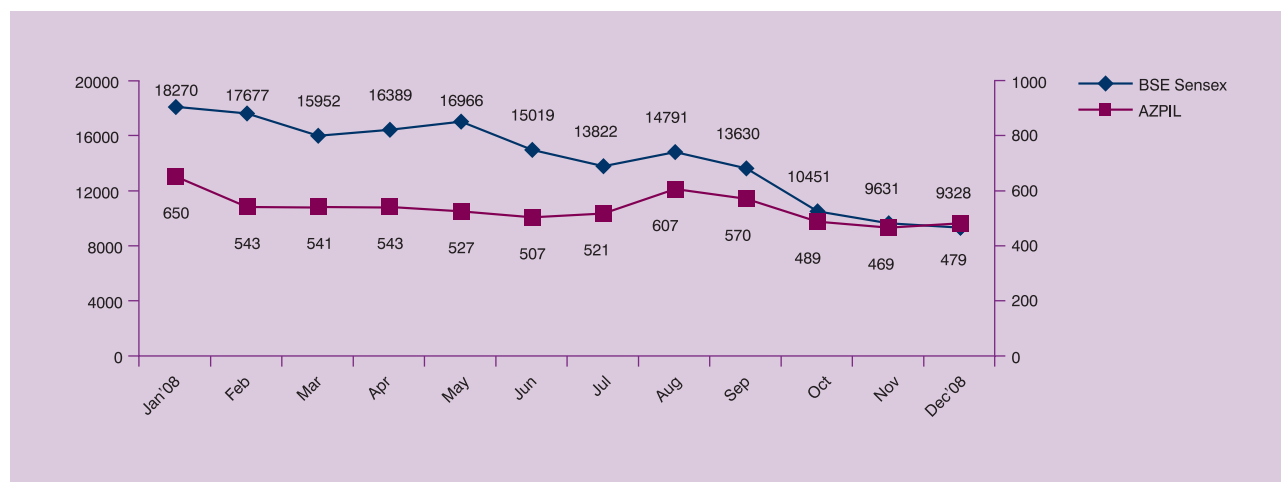
(v) Market Price Data: High, Low during each month in the financial year 2008

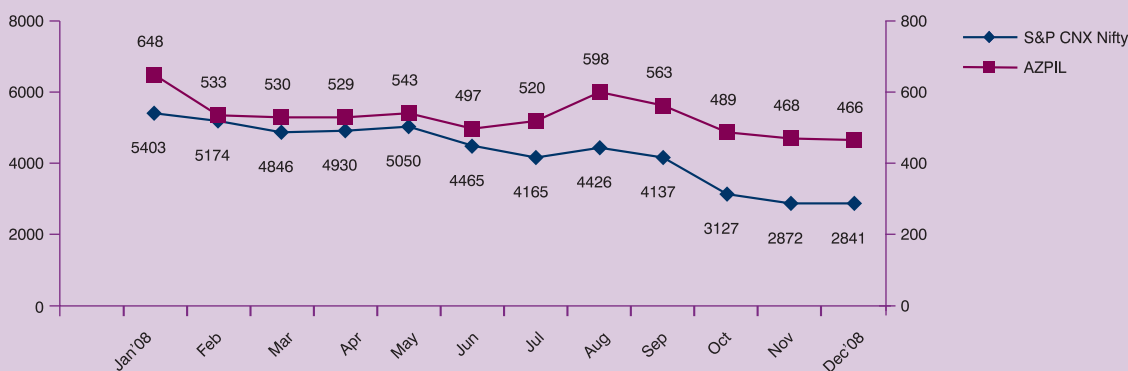
Monthly High/Low of market price of the Company's shares traded on Bombay Stock Exchange Limited (BSE), and National Stock Exchange of India Limited (NSE):

Period	Bombay Stock Exchange (Rs)		BSE Sensex Index		National Stock Exchange (Rs)		NSE S&P CNX Nifty Index	
	High	Low	High	Low	High	Low	High	Low
January '08	848.00	452.00	21,206.77	15,332.42	880.00	415.05	6,357.10	4,448.50
February	619.00	467.00	18,895.34	16,457.74	615.00	450.00	5,545.20	4,803.60
March	605.00	476.00	17,227.56	14,677.24	605.00	455.00	5,222.80	4,468.55
April	576.90	510.00	17,480.74	15,297.96	565.00	492.00	5,230.75	4,628.75
May	555.00	498.00	17,735.70	16,196.02	585.00	501.10	5,298.85	4,801.90
June	539.00	475.00	16,632.72	13,405.54	530.00	464.00	4,908.80	4,021.70
July	580.00	461.00	15,130.09	12,514.02	582.00	458.00	4,539.45	3,790.20
August	648.00	565.10	15,579.78	14,002.43	639.00	557.00	4,649.85	4,201.85
September	617.00	522.50	15,107.01	12,153.55	610.00	515.00	4,558.00	3,715.05
October	577.75	400.00	13,203.86	7,697.39	578.00	400.00	4,000.50	2,252.75
November	494.00	443.25	10,945.41	8,316.39	494.00	442.00	3,240.55	2,502.90
December '08	506.45	452.00	10,188.54	8,467.43	499.00	433.00	3,110.45	2,570.70

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

(vi) Performance of the Company's equity shares in comparison to BSE Sensex and S&P CNX Nifty Index during the financial year 2008:





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

The shares of the Company have not been traded on the Bangalore Stock Exchange during the year.

(vii) Registrar & Share Transfer Agents

M/s. Alpha Systems Private Limited
 30, Ramana Residency, 4th Cross,
 Sampige Road, Malleswaram,
 Bangalore – 560 003
 Tel: (080) 23460815-8 Fax: (080) 23460819

(viii) Share Transfer System

All the transfers received in physical form are processed and approved by the Share Transfer Committee of the Board. The Company's Registrar & Share Transfer Agents, M/s Alpha Systems Private Limited (Alpha), have adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as required from time to time.

In compliance with the Listing / SEBI Guidelines –

- a Practicing Company Secretary carries out Secretarial Audit on “Dematerialized shares and shares in Physical form” every quarter and the necessary Reports issued by him are filed with the Stock Exchanges. The shares in Dematerialized form and Physical form tally with the issued/paid-up share capital of the Company.
- a Practicing Company Secretary carries out a Due Diligence survey, pertaining to share transfers, transmissions etc., every six months and necessary certificates to that effect are issued and the same are filed with the Stock Exchanges.
- Shareholding Pattern and financial results are being uploaded in “Electronic Data Information Filing and Retrieval” (EDIFAR) quarterly and annual Report annually.

(ix) Distribution of Shareholding as on December 31, 2008

No. of Equity Shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	1794076	7.18	7349	99.65
5,001 to 10,000	66946	0.27	10	0.14
10,001 to 20,000	94985	0.38	6	0.08
20,001 to 30,000	53473	0.21	2	0.03
30,001 to 40,000	37830	0.15	1	0.01
40,001 to 50,000	41651	0.17	1	0.01
50,001 to 100,000	230202	0.92	3	0.04
100,001 and above	22680837	90.72	3	0.04
Total	25000000	100.00	7375	100.00

Shareholding pattern as on December 31, 2008

Particulars	Physical Holdings	Electronic Holdings	Total Holdings	Percentage to the total shareholding
AstraZeneca Pharmaceuticals AB	13394850	9105100	22499950	89.99
Banks	125	250	375	0.00
Trusts	0	100	100	0.00
Mutual Funds	0	253671	253671	1.01
FIs	0	0	0	0.00
Non-Resident Indians	2250	33112	35362	0.14
Indian Corporate Bodies	3375	73524	76899	0.31
Directors and their Relatives	5	1515	1520	0.01
Others - Public	737995	1391015	2129010	8.53
Demat shares pending settlement (In clearing member A/c)	0	3113	3113	0.01
Total	14138600	10861400	25000000	100.00
Percentage	56.56	43.44	100.00	

(x) Dematerialization of shares and liquidity

43.44% of total equity capital is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL).

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

None

(xii) Plant location

The Company's plant is located at:
12th Mile on Bellary Road
Kattigenahalli Village,
Yelahanka, Bangalore - 560 063

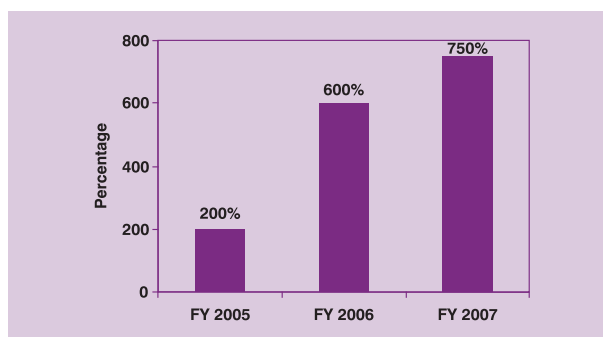
(xiii) Company's Address for correspondence

Company Secretary / Compliance Officer
AstraZeneca Pharma India Limited
"Avishkar", Off Bellary Road, Hebbal
Bangalore 560 024 - Karnataka.
Tel : (080) 23622020 – 27 Fax: (080) 23622015
Email : comp.secy@astrazeneca.com

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

(xiv) Dividend declared in earlier years

Dividend for the year	Percentage
2005	200%
2006	600%
2007	750%

**(xv) Nomination Facility**

The Companies (Amendment) Act, 1999 introduced through Section 109A, the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all holders holding the shares / debentures / deposits in single name.

Investors are advised to avail of this facility, especially investors holding securities in single name, to avoid the lengthy process of transmission formalities.

The nomination form may be had on request from the Company / Registrar & Share Transfer Agents. However, if the shares are held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant (DP) directly, as per the format prescribed by them.

NON-MANDATORY REQUIREMENTS**(i) Shareholders Rights**

The half yearly financial results, after they are approved by the Board of Directors, are forthwith sent to the Stock Exchanges where Company's shares are listed. The results, in prescribed proforma, are published in "The Business Standard" (English) and "Hosadigantha" (Kannada) newspapers, although the same was not sent separately to shareholders residence.

(ii) Audit Qualifications

The same has been covered in the Directors' Report.

(iii) Training of Board Members/ Mechanism for evaluating non-executive Board Members

All the Non-Executive (including independent) Directors are senior professionals in Legal, Finance and Sales and Marketing. They are also members on the Board of other Companies. All of them actively take part in the deliberations of the Board Meeting and contribute effectively to the business. In the opinion of the Board neither training of Board members is required nor is any evaluation required.

(iv) Whistle Blower Policy

A Whistle Blower Policy of the Company exists from Year 2004. This has been effectively communicated to all the employees across the Company. All complaints received under the Whistle Blowing Policy are investigated and action taken where appropriate. A Whistle Blower has a right to approach the Chairman of the Audit Committee whose contact details are included in the policy.

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

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

I confirm that the Company has in respect of the financial year ended December 31, 2008, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, the Company Secretary and employees in the Vice President cadre as on December 31, 2008.

On behalf of the Board of Directors

ANANDH BALASUNDARAM
MANAGING DIRECTOR

Bangalore
Date: March 16, 2009

Auditors' Certificate

To the Members of AstraZeneca Pharma India Limited

We have examined the compliance of conditions of Corporate Governance by AstraZeneca Pharma India Limited ("the Company"), for the year ended on 31 December 2008, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As explained, no investor grievances are pending against the Company as per the records maintained by the Company for a period exceeding one month.

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

for **BSR & Co.**

Chartered Accountants

Rajesh Arora

Partner

Membership No.: 76124

Bangalore

March 16, 2009

Auditors' Report

To the Members of AstraZeneca Pharma India Limited

We have audited the attached balance sheet of AstraZeneca Pharma India Limited ("the Company") as at 31 December 2008, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors of the Company as on 31 December 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the balance sheet, of the state of affairs of the Company as at 31 December 2008;
 - b. in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

for **B S R & Co.**
Chartered Accountants

Rajesh Arora
Partner
Membership No. 76124
Bangalore
Date: 18 February 2009

Annexure to the Auditors' Report

Annexure referred to in the Auditors' Report to the Members of AstraZeneca Pharma India Limited ("the Company") for the year ended 31 December 2008. 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 programme 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 programme, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except stock lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regards to the explanation that purchases of certain items of inventory are for the Company's specialised requirements and similarly certain goods sold are for specialised requirements of the buyer and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 209(1)(d) of the Companies Act, 1956 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.
- (ix) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues

including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues, except for sales tax as mentioned below, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

According to the information and explanations given to us, *except for sales tax dues aggregating to Rs. 765,290/-*, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears as at 31 December 2008 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 Income-tax, Wealth Tax and 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 Sales tax, Customs Duty, Excise Duty and Service Tax, have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	698,427	1996-1997 to 1999-2000	Customs Excise and Service tax Appellate tribunal
Chapter V of Finance Act, 1994	Service tax	47,712	1 July 2001 to 15 August 2002	Deputy Commissioner, Service tax
Chapter V of Finance Act, 1994	Service tax	543,460	16 November 1997 to 2 June 1998	Commissionerate - Service Tax
Central Excise Act, 1944	Excise duty	406,677	August 1998 to July 1999	Customs Excise and Service Tax Appellate Tribunal
Karnataka Sales Tax Act, 1957	Sales tax and penalty	9,251,712	1995 – 1996	Karnataka Appellate Tribunal
Karnataka Sales Tax Act, 1957	Entry tax	91,224	1995 – 1996	Joint Commissioner of Commercial Taxes (Appeals)
Customs Act, 1962	Customs duty	21,248,482	2006	Deputy Commissioner, Customs, Mumbai

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion and according to the information and explanation given to us, the Company is not a chit fund/ nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created a charge in respect of debentures issued during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) *We have been informed that an employee of one of the carrying and forwarding agents of the Company was fraudulently crediting the collections received from a few of the Company's customers towards outstanding dues from a specific customer. This was done in a manner such that the outstanding of any of the customers did not exceed the credit period.*

As explained to us, the Management has completed the investigation in this matter and has accordingly recovered the outstanding amount of Rs 1,340,000 from the carrying and forwarding agent, thereby resulting in no loss to the Company. According to the information and explanations given to us, no other fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Co.**

Chartered Accountants

Rajesh Arora

Partner

Membership No. 76124

Bangalore

Date: 18 February 2009

AstraZeneca Pharma India Limited

Balance Sheet as at 31st December 2008

(Amount in Rs)

	Schedule	As at 31 December 2008	As at 31 December 2007
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	50,000,000	50,000,000
Reserves and surplus	3	1,111,497,461	1,543,095,634
Secured loans	4	625,000,000	-
		1,786,497,461	1,593,095,634
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	810,658,920	828,345,871
Less: Accumulated depreciation		(507,014,424)	(497,551,214)
Net block		303,644,496	330,794,657
Capital work-in-progress		859,124	1,543,831
		304,503,620	332,338,488
Investments	6	56,916	66,416
Deferred tax asset, net	17(11)	23,711,601	17,262,979
Current assets, loans and advances			
Inventories	7	340,064,002	237,878,986
Sundry debtors	8	501,362,441	470,718,635
Cash and bank balances	9	1,438,039,453	1,110,354,653
Loans and advances	10	194,555,329	210,437,488
Other current assets	11	80,512,440	80,553,676
		2,554,533,665	2,109,943,438
Current liabilities and provisions			
Current liabilities	12	470,261,962	295,653,524
Provisions	13	626,046,379	570,862,163
		1,096,308,341	866,515,687
Net current assets		1,458,225,324	1,243,427,751
		1,786,497,461	1,593,095,634
Significant accounting policies			
Notes to the accounts	17		

The Schedules referred to above form an integral part of the balance sheet.

As per our report attached
for **B S R & Co.**
Chartered Accountants

Rajesh Arora
Partner
Membership No. 76124

Place : Bangalore
Date : 18 February 2009

for and on behalf of the Board of Directors

D E Udwadia **Anandh Balasundaram**
Chairman Managing Director
N R Srinivasan **SJV Chelliah**
Company Secretary Chief Financial Officer

Place : Bangalore
Date : 18 February 2009

AstraZeneca Pharma India Limited

Profit and Loss account for the year ended 31st December 2008

(Amount in Rs)

	Schedule	For the year ended 31 December 2008	For the year ended 31 December 2007
Income			
Gross sales		3,582,708,506	3,235,879,014
Less: Excise duty		(185,023,528)	(262,742,409)
Net sales		3,397,684,978	2,973,136,605
Service income		144,961,874	65,252,339
Other income	14	138,757,703	97,239,081
		3,681,404,555	3,135,628,025
Expenditure			
Materials cost	15	995,071,220	941,715,811
Other expenses	16	1,425,179,974	1,182,024,408
Depreciation	5	68,763,008	58,399,095
Interest on debentures		48,630,137	-
		2,537,644,339	2,182,139,314
Profit before tax		1,143,760,216	953,488,711
Provision for tax:			
Current tax		395,205,470	333,000,000
Wealth tax		151,541	104,000
Deferred tax credit		(6,448,622)	(7,451,399)
Fringe benefit tax		16,500,000	13,250,000
		405,408,389	338,902,601
Profit for the year		738,351,827	614,586,110
Balance in profit and loss account brought forward		495,916,231	381,519,982
Amount available for appropriation		1,234,268,058	996,106,092
Appropriations			
Transfer to general reserve		73,835,183	61,458,611
Transfer to debenture redemption reserve		312,500,000	-
Proposed dividend		375,000,000	375,000,000
Tax on proposed dividend		63,731,250	63,731,250
Balance in profit and loss account carried forward		409,201,625	495,916,231
		1,234,268,058	996,106,092
Earnings per share (equity shares, par value Rs 2 each)	17(7)		
- Basic and diluted		29.53	24.58

Significant accounting policies**Notes to the accounts**1
17

The Schedules referred to above form an integral part of the profit and loss account.

As per our report attached
for **B S R & Co.**

Chartered Accountants

Rajesh Arora

Partner

Membership No. 76124

D E Udawadia

Chairman

Anandh Balasundaram

Managing Director

N R Srinivasan

Company Secretary

SJV Chelliah

Chief Financial Officer

Place : Bangalore

Date : 18 February 2009

Place : Bangalore

Date : 18 February 2009

AstraZeneca Pharma India Limited

Cash Flow statement for the year ended 31st December 2008

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
A) Cash flow from operating activities:		
Net profit before tax	1,143,760,216	953,488,711
Adjustments for :		
Depreciation	68,763,008	58,399,095
Interest income		
- on deposits	(99,453,692)	(81,603,936)
- on income-tax refund	(6,132,404)	(6,710,243)
Interest on debentures	48,630,137	-
Loss on sale of fixed assets, net	2,991,698	544,033
Dividend income	(300)	-
Operating profit before working capital changes	1,158,558,663	924,117,660
Adjustments for:		
Increase in trade and other receivables	(53,151,431)	(50,598,042)
(Increase)/ decrease in inventories	(102,185,016)	102,257,141
Increase/ (decrease) in current liabilities	133,359,376	(222,541,983)
Cash generated from operations	1,136,581,592	753,234,776
Interest received on income-tax refund	6,132,404	6,710,243
Direct taxes paid, net of refund	(313,567,524)	(347,281,605)
Fringe benefit tax paid	(12,664,920)	(15,600,000)
Net cash from operating activities (A)	816,481,552	397,063,414
B) Cash flow from/ (used in) investing activities:		
Interest received	97,967,739	38,531,471
Purchase of fixed assets	(48,273,472)	(68,422,942)
Sale of fixed assets	2,932,434	2,918,827
Sale of investments	9,500	-
Dividend received	300	-
Net cash from/ (used in) investing activities (B)	52,636,501	(26,972,644)

AstraZeneca Pharma India Limited

Cash Flow statement for the year ended 31st December 2008 (Continued)

	(Amount in Rs)	
	For the year ended 31 December 2008	For the year ended 31 December 2007
C) Cash flow used in financing activities:		
Dividend paid	(371,483,253)	(297,666,057)
Tax on dividend	(169,950,000)	(42,075,000)
Net cash used in financing activities (C)	(541,433,253)	(339,741,057)
D) Net increase in cash and cash equivalents (A+B+C)	327,684,800	30,349,713
E) Cash and cash equivalents as at the beginning of the year *	1,110,354,653	1,080,004,940
F) Cash and cash equivalents as at the end of the year (D+E) *	1,438,039,453	1,110,354,653

* Refer to Schedule 9 to the financial statements

As per our report attached
for **B S R & Co.**
Chartered Accountants

for and on behalf of the Board of Directors

Rajesh Arora
Partner
Membership No. 76124

D E Udwadia
Chairman

Anandh Balasundaram
Managing Director

N R Srinivasan
Company Secretary

SJV Chelliah
Chief Financial Officer

Place : Bangalore
Date : 18 February 2009

Place : Bangalore
Date : 18 February 2009

AstraZeneca Pharma India Limited

Schedules to the Accounts

1 Significant Accounting Policies

(i) 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 mandatory Accounting Standards ('AS') prescribed by Companies (Accounting Standards), Rules 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

(ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

(iii) Revenue recognition

Revenue from sale of goods 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 is based on a 'cost plus' model as agreed with its group companies. As per the agreement costs incurred internally are charged with a mark-up and those incurred externally are charged at actuals. Revenue from such services is recognised when the service is performed in accordance with agreement with the group companies.

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

(iv) Fixed assets and capital work-in-progress

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Intangible assets are recorded at their acquisition cost.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

(v) Depreciation

Depreciation on fixed assets is provided on the straight-line method, based on useful lives of assets as estimated by management.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

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

	Years
Buildings	6 to 20
Roads and culverts	10
Plant and machineries	5 to 10
Vehicles	5
Furniture and fixtures	10
Office equipment	2 to 10

License for use and application of know-how and trademark is 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 Rs 5,000 or less are depreciated fully in the year of purchase.

(vi) 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 profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

(vii) Foreign exchange transactions

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

(viii) Employee benefits

Contribution to provident and pension funds, which are defined contribution schemes, are charged to the profit and loss account on an accrual basis.

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

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 and charged to the profit and loss account. The Company makes contributions towards gratuity into the approved gratuity fund administered by ICICI Prudential Life Insurance.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

Liability for compensated absences, which is a defined benefit, is provided on the basis of an actuarial valuation and is charged to the profit and loss account on an accrual basis.

(ix) Investments

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

(x) 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.

(xi) 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	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

(xii) Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires outflow of resources and a reliable estimate can be made of the amount of the obligation.

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.

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.

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(xiii) Taxation

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.

The Company provides for and discloses the Fringe Benefit Tax ("FBT") in accordance with the provisions of Section 115 WC of the Income-tax Act, 1961 and the Guidance Note on FBT issued by ICAI.

(xiv) Earnings per share

The basic earnings per share is computed by dividing the net profit or loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

(xv) Leases

Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

(xvi) Cash flow statement

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

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
2 Share capital		
Authorised		
25,000,000 (previous year: 25,000,000) equity shares of Rs 2 each	50,000,000	50,000,000
Issued, subscribed and paid up		
25,000,000 (previous year: 25,000,000) equity shares of Rs 2 each [Of the above 12,500,000 (previous year: 12,500,000) equity shares of Rs 2 each were allotted as fully paid-up bonus shares by capitalisation of general reserve] [Of the above, 22,499,950 (previous year: 22,499,950) equity shares of Rs 2 each are held by the holding company AstraZeneca Pharmaceuticals AB, Sweden. AstraZeneca PLC, United Kingdom is the ultimate holding company.]	50,000,000	50,000,000
	50,000,000	50,000,000
3 Reserves and surplus		
Debenture redemption reserve		
At the commencement of the year	-	-
Additions during the year	312,500,000	-
	312,500,000	-
General reserve		
At the commencement of the year	1,047,179,403	985,720,792
Additions during the year	73,835,183	61,458,611
Utilised during the year (refer to note 20 of schedule 17)		
- Issue of 8% redeemable non-convertible bonus debentures	(625,000,000)	-
- Payment of tax on deemed dividend	(106,218,750)	-
	389,795,836	1,047,179,403
Profit and loss account	409,201,625	495,916,231
	1,111,497,461	1,543,095,634
4 Secured loan		
25,000,000 (previous year: Nil) 8% redeemable non-convertible bonus debentures of Rs 25 each. (refer to note 20 of Schedule 17)	625,000,000	-
(The above debentures are secured by way of first mortgage created on immovable property situated in Mehsana district, Gujarat and lien over the deposits with scheduled bank amounting to Rs 691,039,375. The above debentures are redeemable within a period of one year).		
	625,000,000	-

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

5 Fixed assets

(Amount in Rs)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 January 2008	Additions	Deletions	As at 31 December 2008	Charge	Deletions	As at 31 December 2008	As at 31 December 2008	As at 31 December 2007
Tangible assets									
Freehold land	5,073,921	-	-	5,073,921	-	-	5,073,921	5,073,921	5,073,921
Buildings	132,127,877	40,000	-	132,167,877	5,250,235	-	73,770,662	78,980,897	78,980,897
Roads and culverts	2,015,544	-	-	2,015,544	37,407	-	1,846,291	169,253	206,660
Plant and machineries	481,511,936	16,775,202	32,032,043	466,255,095	30,017,156	29,495,311	316,985,324	149,269,771	165,048,457
Vehicles	30,988,823	6,871,553	5,076,251	32,784,125	5,721,524	4,465,634	15,880,266	16,903,859	16,364,447
Furniture and fixtures	26,918,835	1,312,483	-	28,231,318	1,811,046	-	19,963,466	8,267,852	8,766,415
Office equipment	119,640,486	22,537,741	28,115,636	114,062,591	19,911,950	25,338,853	76,790,489	37,272,102	37,423,094
Total	798,277,422	47,536,979	65,223,930	780,590,471	62,749,318	59,299,798	489,863,051	290,727,420	311,863,891
Intangible assets									
Technical know-how and trademark	30,068,449	-	-	30,068,449	6,013,690	-	17,151,373	12,917,076	18,930,766
Total	30,068,449	-	-	30,068,449	6,013,690	-	17,151,373	12,917,076	18,930,766
Grand total	828,345,871	47,536,979	65,223,930	810,658,920	68,763,008	59,299,798	507,014,424	303,644,496	330,794,657
<i>Previous year</i>	<i>763,754,638</i>	<i>89,675,084</i>	<i>25,083,851</i>	<i>828,345,871</i>	<i>58,399,095</i>	<i>21,620,991</i>	<i>497,551,214</i>	<i>330,794,657</i>	

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
6 Investments		
Long term		
Trade, quoted		
Equity shares, fully paid-up		
100 (previous year: 100) equity shares of TTK Healthcare Limited of Rs 10 each	5,325	5,325
100 (previous year: 100) equity shares of Torrent Gujarat Biotech Limited of Rs 10 each	1,935	1,935
	7,260	7,260
Trade, unquoted		
Equity shares, fully paid-up		
100 (previous year: 100) equity shares of Dee Pharma Limited of Rs 10 each	3,568	3,568
100 (previous year: 100) equity shares of Mesco Pharmaceuticals Limited of Rs 10 each	3,768	3,768
100 (previous year: 100) equity shares of SOL Pharmaceuticals Limited of Rs 10 each	7,820	7,820
	15,156	15,156
Non trade, unquoted		
Others		
National Savings Certificates	34,500	44,000
Total unquoted investments	49,656	59,156
	56,916	66,416
Market value of quoted investments	10,530	16,340
7 Inventories		
Raw materials	45,364,485	29,774,789
Raw materials-in-transit	-	247,688
Packing materials	22,672,880	19,164,217
Work-in-process	48,795,500	39,250,557
Finished goods	82,584,480	69,987,169
Traded goods	140,646,657	79,454,566
	340,064,002	237,878,986
8 Sundry debtors		
Unsecured		
Debtors outstanding for a period exceeding six months		
- Considered good	5,719,066	7,258,235
- Considered doubtful	23,975,045	13,962,434
Other debts, considered good	495,643,375	463,460,400
	525,337,486	484,681,069
Provision for doubtful debts	(23,975,045)	(13,962,434)
	501,362,441	470,718,635

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
<i>Debts due from companies under the same management</i>		
AstraZeneca AB, Sweden	56,072,035	24,492,536
AstraZeneca, Malaysia	1,844,117	-
9 Cash and bank balances		
Cash on hand	240,500	240,500
Balances with scheduled banks		
- Current and cash credit accounts	7,551,467	96,023,600
- Exchange earners foreign currency account	632,921	228,010
- Unclaimed dividend accounts	11,301,813	7,785,066
- Deposit accounts	1,418,312,752	1,006,077,477
[Deposits include Rs.6,639,659 (previous year: Rs 4,497,013) pledged with bank as margin money against guarantees issued and Rs 691,039,375 (previous year: Rs Nil) pledged against 8% redeemable non-convertible bonus debentures issued during the year.]		
	1,438,039,453	1,110,354,653
10 Loans and advances		
Secured, considered good		
Advances recoverable in cash or in kind or for value to be received	19,275,568	17,090,330
Unsecured		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	144,085,024	122,117,896
- Considered doubtful	5,957,815	2,562,052
	150,042,839	124,679,948
Less: Provision for doubtful advances	(5,957,815)	(2,562,052)
	163,360,592	139,208,226
Others, considered good		
Advance tax, net of provision for tax		
Rs 545,310,372 (previous year: Rs 917,345,992)	30,987,365	69,947,487
Fringe benefit tax, net of provision for tax		
Rs 53,760,000 (previous year: Rs 37,260,000)	-	956,851
Balance with excise authorities	207,372	324,924
	194,555,329	210,437,488
<i>Amount due from companies under the same management</i>		
AstraZeneca Singapore Pte Limited	3,591,644	2,792,576
AstraZeneca India Private Limited	14,000,000	14,183,148
AstraZeneca PLC, United Kingdom	4,263,040	972,223
AstraZeneca Indonesia	20,543	83,530
AstraZeneca Philippines	60,971	-

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
AstraZeneca, Malaysia	852,924	990,445
AstraZeneca, Belgium	2,289,772	-
<i>Maximum amount due from the Companies under the same management</i>		
AstraZeneca Singapore Pte Limited	5,322,289	3,737,039
AstraZeneca India Private Limited	14,193,148	15,029,003
AstraZeneca PLC, United Kingdom	48,678,247	1,379,668
AstraZeneca Indonesia	3,772,782	83,530
AstraZeneca Philippines	60,971	13,102
AstraZeneca, Malaysia	990,445	990,445
AstraZeneca, Belgium	2,289,772	-
11 Other current assets		
Stock of samples	7,666,225	9,193,414
Compensation receivable from NHAI for sale of land (Refer to note 2 to Schedule 17)	19,691,797	19,691,797
Interest accrued but not due on deposits	53,154,418	51,668,465
	80,512,440	80,553,676
12 Current liabilities		
Sundry creditors		
- Due to micro, small and medium enterprises (refer note 18 to Schedule 17)	24,090	-
- Others	74,305,610	41,224,846
Other liabilities		
- Statutory liabilities	25,511,226	49,613,785
- Others	292,770,965	177,646,647
Security deposit on leased asset	9,860,000	9,860,000
Dealers' deposits	7,858,121	9,523,180
Investor Protection and Education Fund shall be credited when due		
- Unclaimed dividends	11,301,813	7,785,066
Interest accrued and not due on debentures	48,630,137	-
	470,261,962	295,653,524
13 Provisions		
Taxation, net of advance tax Rs 1,438,031,603 (previous year: Rs 635,658,151)	113,856,982	71,027,617
Fringe benefit tax, net of advance tax Rs 53,551,931 (previous year: Rs 38,216,851)	2,878,229	-
Proposed dividend	375,000,000	375,000,000
Tax on proposed dividend	63,731,250	63,731,250
Gratuity	3,681,271	-
Compensated absences	36,307,229	30,511,878
Provision for contingencies	30,591,418	30,591,418
	626,046,379	570,862,163

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs)

		For the year ended 31 December 2008	For the year ended 31 December 2007
14 Other income			
Interest on deposits		99,453,692	81,603,936
[Tax deducted at source Rs 25,243,851 (previous year: Rs 16,117,094)]			
Interest on income-tax refund		6,132,404	6,710,243
Gain on foreign exchange transactions/ translations, net		16,566,795	2,511,480
Rent		372,000	603,505
Sale of scrap		3,283,867	3,939,561
Dividend from trade investments		300	-
Processing income		12,418,515	-
Miscellaneous income		530,130	1,870,356
		138,757,703	97,239,081
15 Materials cost			
Materials consumed			
Raw materials		306,240,500	247,879,005
Packing materials		146,386,191	131,597,889
	A	452,626,691	379,476,894
Cost of traded goods sold	B	594,671,593	565,311,574
Decrease in finished goods, work-in-process and samples			
Opening stock			
- Finished goods		69,987,169	87,002,663
- Work-in-process		39,250,557	38,449,194
- Samples of manufactured goods		7,934,750	8,208,999
		117,172,476	133,660,856
Less: Excise duty on opening stock of finished goods		(25,320,731)	(29,226,391)
Add: Excise duty on closing stock of finished goods		13,950,056	25,320,731
Less: Closing stock			
- Finished goods		(82,584,480)	(69,987,169)
- Work-in-process		(48,795,500)	(39,250,557)
- Samples of manufactured goods		(3,709,086)	(7,934,750)
		(135,089,066)	(117,172,476)
	C	(29,287,265)	12,582,720
A+B+C		1,018,011,019	957,371,188
Less: Cost of materials issued for clinical trials (included under clinical trial expenses in Schedule 16)		(769,039)	(1,130,176)
Cost of materials issued as samples (included under cost of samples distributed in Schedule 16)		(22,170,760)	(14,525,201)
		995,071,220	941,715,811

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
16 Other expenses		
<i>Employee costs</i>		
Salaries, wages and bonus	501,902,391	409,760,553
Contribution to provident and other funds	48,532,743	39,141,817
Workmen and staff welfare	71,292,586	53,126,449
	621,727,720	502,028,819
Travel and conveyance	148,778,079	141,045,319
Conference and symposia	73,637,189	71,844,932
Publicity and literature	61,802,693	45,831,705
Other marketing expenses	56,313,660	79,084,124
Legal and professional fees	37,254,773	47,859,134
Carriage outwards	37,885,788	32,823,878
Clinical trial expenses	132,593,115	29,344,251
Repairs and maintenance		
- Buildings	2,899,692	2,513,866
- Plant and machinery	2,783,330	1,479,667
- Others	20,136,281	19,464,277
Power and fuel	22,508,261	23,077,309
Rent	29,464,815	21,339,716
Stores, spares and loose tools consumed	20,227,502	19,482,209
Communication expenses	16,172,852	19,145,251
Commission	40,429,947	18,640,722
Cost of samples distributed	23,655,678	18,208,037
Excise duty	6,359,244	15,573,084
Provision for doubtful debts, net	10,012,611	8,744,198
Provision for loans and advances, net	3,395,763	2,562,052
Printing and stationery	6,296,747	7,811,329
Insurance	4,524,900	7,663,151
Processing charges	7,605,979	7,231,340
Rates and taxes	5,845,257	4,928,997
Discounts	2,495,667	2,750,860
Royalty expenses	1,922,227	1,658,069
Loss on sale/ scrapping of fixed assets, net	2,991,698	544,033
Miscellaneous expenses	25,458,506	29,344,079
	1,425,179,974	1,182,024,408

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

1. Contingent liabilities and commitments

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
Claims against the Company not acknowledged as debts in respect of:		
a) Demands for payments into the credit of the Drugs Prices Equalisation Account under Drugs (Price Control) Order, 1979, which are being contested by the Company (including a case involving a demand of Rs 5,107,549, where the Central Government has referred the matter to the division bench of the honourable High Court of Karnataka, which has been rejected by the division bench. The Central Government has now made an application for transfer of this matter to the Supreme Court). On another matter of Ibuprofen, the Company has received a further demand of Rs 10,051,948 towards interest for the period from 1986 to 2004, which is also contested and disputed by the Company. Contingent liability is inclusive of interest accrued on the demand.	27,891,200	26,776,014
b) Excise and service tax matters	1,696,276	1,696,276
Other commitments / contingent liability		
a) In respect of bank guarantees	6,639,659	4,497,013
b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	5,702,119	14,808,434

2. The net compensation awarded amounting to Rs 19,691,797 by the National Highways Authorities of India (NHAI) vide the award dated 8 March 2004 for acquiring a portion of factory land, has been subsequently reduced to Rs 498,879 by an amended award dated 8 September 2006. The revised compensation is based on the cost at which the land was originally obtained from Karnataka Industrial Area Development Board. The Company has not accepted the amended award and has disputed the same. The Company has invoked the arbitration provision under the National Highways Act, 1956. Additionally the Company has also filed a writ petition before the honourable High Court of Karnataka on 9 October 2007, praying for the quashing of the amended award. As per legal advice received, the Company has adequate grounds for challenging the amended award.
3. Research and development expenditure (including depreciation) amounting to Rs 23,609,724 (previous year: Rs 23,475,350) incurred during the year has been charged to the respective heads of account in the profit and loss account.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

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

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
Audit fees	3,001,250	2,350,000
Tax audit fees	367,500	400,000
Other taxation matters	885,000	444,377
Other services	1,285,000	-
Reimbursement of out of pocket expenses	325,860	233,733
	5,864,610	3,428,110

* Excludes service tax

5. Managerial remuneration

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
Directors' remuneration		
a) Managing director		
(i) Salary	9,792,989	7,844,388
(ii) Contribution to provident and other funds	882,581	811,243
(iii) Perquisites	1,216,969	1,552,175
	11,892,539	10,207,806
b) Non-executive directors		
Commission	1,410,000	1,410,000
	13,302,539	11,617,806
Sitting fees	380,000	440,000
	13,682,539	12,057,806

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

Anandh Balasundaram (Managing Director) has been issued 2,254 (Previous year: 1,768) Share Options under the AstraZeneca Share Option plan by AstraZeneca Plc. The cost incurred by AstraZeneca Plc pursuant to the said AstraZeneca Share Option plan for the year ended 31 December 2008 amounts to Rs 215,682 (previous year: Rs 308,276).

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

6. Computation of net profits in accordance with Section 349 of the Companies Act, 1956

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
Profit before taxation, as per profit and loss account	1,143,760,216	953,488,711
Add:		
Depreciation as per accounts	68,763,008	58,399,095
Managerial remuneration	13,302,539	11,617,806
Sitting fees	380,000	440,000
	82,445,547	70,456,901
Less:		
Depreciation as per Section 350 of the Companies Act, 1956*	68,763,008	58,399,095
	68,763,008	58,399,095
Net profit under Section 349 of the Companies Act, 1956	1,157,442,755	965,546,517
Maximum managerial remuneration available to the Managing Director including commission restricted to 5% of profits	57,872,138	48,277,326
Actual remuneration to the Managing Director	11,892,539	10,207,806
Maximum managerial remuneration available to other directors, including commission, restricted to 1% of net profits	11,574,428	9,655,465
Actual commission payable to other directors	1,410,000	1,410,000

* Depreciation computed based on useful lives, which are lower than lives as mentioned in Schedule XIV of the Companies Act, 1956.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

7. Earnings per share

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

(Amount in Rs except number of shares)

	For the year ended 31 December 2008	For the year ended 31 December 2007
Net profit for the year attributable to equity shareholders	738,351,827	614,586,110
Weighted average number of equity shares of Rs 2 each used for calculation of earnings per share	25,000,000	25,000,000
Earnings per share, basic and diluted	29.53	24.58

8. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 (Quantitative information has been compiled from records and technical data in respect of each class of goods manufactured/ purchased by the Company).

8. (a) Details of goods manufactured and traded

Class of goods manufactured

(Amount in Rs)

	Unit	Opening stock ⁴ as at 1 January 2008		Turnover ^{1,5} for the year ended 31 December 2008		Closing stock ⁴ as at 31 December 2008	
		Quantity	Amount	Quantity	Amount	Quantity	Amount
1. Bulk drugs ²	Tonnes	-	-	3.17	77,421,261	-	-
		-	-	(1.22)	(22,549,686)	-	-
2. Formulations:							
Liquids	Kilo Ltrs	91.24 (162.48)	9,679,403 (17,785,984)	1,715.76 (1,594.77)	478,100,455 (413,883,814)	110.85 (91.24)	10,617,330 (9,679,403)
Tablets and Capsules	Million Nos.	35.50 (44.18)	40,872,293 (46,698,505)	416.76 (398.88)	1,026,183,726 (904,074,077)	37.47 (35.50)	32,123,265 (40,872,293)
Injectables	Million Nos.	1.91 (2.04)	19,195,254 (23,444,781)	18.58 (17.96)	491,837,020 (474,266,981)	3.20 (1.91)	34,039,218 (19,195,254)
Ointments	Tonnes	9.44 (8.24)	5,482,725 (5,719,463)	174.70 (166.58)	249,656,213 (240,099,334)	13.56 (9.44)	7,041,637 (5,482,725)
Inhalation Products	Million Nos.	0.03 (0.01)	2,692,244 (1,562,929)	0.17 (0.19)	28,317,337 (30,362,938)	0.03 (0.03)	2,472,116 (2,692,244)
Total of class of goods manufactured including samples			77,921,919 (95,211,662)		2,351,516,012 (2,085,236,830)		86,293,566 (77,921,919)

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

Class of goods traded

(Amount in Rs)

	Unit	Opening stock ⁵ as at 1 January 2008		Turnover ^{1,5} For the year ended 31 December 2008		Closing stock ⁵ as at 31 December 2008	
		Quantity	Amount	Quantity	Amount	Quantity	Amount
Formulations:							
Tablets and capsules	Million Nos.	9.58 (14.23)	32,442,384 (25,537,505)	56.67 (28.30)	302,889,777 (210,501,895)	14.34 (9.58)	33,667,308 (32,442,384)
Injectables	Million Nos.	0.17 (0.81)	47,049,797 (131,319,342)	1.17 (1.99)	725,569,898 (673,899,221)	0.17 (0.17)	102,950,893 (47,049,797)
Dry powder	Million Nos.	0.04 (-)	1,221,049 (-)	0.25 (0.08)	8,972,508 (3,498,659)	0.08 (0.04)	2,037,229 (1,221,049)
Inhalation Products	Million Nos.	- (-)	- (-)	0.01 (-)	5,432,324 (-)	- (-)	838,506 (-)
Liquids	Kiloltrs	- (-)	- (-)	8.29 (-)	3,304,459 (-)	31.36 (-)	5,109,860 -
Total of class of goods traded including samples			80,713,230 (156,856,847)		1,046,168,966 (887,899,775)		144,603,796 (80,713,230)
Grand total			158,635,149 (252,068,509)		3,397,684,978 (2,973,136,605)		230,897,362 (158,635,149)

Notes:

1. Turnover indicated above is net of excise duty.
2. Bulk drugs are captively consumed and also sold. Opening and closing stocks of such items are included in work-in-process as these items are considered as meant for sale only when they are sold.
3. Previous year figures are given in brackets.
4. 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.
5. Turnover quantity includes goods issued as bonus quantities, free samples and free replacements.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

8. (b) Purchase of traded goods

Class of traded goods purchased

(Amount in Rs)

		For the year ended 31 December 2008		For the year ended 31 December 2007	
	Unit	Quantity	Amount	Quantity	Amount
Formulations:					
Tablets and capsules	Million Nos.	61.43	164,260,757	23.65	133,230,195
Injectables	Million Nos.	1.17	474,415,007	1.35	352,260,855
Dry Powder	Million Nos.	0.29	8,088,998	0.12	3,676,907
Liquids	Kilo Ltrs	39.65	6,168,276	-	-
Inhalation products	Million Nos	0.01	5,629,121	-	-
			658,562,159		489,167,957

8. (c) Details of capacity and production

		Licensed capacity as at 31 December		Installed capacity* as at 31 December		Actual production*** for the year ended 31 December	
	Unit	2008	2007	2008	2007	2008	2007
1. Bulk drugs #	Tonnes	540.65	540.65	**	**	3.17	1.22
	Million units	250.00	250.00	**	**	-	-
	Gms	2,950.00	2,950.00	**	**	884.5	1,226.11
2. Formulations+		++	++				
a) Liquids	Kilo Ltrs	364.00	364.00	2500.00	2,280.00	1735.37	1,523.53
	Tonnes	2.17	2.17	-	-	-	-
	Million bottles	3.50	3.50	-	-	-	-
b) Tablets and capsules	Million nos.	614.30	614.30	690.00	690.00	418.73	390.20
	Tonnes	47.49	47.49	-	-	-	-
c) Injectables	Million nos.	4.90	4.90	33.00	24.00	19.87	17.83
	Kilo Ltrs	50.00	50.00	-	-	-	-
	Tonnes	0.15	0.15	-	-	-	-
d) Ointments	Tonnes	-	-	260.75	260.75	178.82	167.78
	Million nos.	3.00	3.00	-	-	-	-
e) Inhalation products	Gms	2,000.00	2,000.00	-	-	-	-
	Million nos.	0.62	0.62	-	-	0.17	0.21

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

Notes:

- * Installed capacities are as certified by the management and relied on by the auditors being a technical matter.
- ** Installed capacities cannot be determined as the facilities installed serve multi-purposes and will vary according to product mix.
- # Includes units captively consumed in the manufacture of formulations.
- + Licensed capacities for formulations do not include either capacities available under various exemption notifications or capacities arising from licences for manufacture of bulk drugs where capacities for dosage forms are not specified.
- ++ The Company also holds a registration certificate for formulations where licensed capacities are not mentioned. However, as per various notifications issued by Central Government, applications have been made by the Company to authorities concerned for the recognition of installed capacities for formulations and for endorsement of such capacities on the registration certificate. The applications are pending with the relevant authorities.
- *** Production includes samples produced. It also includes products manufactured through outside processors.

8. (d) Consumption of raw and packing materials

(Amount in Rs)

Particulars	Unit	For the year ended 31 December 2008		For the year ended 31 December 2007	
		Quantity	Amount	Quantity	Amount
Raw materials:					
Codeine phosphate	Kgs	1,905.84	64,507,475	1,676.96	57,253,818
*Other raw materials			241,733,025		190,625,187
			306,240,500		247,879,005
Packing material:					
Vial clear glass	Nos	7,634,288	18,756,608	6,783,680	16,671,510
Bottle amber 100ml	Nos	14,583,154	22,157,098	12,253,745	16,506,375
*Other packing material			105,472,485		98,420,004
			146,386,191		131,597,889

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.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

8 (e) Consumption of imported and indigenous raw and packing materials (Amount in Rs)

	For the year ended 31 December 2008		For the year ended 31 December 2007	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	139,937,572	30.92	120,826,778	31.84
Indigenous	312,689,119	69.08	258,650,116	68.16
	452,626,691	100.00	379,476,894	100.00

8 (f) Consumption of imported and indigenous spares and stores (Amount in Rs)

	For the year ended 31 December 2008		For the year ended 31 December 2007	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	308,318	1.52	194,426	1.00
Indigenous	19,919,184	98.48	19,287,783	99.00
	20,227,502	100.00	19,482,209	100.00

9 Related parties

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

1	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
2	Fellow subsidiaries	AstraZeneca SDN Bhd, Malaysia; AstraZeneca Singapore Pte Ltd; Singapore AstraZeneca Philippines; AstraZeneca Belgium; AstraZeneca Korea; AstraZeneca Taiwan; AstraZeneca India Private Limited; PT AstraZeneca Indonesia; AstraZeneca Pty Ltd, Australia; and AstraZeneca China.
3	Key management personnel	Anandh Balasundaram (appointed w.e.f. 1 June 2007) Bhasker V. Iyer (Resigned w.e.f. 31 May 2007)
	- Managing Director	
	- Directors	Ian Brimicombe, Graham Timothy Baker (appointed w.e.f. 26 July 2007 and resigned w.e.f. 31 December 2008) Bhasker V. Iyer, Dr Henrik Nistrup Madsen (resigned w.e.f. 26 July 2007), Ruud Dobber (appointed w.e.f. 14 February 2007 resigned w.e.f. 26 July 2007)

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

(ii) Related party transactions

(Amount in Rs)

Nature of Transaction	For the year ended 31 December 2008	For the year ended 31 December 2007
Purchase of materials and traded goods		
AstraZeneca PLC, United Kingdom	407,800,004	251,617,797
AstraZeneca AB, Sweden	95,796,220	62,388,400
AstraZeneca PTY Ltd, Australia	22,237,736	13,228,601
Total	525,833,960	327,234,798
Debentures issued		
AstraZeneca Pharmaceuticals AB, Sweden	562,498,750	-
Payment towards reimbursement of expenses		
AstraZeneca PLC, United Kingdom	3,312,579	9,294,898
AstraZeneca AB, Sweden	416,534	4,850,915
AstraZeneca Singapore Pte Ltd	4,031,979	3,099,755
AstraZeneca India Private Limited	2,985,458	5,341,346
Others	72,401	255,664
Total	10,818,951	22,842,578
Receipt towards reimbursement of expenses		
AstraZeneca PLC, United Kingdom	80,817,337	7,847,401
AstraZeneca Singapore Pte Ltd	13,511,662	12,275,158
Others	10,905,252	3,560,309
Total	105,234,251	23,682,868
Rent expenses		
AstraZeneca India Private Limited	15,505,680	11,227,884
Royalty		
AstraZeneca AB, Sweden	1,922,227	1,658,069
Rental income		
AstraZeneca India Private Limited	-	555,505
Sale of goods		
AstraZeneca AB, Sweden	72,117,395	23,058,524
AstraZeneca, Malaysia	11,676,194	-
Total	83,793,589	23,058,524
Sale of assets		
AstraZeneca India Private Limited	-	970,605
Clinical trial income		
AstraZeneca AB, Sweden	144,961,874	65,252,339
Processing income		
AstraZeneca AB, Sweden	12,418,515	-
Dividend paid		
AstraZeneca Pharmaceuticals AB, Sweden	337,499,250	269,999,400

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

(Amount in Rs)

Nature of Transaction	For the year ended 31 December 2008	For the year ended 31 December 2007
Director's remuneration		
Bhasker V. Iyer	-	4,246,023
Anandh Balasundaram	11,892,539	5,961,783
Total	11,892,539	10,207,806
Interest on debentures		
AstraZeneca Pharmaceuticals AB, Sweden	43,767,026	-

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

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
Loans and advances		
AstraZeneca Singapore Pte Ltd	3,591,644	2,792,576
AstraZeneca India Private Limited	14,000,000	14,183,148
AstraZeneca PLC, United Kingdom	4,263,040	972,223
Others	3,224,210	1,073,975
Total	25,078,894	19,021,922
Sundry debtors		
AstraZeneca AB, Sweden	56,072,035	24,492,536
AstraZeneca, Malaysia	1,844,117	-
Total	57,916,152	24,492,536
Sundry creditors		
AstraZeneca PLC, United Kingdom	3,404,697	437,407
AstraZeneca AB, Sweden	6,070,378	1,702,083
AstraZeneca Singapore Pte Ltd	422,868	733,058
Total	9,897,943	2,872,548
Debentures		
AstraZeneca Pharmaceuticals AB, Sweden	562,498,750	-
Interest on debentures accrued and not due		
AstraZeneca Pharmaceuticals AB, Sweden	43,767,026	-

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

10. Segment reporting

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

- (i) **Healthcare** - The Company engages in the manufacture 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.

Primary segment information

(Amount in Rs)

Particulars	31 December 2008	31 December 2007
Segment revenue		
(a) Healthcare	3,413,387,360	2,977,076,166
(b) Clinical trial services	144,961,874	65,252,339
Total	3,558,349,234	3,042,328,505
Less: Inter-segment revenue	-	-
Net Income from operations	3,558,349,234	3,042,328,505
Segment results		
Profit before tax and interest		
(a) Healthcare	1,068,103,258	859,267,589
(b) Clinical trial services	1,231,774	921,602
Total	1,069,335,032	860,189,191
Other un-allocable income, net of interest expenses	74,425,184	93,299,520
Total profit before tax	1,143,760,216	953,488,711
Less: Provision for taxation	405,408,389	338,902,601
Profit after taxation	738,351,827	614,586,110

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

Primary segment information

(Amount in Rs)

Particulars	31 December 2008	31 December 2007
Segment assets		
(a) Healthcare	1,281,310,057	1,169,979,258
(b) Clinical trial services	35,854,195	19,683,415
(c) Unallocated assets	1,565,641,550	1,269,948,648
Total	2,882,805,802	2,459,611,321
Segment liabilities		
(a) Healthcare	369,038,207	298,435,903
(b) Clinical trial services	71,883,223	20,023,974
(c) Unallocated liability	1,280,386,911	548,055,810
Total	1,721,308,341	866,515,687
Capital expenditure		
(a) Healthcare	46,852,273	61,433,477
(b) Clinical trial services	-	-
Total	46,852,273	61,433,477
Depreciation		
(a) Healthcare	68,763,008	58,399,095
(b) Clinical trial services	-	-
Total	68,763,008	58,399,095

Note: Certain assets and liabilities of the Healthcare segment are interchangeably used for Clinical Trials Service segment for limited purposes. Identification of such assets and liabilities is not feasible. Hence, such assets have not been allocated to any segment.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

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

Geographical segments include:

a) Domestic

b) Exports

(Amount in Rs)

Particulars	31 December 2008	31 December 2007
Segment revenue		
(a) Domestic	3,317,175,256	2,954,017,642
(b) Export	241,173,978	88,310,863
Total	3,558,349,234	3,042,328,505
Segment assets		
(a) Domestic	2,824,889,650	2,435,118,786
(b) Export	57,916,152	24,492,535
Total	2,882,805,802	2,459,611,321

Note: Segment wise details of capital expenditure has not been disclosed as fixed assets are used interchangeably for both the segments

11. Details of deferred tax asset

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
Deferred tax assets		
Section 43B items	24,470,619	22,275,083
Provision for doubtful debts	8,149,118	4,745,831
Provision for expenses	16,129,066	22,009,102
Others	-	-
Total	48,748,803	49,030,016
Deferred tax liabilities		
Depreciation on fixed assets	25,037,202	31,767,037
Total	25,037,202	31,767,037
Deferred tax assets, net	23,711,601	17,262,979

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

12. Value of imports on CIF basis

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
Raw and packing materials (net of purchase returns)	138,676,509	89,370,186
Spare parts	271,201	156,377
Capital goods	395,072	3,287,664

13. Expenditure in foreign currency

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
Foreign travel	1,219,135	980,081
Royalty	1,922,227	1,658,069
Others	3,455,476	23,541,023

14. Earnings in foreign exchange

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
F.O.B. value of exports	83,793,589	23,058,524
Service income (Gross)	144,961,874	65,252,339
Processing Income (Gross)	12,418,515	-

15. Amount remitted in foreign currency on account of dividend

(Amount in Rs except number of shares)

Year to which dividend relates	31 December 2007	31 December 2006
Number of non-resident shareholders	1	1
Number of shares held of Rs 2 each	22,499,950	22,499,950
Amount remitted	337,499,250	269,999,400

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

- 16.** The Company is obligated under non-cancellable operating leases for residential premises. Total rental expense under non-cancellable operating leases amounted to Rs 5,434,771 (previous year: Rs 4,491,591) for the year ended 31 December 2008.

Future minimum lease payments under non-cancellable operating leases are as follows: (Amount in Rs)

Period	As at 31 December 2008	As at 31 December 2007
Not later than 1 year	2,253,524	5,115,479
Later than 1 year and not later than 5 years	533,085	2,786,609
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 Rs 20,841,382 (previous year: Rs 13,490,981) for the year ended 31 December 2008.

Further the Company is obligated under operating lease agreements for vehicles. Total lease rental expense under the said agreement amounted to Rs 3,188,662 (previous year: Rs 3,357,144) for the year ended 31 December 2008.

- 17.** Forward contracts entered for the hedging purpose, which were outstanding as on 31 December 2008 amounted to Rs Nil (Previous year: Rs Nil). Foreign currency exposure as on 31 December 2008, which was not hedged, amounted to Rs 78,892,989 (Previous year: Rs 32,203,858).

Un-hedged foreign currency exposure

Underlying asset/ liabilities	USD	Swedish Kroner
Loans and advances	231,663 (123,370)	- (-)
Sundry debtors	1,182,441 (284,689)	- (-)
Sundry creditors	167,022 (91,827)	382,680 (-)

Note: Previous year figures are given in brackets

- 18.** The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 December 2008 has been made in the financial statements based on information received and available with the Company. Further in the 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 under the said Act.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

(Amount in Rs)

	For the year ended 31 December 2008	For the year ended 31 December 2007
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; Principal: Interest:	24,090 -	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	-	-
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 year) but without adding the interest specified under this Act;	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
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.	-	-

19. Gratuity plan

The Company has defined gratuity plan. Every employees who has completed 3 years or more of service, is eligible for gratuity on separation, worked out at last drawn salary as detailed below:

Completed years of service (years)	Number of days eligible for every completed year of service (days)
3 to 9	15
10 to 14	21
15 and above	30

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
Obligations at year beginning	87,063,409	73,858,881
Service Cost	5,777,130	12,654,753
Interest cost	7,248,512	5,908,710
Benefits settled	(4,468,274)	(5,165,020)
Actuarial (gain)/loss	(6,414,732)	(193,915)
Obligations at year end	89,206,045	87,063,409
Change in plan assets		
Plan assets at year beginning, at fair value	88,615,389	71,225,983
Expected return on plan assets	6,113,685	5,698,079
Actuarial gain/(loss)	(9,562,558)	12,548,730
Contributions	4,826,532	4,307,617
Benefits settled (estimated)	(4,468,274)	(5,165,020)
Plan assets at year end, at fair value	85,524,774	88,615,389
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	85,524,774	88,615,389
Present value of the defined benefit obligations at the end of the period	89,206,045	87,063,409
Liability (-)/Assets (+) recognised in Balance Sheet	(3,681,271)	1,551,980
Gratuity cost for the period		
Service cost	5,777,130	12,654,753
Interest cost	7,248,512	5,908,710
Expected return on plan assets	(6,113,685)	(5,698,079)
Actuarial (gain)/loss	3,147,826	(12,742,645)
Net gratuity cost	10,059,783	122,739
Investment details of plan assets		
Equity instruments	26%	29%
Debt instruments	74%	71%
Assumptions		
Interest rate	5.25%	8.00%
Discount factor	5.25%	8.00%
Estimated rate of return on plan assets	5.25%	8.00%
Salary increase	6.00%	6.00%
Attrition rate	6.00%	6.00%
Retirement age.	60 Years	60 Years

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

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.

- 20.** The Board of Directors, at their meeting held on 12 January 2008, pursuant to the scheme of arrangement sanctioned by the Honourable Karnataka High Court on 7 July 2007 and subsequent approval accorded by the Reserve Bank of India on 11 December 2007, allotted 8% secured fully paid-up redeemable non-convertible bonus debentures from the general reserve, in the ratio of one debenture of the face value of Rs 25 each for every equity share held by the shareholders of the Company as on 11 January 2008. The bonus debentures have been listed on the Bangalore Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The said bonus debentures and the interest thereon of Rs 50,000,000 were redeemed on 11 January 2009. An issue of bonus debentures would be treated as a 'deemed dividend' under the provisions of the Income-tax Act, 1956. Accordingly, the Company has remitted Rs 106,218,750 as dividend distribution tax and has utilised general reserve for the payment of the same, pursuant to the scheme of arrangement sanctioned by the Honourable Karnataka High Court.
- 21.** The provision for Indirect Taxes is utilised to settle adverse outcomes of cases against the Company. The provision is based on an informed advice obtained by the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.

(Amount in Rs)

	As at 31 December 2008	As at 31 December 2007
Opening balance	30,591,418	30,591,418
Add: Charge for the year	-	-
Less: Utilisation	-	-
Less: Reversal	-	-
Closing balance	30,591,418	30,591,418

- 22.** The Board of Directors of the Company at its meeting held on 18 February 2009, approved the financial statements for the year ended 31 December 2008. The Board of Directors, at the said meeting, also recommended a final dividend of Rs 15 on equity share of Rs 2 each for the year ended 31 December 2008. The Payment of the said dividend is subject to the approval of the shareholders at the Annual General Meeting.

- 23.** 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 92-99F 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.
- 24.** The comparative figures have been regrouped/ reclassified, wherever necessary, to conform to the current year's presentation.

Signatures to Schedules 1 to 17

for and on behalf of the Board of directors

D E Udvardia

Chairman

Anandh Balasundaram

Managing Director

Place : Bangalore

Date : 18 February 2009

N R Srinivasan

Company Secretary

SJV Chelliah

Chief Financial Officer

AstraZeneca Pharma India Limited

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956.

PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities : 1,786,497

Total Assets : 1,786,497

Sources of Funds (Amount in Rs. Thousands)

Paid-Up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

Application of Funds (Amount in Rs. Thousands)

Net Fixed Assets

Investments

Deferred Tax Assets

Net Current Assets

Accumulated Losses

Misc. Expenditure

AstraZeneca Pharma India Limited

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956. (continued)

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
3,681,405	2,537,644
Profit/(Loss) before Tax	Profit/(Loss) after Tax
1,143,760	738,352
Earnings per share (Rs.)	Dividend Rate %
29.53	750%

V. Generic Names of Three principal Products/Services of Company (as per monetary terms).

Item Code No.

ITC Code	30049099
Product description	MEROPENEM

Item Code No.

ITC Code	30044030
Product description	CODIENE PHOSPHATE

Item Code No.

ITC Code	30049074
Product description	METOPROLOL TARTRATE

For and on behalf of the Board of Directors

D E Udawadia

Chairman

Anandh Balasundaram

Managing Director

N R Srinivasan

Company Secretary

SJV Chelliah

Chief Financial Officer

Place : Bangalore

Date : 18 February 2009

Ten Years Summary

Particulars	Unit	1999	2000	2001	2001 (9 Months)
Sales & Earnings					
Total income	Rs.	878.26	1,003.57	1,131.67	669.65
Profit before depn, int & tax	Rs.	220.08	260.11	264.11	85.14
Profit before int & tax	Rs.	175.30	214.74	221.81	51.68
Profit before tax	Rs.	167.06	208.29	218.88	51.26
Profit after tax	Rs.	104.06	137.29	142.74	22.65
Deferred Tax Liability for earlier years	Rs.	-	-	(29.12)	-
Balance Profit after Tax	Rs.	104.06	137.29	113.63	22.65
Dividend paid	Rs.	16.50	20.00	20.00	15.00
Retained earnings	Rs.	85.74	114.81	93.63	7.65
Capital Employed					
Fixed assets					
- Gross including Cwip & Cap Adv	Rs.	383.54	441.30	506.67	539.23
- Net	Rs.	196.99	214.51	239.00	239.63
Investments	Rs.	42.24	65.60	62.56	10.61
Deferred tax assets	Rs.	-	-	-	-
Net current assets (working capital)	Rs.	251.12	290.94	379.51	450.09
Misc. expenditure not written off	Rs.	-	4.45	6.27	3.27
Total	Rs.	490.35	575.50	687.34	703.60
Represented by					
Networth	Rs.	460.69	575.50	687.34	703.60
Share capital	Rs.	50.00	50.00	50.00	50.00
Reserves	Rs.	410.69	525.50	617.09	624.74
Borrowings - secured	Rs.	29.66	-	-	-
Deferred tax Liability	Rs.	-	-	20.25	28.86
Total	Rs.	490.35	575.50	687.34	703.60
Ratios					
Measures of Performance					
PBT to total income	%	19.02	20.75	19.34	7.65
PAT to total income	%	11.85	13.68	12.61	3.38
Material consumption to sales	%	44.35	43.84	40.47	36.24
Employee cost to sales	%	14.31	14.48	14.43	22.15
Net fixed assets to net worth	%	42.76	37.27	34.77	34.06
Fixed assets usage	Times	4.62	5.06	5.16	2.93
Measures of Investments					
Return on Network	%	21.22	23.86	20.76	3.22
Earnings per share @	Rs	4.16	5.49	5.71	0.91
Dividend payout ratio	%	79.28	72.84	70.06	331.13
Dividend coverage ratio	Times	6.31	6.86	5.68	1.51
Measures of Financial Status					
Current ratio	Unit	2.75	2.49	3.17	3.02
Quick ratio	Unit	2.11	2.08	2.46	1.87
Debt equity ratio	Unit	0.06	-	-	-
Inventory holding (on sales)	Days	40	31	41	110
Other information					
Contribution to exchequer *	Rs.	268.19	312.27	364.20	171.20
Employee					
- Cost	Rs.	120.08	136.74	157.49	141.39
- Numbers		793	809	854	893
Number of shareholders		11,129	11,201	10,348	10,388
Dividend	%	33.00	40.00	40.00	30.00
Book value = net worth per share @	Rs.	18.43	23.02	27.49	28.14

* Inclusive of sales tax, @ Stock split since 2006

(Rupees in Million)

	2002	2003	2004	2005	2006	2007	2008
	1,401.15	1,808.16	1,965.45	2,328.78	2,773.65	3,135.63	3,681.40
	217.10	431.58	481.36	700.25	806.82	1,011.89	1,261.15
	168.57	384.70	437.21	648.31	749.51	953.49	1,192.39
	167.79	384.22	436.89	647.76	749.51	953.49	1,143.76
	103.62	245.08	257.50	430.58	487.36	614.59	738.35
	-	-	-	-	-	-	-
	103.62	245.08	257.50	430.58	487.36	614.59	738.35
	18.50	19.50	250.00	100.00	300.00	375.00	375.00
	85.12	220.72	(25.17)	316.56	145.29	175.86	299.62
	586.57	646.60	681.31	742.92	793.54	829.89	811.52
	240.24	261.73	293.07	312.16	332.77	332.34	304.50
	0.59	0.57	0.57	0.12	0.07	0.07	0.06
	-	-	4.58	12.24	9.81	17.26	23.71
	520.92	724.20	657.18	947.44	1,074.60	1,243.43	1,458.23
	0.57	-	-	-	-	-	-
	762.32	986.50	955.40	1,271.95	1,417.24	1,593.10	1,786.50
	762.32	986.50	955.40	1,271.95	1,417.24	1,593.10	1,161.50
	50.00	50.00	50.00	50.00	50.00	50.00	50.00
	709.85	930.56	905.40	1,221.95	1,367.24	1,543.10	1,111.50
	-	-	-	-	-	-	625.00
	2.47	5.94	-	-	-	-	-
	762.32	986.50	955.40	1,271.95	1,417.24	1,593.10	1,786.50
	11.98	21.25	22.23	27.82	27.02	30.41	31.07
	7.40	13.55	13.10	18.49	17.57	19.60	20.06
	37.90	34.93	35.39	33.85	34.66	31.67	29.29
	21.99	18.48	17.77	16.90	16.74	16.97	18.30
	31.51	26.53	30.67	24.54	23.48	20.86	26.22
	6.25	7.77	7.20	7.86	9.15	9.48	12.12
	13.59	24.84	26.95	33.85	34.39	38.58	63.57
	4.14	9.80	10.30	17.22	19.49	24.58	29.53
	89.27	39.78	485.43	116.12	61.56	61.02	50.79
	5.60	12.57	1.03	4.31	1.62	1.64	1.97
	2.28	2.64	1.97	2.96	2.10	2.43	2.33
	1.22	1.54	1.59	2.44	1.75	2.16	2.02
	-	-	-	-	-	-	0.54
	116	100	49	41	47	29	37
	445.90	620.22	640.64	717.52	970.29	1,024.34	1096.15
	299.43	325.50	338.55	375.95	442.65	502.03	621.73
	950	948	942	902	895	937	1038
	3,972	4,175	4,340	5,026	6,981	7172	7375
	37.00	39.00	500.00	200.00	600.00	750.00	750.00
	30.49	39.46	38.22	50.88	56.69	63.72	46.46

PROXY30th Annual General Meeting

I/We _____ of _____ in the district of _____ being a Member/Members of AstraZeneca Pharma India Limited, Bangalore, hereby appoint _____ of _____ in the district of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company to be held at 3:00 P. M. on Monday, May 18, 2009 at The Ball Room, The Taj West End Hotel, Bangalore or at any adjournment thereof.

Signed this _____ day of _____ 2009

Regd. Folio No. _____**Client ID / DP ID No.** _____**No. of Shares held** _____Affix One
Rupee
Revenue
Stamp

Signature of Member

NOTE: The Proxy and the Power of Attorney (if any) under which it is signed or a notarially certified copy of that power must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

----- TEAR HERE -----

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Full Name of the Member attending _____

Name of Proxy _____

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 30th Annual General Meeting of the Company held at 3:00 P. M. on Monday, May 18, 2009 at The Ball Room, The Taj West End Hotel, Bangalore.

Regd. Folio No. _____**Client ID / DP ID No.** _____**No. of Shares held** __________
Signature of the Member/Proxy**NOTE:** To be signed at the time of handing over this slip



FOGSI Bharat Jagruti-Yatra 2008



AstraZeneca Pharma India Limited

"Avishkar", Off Bellary Road, Hebbal, Bangalore-560 024
www.astrazenecaindia.com

