



# Delivering value through innovation



## **We are a global, innovation driven biopharmaceutical business**

Innovation is at the core of everything we do at AstraZeneca – from our research into effective new medicines to how we run our business. Our goal is to improve health for patients, bring benefits for stakeholders and deliver long-term shareholder value through continued successful innovation.



**AstraZeneca is committed to delivering product quality that underpins the safety and efficacy of our medicines**

- Our strategy is to balance innovative and efficient in-house manufacturing capabilities with external manufacturing resources to give us product integrity and quality assurance while affording us cost efficiency and volume flexibility
- We have a comprehensive quality management system in place designed to assure the quality of our products in compliance with relevant regulations



**Our global compliance function has been established to drive and embed a culture of ethics and integrity within our organization**

- AstraZeneca maintains a high ethical standard of business practice, promoting its products in a customer focused and value-adding manner, through scientific dissemination of information to the medical fraternity
- Our Code of Conduct is at the core of our Compliance Programme, it provides clear direction as to how our commitment to honesty and integrity is to be realised in consistent actions across all areas of the business

**AstraZeneca is committed to delivering great medicines to patients through innovative science and excellence in development and commercialization**

- AstraZeneca globally is committed to applying innovative science and technology to invent, acquire, produce and distribute prescription medicines that make a meaningful difference to people's health
- AstraZeneca globally continues to prioritise resources and focus discovery activities on those diseases within our existing Therapy Areas where we believe there is the greatest potential to meet patient need through the application of novel science





### **Innovation means better health outcomes for patients**

Improving health is one of the toughest challenges facing the world today. As a global biopharmaceutical company, AstraZeneca has a key contribution to make by providing innovative medicines for some of the world's most serious diseases.

Our primary focus is the discovery, development and commercialization of prescription medicines for six important areas of healthcare: Cardiovascular, Gastrointestinal, Infection, Neuroscience, Oncology and Respiratory & Inflammation.

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# AstraZeneca Pharma India Limited

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## Board of Directors

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Mr. D. E. Udwadia, Chairman  
Mr. K. S. Shah  
Mr. Ian Brimicombe  
Mr. Narayan K Seshadri (From Dec 6, 2012)  
Mr. Robert Ian Haxton, Whole Time Director  
(From Feb 6, 2013)  
Mr. Justin Ooi (From May 2, 2013)  
Mr. Sanjay Murdeshwar, Managing Director  
(From May 2, 2013)

## Auditors

BSR & Co., Bangalore

## Legal Advisors

Udwadia Udeshi & Argus Partners, Mumbai

## Bankers

The Hongkong and Shanghai  
Banking Corporation Limited

## Corporate and Registered Office

'Avishkar', Off Bellary Road  
Hebbal, Bangalore 560 024

## Factory

12<sup>th</sup> 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

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## Committees of Directors

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### Audit Committee

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

### Remuneration Committee

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

### Shareholders'/Investors' Grievance Committee

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

### Chief Financial Officer

Mr. Himanshu Agarwal

### VP - Legal & Company Secretary

Mr. Pawan Singhal

**Annual General Meeting**  
**At 3.00 pm on Tuesday, August 20, 2013**  
**at Vivanta by Taj, MG Road, Bangalore 560 001**

## NOTICE

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held on Tuesday, 20<sup>th</sup> August, 2013, at 3.00 p.m. at Vivanta by Taj Hotel, MG Road, Bangalore 560001, to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the Financial Year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ian Brimicombe, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Messrs. BSR & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Meeting up to the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.
4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Narayan K Seshadri, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 read with Article 116 of the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing has been received by the Company from a member under Section 257 of the said Act, signifying his intention to propose Mr. Seshadri as a candidate for the office of Director, be and is hereby appointed as Director, liable to retire by rotation.”

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Robert Ian Haxton, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 read with Article 116 of the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in

writing has been received by the Company from a member under Section 257 of the said Act, signifying his intention to propose Mr. Haxton as a candidate for the office of Director, be and is hereby appointed as Director, liable to retire by rotation.”

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (“the Act”) read with the applicable provisions of Schedule XIII thereto and subject to the approval of Central Government and such conditions, if any, as may be stipulated by it while granting approval which the Board of Directors of the Company (“Board”) is hereby authorized to accept, consent be and is hereby granted (a) to the appointment of Mr. Robert Ian Haxton, a person not resident in India as envisaged in Part I of Schedule XIII to the Act, as Whole Time Director of the Company for a period of 2 (two) years from February 06, 2013, and (b) to the remuneration (including perquisites) agreed to be paid to him as a Whole Time Director set out in the Agreement dated May 15, 2013 between the Company and Mr. Haxton, such remuneration, in view of the absence of profits in the financial year ended March 31, 2013, having been approved by the Remuneration Committee of the Board pursuant to the applicable provisions of Part II of Schedule XIII to the Act;

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Sanjay Murdeshwar, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 read with Article 116 of the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing has been received by the Company from a member under Section 257 of the said Act, signifying his intention to propose Mr. Murdeshwar as a candidate for the office of Director, be and is

hereby appointed as Director, liable to retire by rotation.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (“the Act”) read with the applicable provisions of Schedule XIII thereto and subject to the approval of Central Government and such conditions, if any, as may be stipulated by it while granting approval which the Board of Directors of the Company (“Board”) is hereby authorized to accept, consent be and is hereby granted (a) to the appointment of Mr. Sanjay Murdeshwar, a person not resident in India as envisaged in Part I of Schedule XIII to the Act, as Managing Director of the Company for a period of 3 (three) years from May 2, 2013, and (b) to the remuneration (including perquisites) agreed to be paid to him as a Managing Director set out in the Agreement dated May 15, 2013 between the Company and Mr. Murdeshwar, such remuneration, in view of the absence of profits in the financial year ended March 31, 2013, having been approved by the Remuneration Committee of the Board pursuant to the applicable provisions of Part II of Schedule XIII to the Act;

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the applicable provisions of Part II of Schedule XIII to the Companies Act, 1956 (“the Act”) the payment made by the Company of remuneration aggregating to ₹ 11,874,867/- to Mr. Anandh

Balasundaram for the period April 1, 2012 to August 31, 2012 (when he was the Managing Director) under and in accordance with the Agreement dated September 14, 2011 between the Company and Mr. Balasundaram approved by the Members at the 33<sup>rd</sup> AGM held on July 18, 2012; which payment was because of absence of profits in the financial year ended March 31, 2013 approved by the Remuneration Committee of the Board as required by the applicable provisions of the said Part II of Schedule XIII to the Act, be and the same is hereby confirmed, approved and ratified;

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

10. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the applicable provisions of Part II of Schedule XIII to the Companies Act, 1956 (“the Act”) the payment made by the Company of remuneration aggregating to ₹ 6,670,492/- to Ms. Ruby Lau for the period April 1, 2012 to February 27, 2013 (when she was a Whole Time Director) under and in accordance with the Agreement dated March 7, 2012 between the Company and Ms. Lau approved by the Members at the 33<sup>rd</sup> Annual General Meeting of the Company held on July 18, 2012; which payment was because of the absence of profits in the financial year ended March 31, 2013 approved by the Remuneration Committee of the Board as required by the applicable provisions of the said Part II of Schedule XIII to the Act, be and the same is hereby confirmed, approved and ratified.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”



## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The instrument of proxy

in order to be valid must be received at the Registered Office of the Company at least 48 hours before the time of commencement of the meeting.

2. The Explanatory Statement in terms of Section 173(2) of the Companies Act, 1956 relating to Items 4 to 10 is annexed hereto.

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

Place: Bangalore  
Date: June 24, 2013

**Pawan Singhal**  
Vice President-Legal & Company Secretary

**Registered Office:**  
"Avishkar", Off Bellary Road  
Hebbal, Bangalore - 560 024

## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### Item 4

At the meeting of the Board held on December 6, 2012, Mr. Narayan K. Seshadri was inducted as Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 ("the Act") he will hold office up to the date of the ensuing Annual General Meeting. Notice has been received from a Member signifying his intention to propose him as a Director at the ensuing Annual General Meeting along with a deposit of ₹ 500/- (Rupees five hundred only) which amount shall be refunded to the Member if he is elected as a Director.

Mr. Seshadri is interested in the resolution at Item 4 of the Notice since it relates to his appointment as a Director of the Company.

### Items 5 and 6

At the meeting of the Board held on February 6, 2013, Mr. Robert Ian Haxton was inducted as an Additional Director of the Company. Pursuant to Section 260 of the Act, Mr. Haxton will hold office only up to the date of the ensuing Annual General Meeting. Notice has been received from a member signifying his intention to propose him as a Director at the forthcoming Annual General Meeting along

with a deposit of ₹ 500/- (Rupees five hundred only) which amount shall be refunded to the Member if he is elected as a Director.

At the above meeting of the Board on February 6, 2013, Mr. Haxton was also appointed as a Whole Time Director of the Company for a period of 2 (two) years from February 6, 2013. Mr. Haxton, being a foreign national, his appointment as Whole Time Director is subject to the approval of the Central Government pursuant to the applicable provisions of Part I of Schedule XIII to the Act and of the Members in general meeting. An application seeking approval has been submitted to the Central Government by the Company.

In view of the absence of profits of the Company for the financial year ended March 31, 2013, the remuneration agreed to be paid by the Company to Mr. Haxton as Whole Time Director is required, having regard to the applicable provisions of Part II of Schedule XIII of the Act, to be approved by a resolution passed by the Remuneration Committee constituted by the Board and by the Members of the Company by a Special Resolution in general meeting.

The material terms of the Agreement dated May 15,

2013 between the Company and Mr. Haxton referred to in the text of the Special Resolution at Item No.6 of the Notice are as follows:

1. Mr. Haxton to be Whole Time Director for a period of two years from February 6, 2013 unless his employment is previously determined pursuant to any provisions in the Agreement. His appointment is subject to the approval of the Central Government pursuant to the applicable provisions of the Act. The remuneration agreed to be paid by the Company to Mr. Haxton as approved by the Remuneration Committee of the Board is subject to approval by the Members by a special resolution to be passed in general meeting.
2. As Whole Time Director, Mr. Haxton to exercise such powers and perform and discharge such duties and responsibilities as the Board shall from time to time determine and entrust to him. Subject to superintendence, control and direction of the Board, Mr. Haxton to be entrusted with the management of the day-to-day operations of the Factory of the Company. Mr. Haxton to be a Director liable to retire by rotation.
3. Mr. Haxton to devote his whole time and attention during business hours to the operations of the Factory and related business activities.
4. In consideration of the faithful and proper performance by Mr. Haxton of his duties as Whole Time Director, Mr. Haxton to be paid:
  - (a) (i) A salary of ₹ 1,062,508/- (Rupees ten lakhs, sixty-two thousand, five hundred and eight only) per month (including base salary and allowances) with such increments as the Board may in its absolute discretion determine.
  - (ii) A Variable Performance Bonus as per the Company's Bonus Scheme for the time being and from time to time in force, as the Board may in its absolute discretion determine. Payment of such Variable Performance Bonus shall however be based upon both the Company's overall performance as well as Mr. Haxton's individual performance.
  - (b) The Company to provide to Mr. Haxton:
    - (i) Housing Assistance-Company Leased Accommodation in Bangalore with a rental

limit of upto ₹ 3,600,000/- (Rupees thirty-six lakhs only) per annum.

- (ii) Education Assistance-Reimbursement of international school fees for three children in Bangalore.
- (c) Mr. Haxton to be also entitled to the following benefits:
  - (i) Use of a telephone and one internet facility at his residence.
  - (ii) Reimbursement of entertainment expenses reasonable incurred by him exclusively for the purpose of the business of the Company.
  - (iii) Utilization of the club facilities of the Company but excluding admission and membership fees.
  - (iv) Use of a Company owned and maintained or leased motor car with driver, the expenses for running such motor car to be paid by the Company. The use of the motor car for private purpose to be billed by the Company to, and paid by, Mr. Haxton.
  - (v) Benefit of the Company's Provident Fund Scheme in accordance with the Rules of the Scheme.
- (d) Income tax on or in respect of the aforesaid remuneration shall be borne by Mr. Haxton.
- (e) The total remuneration of Mr. Haxton as Whole Time Director including salary, the variable performance bonus and perquisites not to exceed 5% of the net profits of the Company in any financial year.
- (f) If in any financial year during the continuance of his employment as Whole Time Director the Company has no profits or inadequate profits, Mr. Haxton shall be entitled to the aforesaid remuneration subject to the limits of minimum remuneration prescribed in Schedule XIII to the Act and subject to compliance with the applicable provisions therein contained.
5. Mr. Haxton not to directly or indirectly engage in any trade, other business, occupation or employment whatsoever.

6. Mr. Haxton:

- (a) to follow hours, work days and public holidays observed in the Company.
  - (b) to observe and comply with all the service rules of the Company applicable to him.
  - (c) to work at the Company's establishment in Bangalore or at such other place in India as the Company may direct without being entitled to any extra remuneration.
  - (d) not to divulge either during the continuance of his employment or thereafter to any person any confidential information pertaining to the Company, its business, property, contracts, customers and trade secrets or of any company which is the parent or associate of the Company.
7. If Mr. Haxton is prevented by ill health or accident or any mental or physical disability from performing his duties he shall promptly inform the Company and the Company shall be entitled to terminate forthwith his employment if such ill health or accident or disability continues for a consecutive period of 180 (one hundred and eighty) days in a twelve calendar month period.
8. The Company may terminate Mr. Haxton's employment by 30 (thirty) days notice in writing to him or upon payment to him of 1 (one) month's salary in lieu of notice if he is guilty of negligence, misconduct or breach of this Agreement which, in the Board's opinion, renders his retirement from the office of Whole Time Director desirable.
9. Either party to be entitled to terminate the Agreement at any time by giving to the other not less than 90 (ninety) days prior notice in writing without assigning any reason therefor. However, the Company shall be entitled to terminate Mr. Haxton's employment at any time by payment to him of 3 (three) months' salary in lieu of notice.

The abstract of the terms of the aforesaid Agreement was sent to all the Members in pursuance of Section 302 of the Act.

The appointment of Mr. Haxton as Whole Time Director is subject to the approval of the Central Government and the Members of the Company by a special resolution in general meeting.

The Remuneration Committee at its meeting held on

April 26, 2013 approved the remuneration agreed to be paid to Mr. Haxton.

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

The approval of the Members in general meeting by a special resolution is being sought to the appointment of Mr. Haxton as Whole Time Director and to the payment to him of the aforesaid remuneration which was approved by the Remuneration Committee as aforesaid.

Hence, the special resolution at Item 6 of the Notice.

The said Agreement dated May 15, 2013 will be open for inspection by the Members at its Registered Office between 10.30 a.m. and 12.30 p.m. on any working day except Saturday.

Mr. Haxton is interested in the resolution at Item Nos. 5 and 6 of the Notice since they relate to his appointment as a director and to his appointment as Whole Time Director and to his remuneration as Whole Time Director.

### Items 7 and 8

At a meeting of the Board held on May 2, 2013 Mr. Sanjay Murdeshwar was appointed as an Additional Director of the Company. Pursuant to Section 260 of the Act, Mr. Murdeshwar will hold office only up to the date of the ensuing Annual General Meeting. Notice has been received from a Member signifying his intention to propose him as a Director at the forthcoming Annual General Meeting along with a deposit of ₹ 500/- (Rupees five hundred only) which amount shall be refunded to the Member if he is elected as Director.

At the above meeting of the Board on May 2, 2013, Mr. Murdeshwar was also appointed as the Managing Director of the Company for a period of 3 (three) years from May 2, 2013. Mr. Murdeshwar being a person not resident in India as envisaged in Part I of Schedule XIII to the Act his appointment as Managing Director is subject to the approval of the Central Government pursuant to the applicable provisions of the said Part I of Schedule XIII and of the Members in general meeting. An application seeking approval has been submitted to the Central Government by the Company.



In view of the absence of profits of the Company in the financial year ended March 31, 2013, the remuneration agreed to be paid by the Company to Mr. Murdeshwar, as Managing Director is required, having regard to the applicable provisions of Part II of Schedule XIII to the Act, to be approved by a resolution passed by the Remuneration Committee constituted by the Board and by the Members of the Company by a special resolution in general meeting.

The material terms of the Agreement dated May 15, 2013 between the Company and Mr. Murdeshwar referred to in the text of the special resolution at Item No.8 of the Notice are as follows:

1. Mr. Murdeshwar to be the Managing Director for a period of 3 (three) years from May 2, 2013, unless his employment is previously determined pursuant to any provisions in the Agreement. His appointment is subject to the approval of Central Government pursuant to the applicable provisions of the Act. The remuneration agreed to be paid by the Company to Mr. Murdeshwar is subject to approval by the Members by a special resolution to be passed in general meeting.
2. As Managing Director, Mr. Murdeshwar to exercise such powers and perform and discharge such duties and responsibilities as the Board shall from time to time determine and entrust to him. Subject to the superintendence, control and direction of the Board, Mr. Murdeshwar to have the general control of the business of Company and is vested with the management of the day to day affairs of the Company. Mr. Murdeshwar to be a Director liable to retire by rotation.
3. Mr. Murdeshwar to devote his whole time and attention during business hours to the business and affairs of the Company.
4. In consideration of the faithful and proper performance by Mr. Murdeshwar of his duties and responsibilities as Managing Director, Mr. Murdeshwar to be paid:
  - (a) (i) A salary of ₹ 450,000/- (Rupees four lakhs fifty thousand only) per month with such annual increments as the Board may in its absolute discretion determine.
  - (ii) A personal pay of ₹ 675,000/- (Rupees six lakhs seventy five thousand only) per month with such annual increments as the Board may in its absolute discretion determine.

(iii) A Variable Performance Bonus as per the Company's Bonus Scheme for the time being and from time to time in force, as the Board may in its absolute discretion determine. Payment of such Variable Performance Bonus shall however be based upon both the Company's overall performance as well as Mr. Murdeshwar's individual performance.

(b) The Company to provide to Mr. Murdeshwar:

(i) Housing Assistance - Company Leased House in Bangalore with a rental limit up to ₹ 4,200,000/- (Rupees Forty Two Lakhs) per annum.

(ii) Education Assistance - Reimbursement of international school fees for two children in Bangalore

(c) Mr. Murdeshwar to be also entitled to the following benefits:

(i) Use of a telephone and one internet facility at his residence.

(ii) Reimbursement of entertainment expenses reasonably incurred by him exclusively for the purpose of the business of the Company.

(iii) Utilization of the club facilities of the Company but excluding admission and membership fees.

(iv) Use of a Company owned and maintained or leased motor car with driver, the expenses for running such motor car to be paid by the Company. The use of the motor car for private purpose to be billed by the Company to, and paid by, Mr. Murdeshwar.

(d) Income tax, if any, on or in respect of the aforesaid remuneration shall be borne by Mr. Murdeshwar.

(e) If in any financial year during the continuance of his employment as Managing Director the Company has no profits or inadequate profits, Mr. Murdeshwar shall be entitled to the aforesaid remuneration subject to the limits of minimum remuneration prescribed in Schedule XIII to the Act.

5. Mr. Murdeshwar not to directly or indirectly engage in any trade, other business, occupation or employment whatsoever.

6. To enable Mr. Murdeshwar to assume the office of Managing Director in Bangalore, the Company to provide the following relocation support to him and his immediate family (spouse and two children):

- (a) one way economy class air fare from Singapore to Bangalore in line with the Company policy; such costs to be pre-approved by the Board to qualify for reimbursement;
- (b) temporary living accommodation in Bangalore for a period not exceeding eight (8) weeks from the date of his arrival in Bangalore to assume the office of Managing Director.

7. Mr. Murdeshwar:-

- (a) to follow hours, work days and public holidays observed in the Company.
- (b) to observe and comply with the service rules of the Company applicable to him.
- (c) to work at the Company's establishment in Bangalore or at such other place in India as the Company may direct without being entitled to any extra remuneration.
- (d) not to divulge either during the continuance of his employment or thereafter to any person any confidential information pertaining to the Company, its business property, contracts, customers and trade secrets or of any company which is the parent or associate of the Company.

8. If Mr. Murdeshwar is prevented by ill health or accident or any mental or physical disability from performing his duties he shall promptly inform the Company and the Company shall be entitled to terminate forthwith his employment if such ill health or accident or disability continues for a consecutive period of 90 (ninety) days in a twelve calendar month period.

9. The Company may terminate Mr. Murdeshwar's employment by notice in writing to him in accordance with the Company's policy, if Mr. Murdeshwar shall be guilty of negligence, misconduct or breach of this Agreement which, in the Board's opinion, renders his retirement from the office of Managing Director desirable.

10. Either party to be entitled to terminate the Agreement at any time by giving to the other not less than 90 (ninety) days prior notice in writing without assigning any reason therefor. However, the Company is entitled to terminate Mr. Murdeshwar's employment at any time by payment to him of 3 (three) months' salary in lieu of notice.

The abstract of the terms of the aforesaid Agreement was sent to all the Members in pursuance of Section 302 of the Act.

The Remuneration Committee, at its meeting held on May 2, 2013 approved the remuneration agreed to be paid to Mr. Murdeshwar.

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

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

Hence, the special resolution at Item 8 of the Notice.

The said Agreement dated May 15, 2013 will be open for inspection by the Members at its Registered Office between 10.30 a.m. and 12.30 p.m. on any working day except Saturday.

Mr. Murdeshwar is interested in the resolutions at items 7 and 8 of the Notice since they relate to his appointment as Managing Director and to his remuneration as Managing Director.

## Item 9

At the 33<sup>rd</sup> Annual General Meeting of the Company held on July 18, 2012, the Members had approved the re-appointment of Mr. Anandh Balasundaram, Managing Director of the Company for a period of 3 (three) years from August 1, 2011 at the remuneration and on the terms and conditions contained in the Agreement dated September 14, 2011 between the Company and Mr. Balasundaram.

Owing to the absence of profits of the Company during the financial year ended March 31, 2013 and in view of the fact that the remuneration paid by the Company to Mr. Balasundaram aggregating to ₹ 11,874,867/- (Rupees one crore eighteen lakhs seventy four thousand eight hundred sixty seven only) for the period April 1, 2012 to August 31, 2012 in terms of the aforesaid Agreement which was approved by the Members at the 33<sup>rd</sup> Annual General Meeting exceeded ₹ 4 Lakhs per month in respect of the above period, the provisions of sub section 1(C) of Section II of Part II of Schedule XIII to the Companies Act, 1956 became applicable. Pursuant thereto, such payment required, inter alia, the approval of (a) the Remuneration Committee constituted by the Board, and (b) of the Members in general meeting by a special resolution.

The Remuneration Committee at its meeting held on April 26, 2013 approved the payment of the aforesaid remuneration which was made by the Company to Mr. Balasundaram for the period April 1, 2011 to August 31, 2012 after taking into account all relevant factors including the fact that the aforesaid remuneration that was paid to Mr. Balasundaram for the above period was in terms of the said Agreement earlier approved by the Members at the 33<sup>rd</sup> Annual General Meeting.

The approval of the Members in general meeting by a special resolution is being sought to the payment of the aforesaid remuneration to Mr. Balasundaram in respect of the above period.

Hence, the special resolution at Item 9 of the Notice.

## Item 10

At the 33<sup>rd</sup> Annual General Meeting of the Company held on July 18, 2012, the Members had approved the appointment of Ms. Ruby Lau as Whole Time Director of the Company for a period of 2 (two) years from November 10, 2011 at the remuneration and on the terms and conditions contained in the Agreement dated March 7, 2012 between the Company and Ms. Lau.

Owing to the absence of profits of the Company during the financial year ended March 31, 2013 and in view of the fact that the remuneration paid by the Company to Ms. Lau aggregating to ₹ 6,670,492/- (Rupees sixty six lakhs seventy thousand four hundred ninety two only) for the period April 1, 2012 to February 27, 2013 under and in accordance with the terms of the said Agreement dated March 7, 2012, which was approved by the Members at the 33<sup>rd</sup> Annual General Meeting as aforesaid, exceeded ₹ 4 Lacs per month during the above period, the provisions of sub section 1(C) of Section II of Part II of Schedule XIII to the Companies Act 1956 became applicable. Pursuant thereto such payment required, inter alia, approval of (a) the Remuneration Committee constituted by the Board and (b) of the Members in general Meeting by a special resolution.

The Remuneration Committee at its meeting held on April 26, 2013 approved the payment of the aforesaid remuneration which was made by the Company to Ms. Lau for the period April 1, 2012 to February 27, 2013 after taking into account all relevant factors including the fact that the aforesaid remuneration that was paid to Ms. Lau for the above period was in terms of the said Agreement earlier approved by the Members at the 33<sup>rd</sup> Annual General Meeting.

The approval of the Members in general meeting by a special resolution is being sought to the payment of the aforesaid remuneration to Ms. Ruby Lau in respect of the above period.

Hence, the special resolution at Item 10 of the Notice.

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

**Pawan Singhal**  
Vice President-Legal & Company Secretary

Place: Bangalore  
Date: June 24, 2013

### Registered Office:

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



## Annexure I to Notice

### Statement of information in terms of sub-para (C) of Section II of Part II of Schedule XIII to the Companies Act, 1956

#### I. General Information

Nature of Industry	Pharmaceuticals
Date or expected date of commencement of production	The Company commenced its commercial production on of November 6, 1979.
Financial performance based on given indicators	<p>For the year ended on March 31, 2013 (Amount in ₹)</p> <p>Total Revenue 4,008,839,445/-</p> <p>Profit before Tax (702,699,942/-)</p> <p>Profit after Tax (895,322,977/-)</p>
Export performance and net foreign exchange collaborations	<p>1. Foreign Exchange Earnings: ₹ 146,834,039 for export goods and ₹ 148,872,010 (for other than export goods) for the year ended March 31, 2013</p> <p>2. Net foreign exchange collaborations: NIL</p>
Foreign investment or collaborations if any	AstraZeneca Pharmaceuticals AB Sweden, the Company's promoter, reduced its shareholding in the Company from 89.99% to 75% by selling 3,749,950 equity shares of the Company through 'Offer For Sale' mechanism in May 2013.

#### II. Information about the appointee

Particulars	Mr. Robert Ian Haxton	Mr. Sanjay Murdeshwar
Background details	Mr. Haxton holds B.Sc. (Hons) Degree in Biomedical Technology and has 2 decades of wide ranging experience in the pharmaceutical industry.	Mr. Murdeshwar holds Bachelor Degree in Chemical Engineering and Masters' Degree in Business Management and has nearly two decades of wide ranging experience in the pharmaceutical industry.
Past remuneration	During the year ended December 31, 2012, Mr. Haxton has drawn remuneration of ₹ 9,712,096/- from AstraZeneca Alderley House, UK, where he held the position of Head of Regional Supply.	During the year ended December 31, 2012, Mr. Murdeshwar has drawn remuneration of ₹ 27,287,939/- from Bayer Asia Pacific, Singapore, where he held the position of Head- Regional Marketing, Strategy and Business Excellence.
Job profile and his suitability	<p>Mr. Haxton has been appointed as the Whole Time Director of the Company, to be the overall in charge of factory operations of the Company.</p> <p>He carries with him 20 years of wide ranging experience in the pharmaceutical industry and is best suited for the position for which he is appointed.</p>	<p>Mr. Murdeshwar has been appointed as the Managing Director of the Company, to be the overall in charge of the business affairs of the Company.</p> <p>He carries with him two decades of wide ranging experience in the pharmaceutical industry and is best suited for the position for which he is appointed.</p>

Particulars	Mr. Robert Ian Haxton	Mr. Sanjay Murdeshwar
Remuneration proposed / paid	₹ 20,668,906/- p.a.	₹ 25,890,439/- p.a.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)	The remuneration proposed to be paid to Mr. Haxton is commensurate with his job profile, experience, qualification, size of the Company, remuneration being paid in the same industry.	The remuneration proposed to be paid to Mr. Murdeshwar is commensurate with his job profile, experience, qualification, size of the Company, remuneration being paid in the same industry.
Pecuniary relationship/ relationship with the managerial personnel, if any.	None	None

### III. Other information

Reason of loss or inadequate profit	<p>The Company had, as a measure of extra and abundant caution, undertaken a voluntary recall of sterile products manufactured at its Bengaluru plant following AstraZeneca Worldwide Audit Group's quality audit. During the year, the Company had to undertake voluntary recall of two more products - Actamase and Pulmicort. As a precautionary measure, the Company had also voluntarily suspended production temporarily to review manufacturing practices at the plant resulting in a temporary disruption of supplies.</p> <p>The Company, during the year, undertook a comprehensive review of its factory operations and that of its contract manufacturers. As a consequence of this review, a significant part of the Company's portfolio, including several of its major brands, namely, Imdur (Cardiovascular), Betaloc (Cardiovascular), Ramace (Cardiovascular), Xylocaine (Local Anesthesia), Sensorcaine (Local Anesthesia), Linctus Codeinae (Respiratory), (collectively referred to as impacted products) were not available in the market during a substantial part of the year.</p> <p>As a result, the Company registered sales of ₹ 3,557 Million (including exports) during the Financial Year ended March 31, 2013, a steep decline of 28.8% from the previous year. Consequently, the Company incurred a Net Loss after Tax of ₹ 895 Million during the Financial Year 2012-13.</p>
Steps taken or proposed to be taken for improvement	Having completed the review of the Company's factory operations and that of its contract manufacturers, a majority of the impacted products have already been reintroduced in to the market in a phased manner. The Company's effort now is focused on regaining its lost market position by increasing the supply of these products to meet the market demand.
Expected increase in productivity and profits in measurable terms	With the impacted products being reintroduced in to the market, the sales turnover for the fourth quarter of the Financial Year 2012-13 has registered a growth of 2.8% as against the successive decline in sales turnover across the three previous quarters during the year. With strong and concerted efforts being made to regain the lost market position for these products, the Company expects to resume its growth path during the Financial Year 2013-14.

## Annexure II to Notice

### Information pertaining to Directors seeking appointment or re-appointment at the 34<sup>th</sup> Annual General Meeting as required by Clause 49 (IV) (G) of the Corporate Governance Guidelines

Particulars	Mr. Ian Brimicombe	Mr. Narayan K Seshadri	Mr. Robert Ian Haxton	Mr. Sanjay Murdeshwar
Date of Birth & Nationality	October 15, 1963 British	April 13, 1957 Indian	June 14, 1969, British	August 30, 1966, Indian
Date of Appointment	September 8, 2006	December 6, 2012	February 6, 2013	May 2, 2013
Qualifications	B.Sc. Hons. King's College, London, Chartered Accountant (Institute of Chartered Accountants of England & Wales), Chartered Tax Adviser (Chartered Institute Of Taxation)	B.Sc. (Physics, Chemistry & Math) Bangalore University Chartered Accountant (Institute of Chartered Accountants of India)	B.Sc.(Hons) Biomedical Technology from Sheffield Hallam University	Bachelor in Chemical Engineering from University of Bombay; Masters' in Business Management from Asian Institute of Management, Philippines.
Expertise in specific functional area	He has exposure on audit, tax and corporate finance at Coopers & Lybrand, London (now Price WaterhouseCoopers) from 1986, qualifying as a Chartered Accountant and a Chartered Tax Adviser.	He has worked in the UK, Middle East and India and helped on various global initiatives and engagements during his consulting career. Besides the industry sectors that he currently works with, Mr. Narayan has advised Power, Banking & Financial Services, Agribusiness, Pharmaceutical, Healthcare, IT & ITES Sectors at different levels-from policy formulation to corporate strategy, restructuring and organization transformation.	He has diverse experience in the Pharmaceutical Industry working across various roles.	He has rich experience in the Pharmaceutical Industry working across various roles and regions with Bayer AG.  He has expertise on marketing, strategy development, sales and marketing excellence, and business development.



Particulars	Mr. Ian Brimicombe	Mr. Narayan K Seshadri	Mr. Robert Ian Haxton	Mr. Sanjay Murdeshwar
Directorships held in other Public Companies (excluding foreign companies)	NIL	1. P I Industries Ltd. 2. Magma Fincorp Ltd. 3. Kalpataru Power Transmission Ltd. 4. WABCO India Ltd. 5. SBI Capital Markets Ltd. 6. IRIS Business Services Ltd. 7. TVS Investment Ltd.	NIL	NIL
Membership/ Chairmanships of Committees of other public companies (includes only Audit and Shareholders/ Investors Grievance Committee)	NIL	1) WABCO India Ltd. Audit Committee (Chairman & Member) Investors' Grievance Committee (Chairman & Member) 2) P I Industries Ltd. Audit Committee (Member) 3) Magma Fincorp Ltd Audit Committee (Chairman) 4) SBI Capital Markets Ltd. Audit Committee (Member) 5) TVS Investment Ltd. Audit Committee (Chairman) 6) Kalpataru Power Transmission Ltd. Audit Committee (Member) 7) IRIS Business Services Ltd. Audit Committee (Member)	NIL	NIL
Shareholding in the Company (No. of shares)	NIL	NIL	NIL	NIL

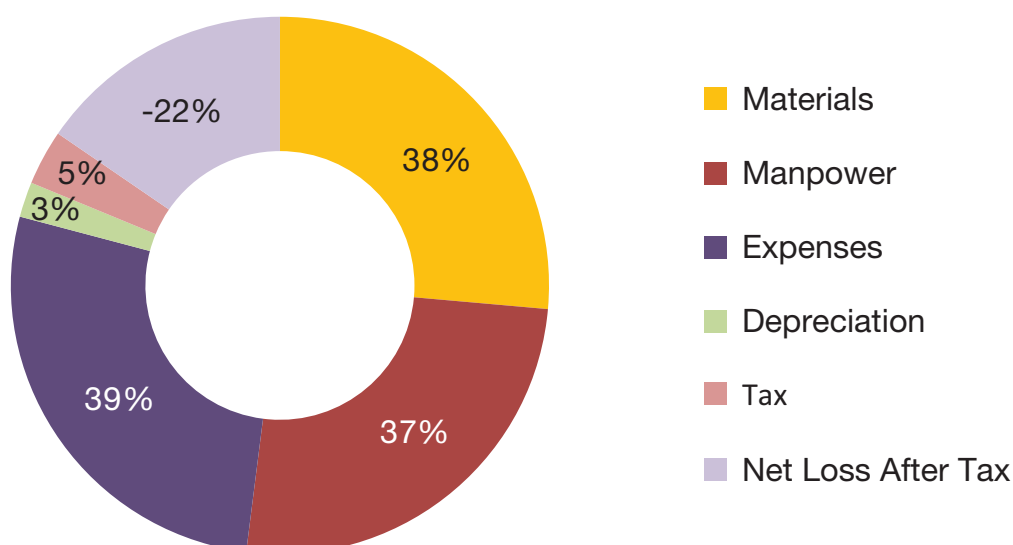
## DIRECTORS' REPORT

Your Directors present their 34<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the Financial Year ended March 31, 2013.

### FINANCIAL RESULTS

	(₹ in Million)	
Particulars	2012- 13	2011- 12
Sales and Other Income	4,009	5,379
Profit/(Loss) Before Tax	(703)	293
Provision for Taxation		
- Income Tax	15	197
- Adjustment for Deferred Tax	178	(102)
Total Tax	193	95
Profit/(Loss) after Taxation	(895)	198
Surplus brought forward from the previous year	1,312	1,235
<b>Total amount available for appropriation</b>	<b>416</b>	<b>1,433</b>
<b>Appropriation made by Directors</b>		
Transfer to General Reserve	-	19
<b>Appropriation recommended by Directors</b>		
Dividend	-	88
Tax on proposed Dividend	-	14
Surplus carried over	416	1,312

### Distribution of Total Revenue (%)



## DIVIDEND

The Company has incurred a Net Loss after Tax of ₹ 895 Million during the Financial Year 2012-13, consequent to significantly lower sales. Considering the Company's overall financial position, the Directors regret they are unable to recommend a dividend for the year 2012-13.

## Net worth



## SALES AND MARKETING

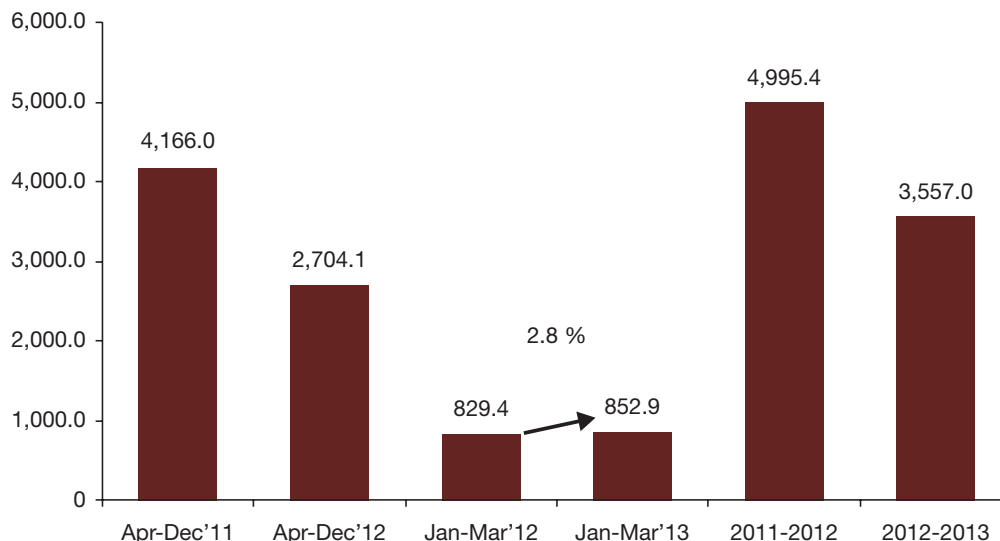
In the last Directors' Report, Members were informed that the Company had, as a measure of extra and abundant caution, undertaken a voluntary recall of sterile products manufactured at its Bengaluru plant following AstraZeneca Worldwide Audit Group's quality audit. During the year, the Company had to undertake voluntary recall of two more products - Actamase and Pulmicort. As a precautionary measure, the Company had also voluntarily suspended production temporarily to review manufacturing practices at the plant resulting in a temporary disruption of supplies.

The Company, during the year, undertook a

comprehensive review of its factory operations and that of its contract manufacturers. As a consequence of this review, a significant part of the Company's portfolio, including several of its major brands, namely, Imdur (Cardiovascular), Betaloc (Cardiovascular), Ramace (Cardiovascular), Xylocaine (Local Anesthesia), Sensorcaine (Local Anesthesia), Linctus Codeinae (Respiratory), were not available in the market (Impacted Products\*) during a substantial part of the year.

In the above circumstances, the Company registered sales of ₹ 3,557 Million (including exports) in the Financial Year ended March 31, 2013, a steep decline of 28.8% from the previous year ended March 31, 2012.

## Sales Performance\* (₹ Million)



\*including exports

Having completed the review of the Company's factory operations and that of its contract manufacturers, a majority of the impacted products have already been reintroduced in to the market in a phased manner. The Company's effort is focused on regaining its lost market position by increasing the supply of these products to meet the market demand. The Company has discontinued a few impacted products on account of portfolio rationalization and in some cases inability to find local supplier for these products. These products contributed about 8 to 10% of its sales turnover in the Financial Year 2011-12.

With the impacted products being reintroduced in to the market, the sales turnover for the fourth quarter of the Financial Year 2012-13 has registered a growth of 2.8% as against the successive decline in sales turnover across the three previous quarters during the year. With strong and concerted efforts being made to regain the lost market position for these products, the Company expects to resume its growth path during the Financial Year 2013-14.

In the last Directors' Report, Members were informed that the Company had obtained marketing approval from the Drugs Controller General of India (DCGI) for its new patented antiplatelet drug – BRILINTA®(Ticagrelor). Your Directors are glad to inform that the Company launched BRILINTA in India

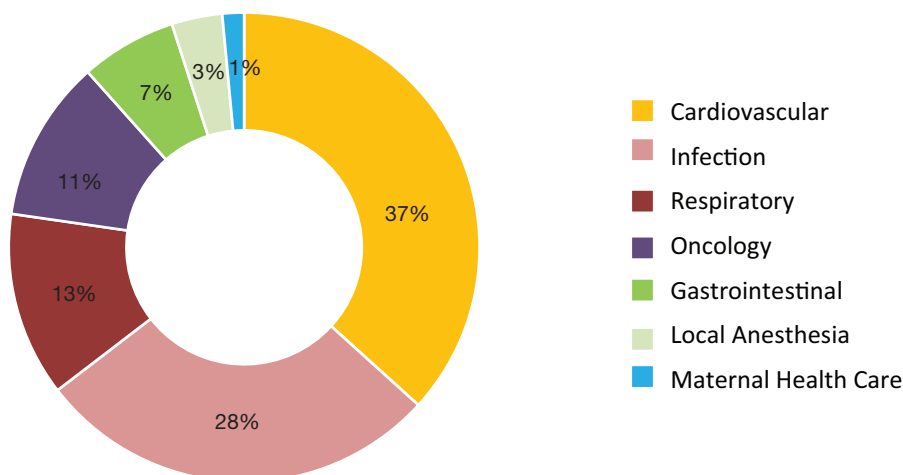
in September 2012. BRILINTA is an oral antiplatelet treatment for Acute Coronary Syndrome (ACS) in adult patients. BRILINTA provides cardiologists with a new and effective treatment to help reduce the rate of heart attack and cardiovascular deaths in these patients. Since its launch in September 2012, the brand has been progressing satisfactorily. As per IMS Health data, the brand has broken into top 10 brands in the oral antiplatelets segment in the Indian market, within 6 months of its launch - an achievement which has already placed the brand amongst some of the best patented launches in the Indian market.

The National Pharmaceutical Pricing Policy 2012 announced by the Government in December 2012 had brought 348 medicines covered in the National List of Essential Medicines (NLEM), under price control. Based on this policy, Drug Pricing Control Order 2013 was notified in May 2013. On 14<sup>th</sup> June 2013, the ceiling prices of 151 formulations were notified.

While the said Policy will benefit the patients by making essential drugs affordable, it is likely to have an adverse impact on the profitability of pharmaceutical companies including the Company in the near to medium term. The Company is closely monitoring the developments and evaluating the impact of the ceiling prices, on its portfolio.



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



\*including exports

## MANUFACTURING

During the year, the Company undertook a comprehensive review of its entire manufacturing facility in the wake of the concerns that had emerged during the last quarter of the Financial Year 2011-12. In its efforts to review the processes and remediate the concerns, the Company has received strong and invaluable support from the AstraZeneca Group in terms of expertise and best practices in manufacturing, including support for resuming production post remediation, and outsourcing manufacture of certain products.

The Directors are pleased to inform you that remediation has been completed and majority of the impacted products have been reintroduced in to the market. Further, the manufacture of sterile products, liquid orals and semisolids has been successfully outsourced to select contract manufacturers in India through technology transfer.

The remediation measures have delivered significant improvements to Quality Management System and Quality Capabilities, such as Good Manufacturing Practices (GMP), root cause analysis and shop floor Quality Assurance controls. Resultantly, GMP metrics tracked by the Company have also shown significant improvements.

The Directors are also pleased to inform the members that the New Tablet Manufacturing Facility and New Quality Control Laboratory received the approval of the Drug Controller of Karnataka in May 2013. With this approval to operate, the Company expects to get the New Tablet Manufacturing Facility operational by end of first quarter of Financial Year 2013-14. This will provide a platform for ensuring consistent supply of global quality medicines.

In its pursuit for continuous improvement, a Site Compliance Improvement Plan for the Financial Year 2013-2014 has been prepared, in line with AstraZeneca Global Standards. The Plan will address 12 core areas of Quality. The Company is taking support from the AstraZeneca Group and its Global resources have been deployed on site in Quality Assurance, Manufacturing, Human Resources and other support functions to actively support and strengthen the factory site capabilities. These resources have been carefully selected based on their proven track record of performance and capabilities.

The Company has, in pursuance of its objective of driving a stringent compliance culture, undertaken new initiatives including electronic laboratory

management systems. These initiatives will enhance visibility, vigilance over processes and effective compliance to sustain the improvements.

Mr. Robert Ian Haxton, having over 20 years of diverse experience in the Pharmaceutical Industry working across various roles and regions within the AstraZeneca Group, joined the Company as Vice President – India Operations and Whole Time Director in February 2013. The Directors are confident that Mr. Robert Ian Haxton, with his diverse experience and creditable track record, with support of his team at the manufacturing facility, will ensure continuous improvement enabling a stable base for supply of high quality products.

### **VOLUNTARY NON-REPAYABLE FINANCIAL GRANT BY ASTRAZENECA PHARMACEUTICALS AB, SWEDEN**

In order to assist the Company in its efforts to establish/grow its presence in the Indian market despite the significant losses incurred, AstraZeneca Pharmaceuticals AB Sweden, the promoter of the Company, has agreed to provide a voluntary non repayable financial grant of approximately USD 22.5million (~ ₹ 1192\* million) to USD 26.5million (~ ₹ 1404\*million) over the three years period Financial Year 2013-14 to Financial Year 2015-16 under a Subvention Agreement dated May 7, 2013. The first tranche of USD 14 million (~ ₹ 740\* million) has been agreed to be provided to the Company during the Financial Year 2013-14.

\*Exchange rate 1 USD = ₹ 53

### **SAFETY HEALTH AND ENVIRONMENT (SHE)**

Providing a safe workplace, and promoting the health and wellbeing of all its people remains a core consideration for the Company. A new initiative called “Well Women” was launched this year to bring focus on personal safety of women employees. Women employees were provided with a basic personal protection kit. During the period under review, the Company’s field force was trained in defensive driving techniques which resulted in a decreased number of road accidents. Regular initiatives like Annual Health Check-up, ‘Hypertension Awareness’ and ‘Diabetes Awareness’ continued during the year to encourage the Company’s employees to adopt healthy and productive lifestyle practices.

### **HUMAN RESOURCES AND EMPLOYEE RELATIONS**

During the year, the Company enjoyed good industrial relations and cooperation with its unionised staff. There have been trainings and assessments conducted at the factory to prepare the workmen for meeting required standards for deployment at the New Tablet Production Facility.

Retaining and developing talent during a period when the Company’s sales declined and sustaining employee morale was a priority. The increased focus on employee engagement through improved communication and building accountability at all levels had a positive impact on talent management. This was reflected in the lower attrition levels vis-à-vis the industry. The employee strength as on March 31, 2013 was 1588.

### **FACTORY LAND AT YELAHANKA**

In the last Directors’ Report, the members were informed that the National Highways Authorities of India (NHAI) had acquired a portion of the factory land at Yelahanka for expansion of the Hyderabad–Bengaluru Highway. Pursuant to the Writ Petition filed by the Company, the Karnataka High Court had directed NHAI to pay as per the original award to the Company upon it furnishing a Bank Guarantee. The final amount determined to be payable for the Company’s portion of land is ₹ 13.7 million. The Company has submitted a Bank Guarantee to NHAI as per the Court’s direction and is awaiting release of the compensation amount. NHAI has, in meantime, filed a review petition before the Karnataka High Court, stating that, while the High Court in its judgment was pleased to reserve liberty to NHAI to raise arbitration proceedings but due to inadvertence, the operative portion of the Court’s Order did not mention the same. The Petition is pending before the Court. NHAI has also initiated arbitration proceedings before the Arbitrator at Bangalore.

In 2011, NHAI had acquired a further portion of the factory land at Yelahanka for expansion of the Hyderabad–Bengaluru Highway. The Special Land Acquisition Officer, (SLAO) had awarded compensation @ ₹ 1,314/- per square feet for the said land. The Company, notwithstanding continuous follow-up, has not received the said compensation @ ₹ 1,314/- psf. The Company has filed a Writ Petition before the Karnataka High Court seeking early release of compensation by NHAI.

## OTHER MATTERS

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

In the last Directors Report, the members were informed that a First Information Report was filed in February 2012 by the Central Bureau of Investigation against, among others, the Company wherein it is alleged that the Company submitted a false affidavit with respect to rates quoted by the Company to the Directorate of Health Services, Delhi (DHS). It is further alleged that unknown officers of DHS and unknown officials of the Company and other private persons conspired to cancel the recovery proceedings by DHS. The investigation is ongoing. The Company continues to fully cooperate with the investigation.

## OFFER FOR SALE OF SHARES BY ASTRAZENECA PHARMACEUTICALS AB, SWEDEN

To comply with the mandatory requirement of minimum public shareholding in a public listed company, as specified in Securities Contracts (Regulation) Rules, 1957, AstraZeneca Pharmaceuticals AB Sweden, the Company's promoter, reduced its shareholding in the Company from 89.99% to 75% by selling 37,49,950 equity shares of the Company through 'Offer For Sale' mechanism in May 2013.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 (the Act), the Board of Directors states that-

(A) 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,

(B) it 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 at the end of the year March 31, 2013 and of the loss of the Company for that period,

(C) it 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, and

(D) the financial statements have been prepared on a going concern basis.

## BOARD'S RESPONSE TO AUDIT OBSERVATIONS

The observations made by the Auditors under paras (x) and (xvii) of the Annexure to the Auditors' Report relating to cash loss in the financial year and of using short term funds for long term investments in fixed assets respectively are self explanatory. The management has initiated and is vigorously pursuing plans and actions to drive the Company back to profitability. These measures would help the Company in stabilizing its fund position during the Financial Year 2013-14.

## INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

Information required under Section 217(1)(e) of the Act, 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 Act, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1) (b)(iv) of the Act, the Report and the Accounts are being sent to all Members, excluding the Statement of Particulars under Section 217(2A). Any Member, desirous of obtaining a copy of this Statement, may kindly write to the Company Secretary.

## CORPORATE SOCIAL RESPONSIBILITY

### Young Health Programme

The Company introduced AstraZeneca's signature global initiative the Young Health Programme (YHP) in Financial Year 2010-11, designed to help marginalized young people deal with health problems they face, enabling them to live a better life. The programme has made significant progress since then. The YHP India has directly been able to reach out to 65,250 young people, and has influenced 60,988 wider community members, including health professionals, educators and policy makers, through its around 1400 peer educators. This is more than twice the target set out for the three year programme.

## CORPORATE GOVERNANCE REPORT

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

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

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

## REMUNERATION COMMITTEE OF THE BOARD

In view of the absence of profits in the Financial Year ended March 31, 2013, the Remuneration Committee of the Board, comprising four directors including three independent directors, was constituted by the Board at its meeting held on February 6, 2013 pursuant to the requirements of sub-para (C) of Section II of Part II of Schedule XIII to the Companies Act, 1956, to consider and approve the remuneration paid to Mr. Anandh Balasundaram in respect of the period April 1, 2012 to August 31, 2012 (when he ceased to be the Managing Director), to Ms. Ruby Lau in respect of the period April 1, 2012 to February 27, 2013 (when she ceased to be a Whole Time Director), and to Mr. Robert Ian Haxton and Mr. Sanjay Murdeshwar, respectively.

## DIRECTORS

In accordance with the provisions of the Act and the Company's Articles of Association, Mr. Ian Brimicombe, Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Anandh Balasundaram ceased to be the Managing Director of the Company effective August 31, 2012. Ms. Ruby Lau ceased to be a Whole Time Director of the Company effective February 27, 2013.

Mr. Narayan K Seshadri was appointed on the Board as an additional director on December 6, 2012. He will hold office up to the date of the ensuing Annual General Meeting and being eligible offers himself for appointment as a Director. Mr. Justin Ooi joined the Board as Non Executive Director effective May 2, 2013, in the casual vacancy caused by the resignation of Mr. Luigi Felice La Corte from the Board.

Mr. Robert Ian Haxton was appointed by the Board as an additional director and as Whole Time Director of the Company with effect from February 6, 2013, subject to requisite approvals of the Members and also of the Central Government since he is not a person resident in India as envisaged in Part I of Schedule XIII to the Act. He holds office as an additional director up to the date of the ensuing Annual General Meeting and being eligible offers himself for appointment as a Director.

Mr. Sanjay Murdeshwar was appointed by the Board as an Additional Director and as Managing Director of the Company with effect from May 2, 2013, subject to requisite approvals of the Members and also the Central Government since he is not a person resident in India as envisaged in Part I of Schedule XIII to the Act. He holds office as an Additional Director up to the date of the ensuing Annual General Meeting and being eligible offers himself for appointment as a Director.

## AUDITORS

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



## ACKNOWLEDGEMENTS

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

Your Directors 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 Members for their understanding and continued valuable 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 period under review.

On behalf of the Board of Directors

**D E UDWADIA**  
CHAIRMAN

Place: Bengaluru  
Date: 24 June 2013

# Annexure I to Directors' Report

## Form A

### 1. Disclosure of Particulars with Respect to Conservation of Energy

SI No.	Particulars	2012-13 Apr-Mar	2011-12 Apr-Mar
<b>A</b>	<b>Power and Fuel Consumption</b>		
1	Electricity		
	(a) Purchased		
	Unit (kwh) million	6.08	2.56
	Total amount (in ₹ million)	38.75	14.70
	Rate per unit	6.37	5.74
	(b) Own Generation		
	(i) Through Diesel Generation		
	Unit (kwh) million	0.500	0.344
	Unit per Litre of Diesel	2.69	2.59
	Cost/Unit (₹)	15.97	14.41
	(ii) Through Steam Turbine/Generator		
	Units	NIL	NIL
	Unit per Litre of Fuel		
	Oil/Gas		
	Cost/Unit (₹)		
2	Coal (including Agro Husk & Briquettes)		
	Quantity (Tonne)	2356	1648
	Total Cost (in ₹ million)	12.67	7.63
	Average Rate (₹/tonne)	5378.25	4628.96
3	Furnace Oil		
	Quantity (Kilo Litre)		
	Total Amount (in ₹ million)	NIL	NIL
	Average Rate		
4	Other/Internal Generation		
	Quantity (Kilo Litre)		
	Total Amount (in ₹ million)	NIL	NIL
	Average Rate		
<b>B</b>	<b>Consumption per Unit of Production</b>		
	Standards* (if any)	2012-13+ Apr-Mar	2011-12+ Apr-Mar
	(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 and the previous year.

# Annexure I to Directors' Report

## 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.	No R&D activities were carried out by the Company during the year
2	Benefits derived as a result of the above R&D	N.A.
3	Future plan of action	N.A.
4	Expenditure on R&D Capital Recurring Total Total R&D expenditure as a percentage of total sales.	N.A.
5	Technology absorption , adaption and innovation  Efforts in brief made towards technology absorption, adaption and innovation	N.A.
6	Benefits derived as a result of the above efforts e.g., product development, import substitution etc.	N.A.
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	N.A.
8	Has technology been fully absorbed, areas where this has not taken place, reasons there for and future plan of action.	N.A.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

### (i) Activities relating to Exports, etc.:

The Company has exported goods of a value of ₹ 146,834,039 during the 12 months period ended 31 March 2013.

### (ii) Total foreign exchange used and earned:

The Company used foreign exchange amounting to ₹ 1,146,804,863 and earned ₹ 148,872,010, excluding export of goods as specified in (i) above.

# Management Discussion & Analysis Report

## Annexure II to Directors' Report

### Industry structure and developments<sup>i</sup>

The Indian Pharmaceutical market grew by 10.2% during the Financial Year 2012-13 and was valued at over ₹ 727,622 million, a significant drop in the growth rate from a very robust 16.5% in the Financial Year 2011-12. Multinational Pharmaceutical Companies accounted for 30% of the market, and grew slower at 8.2 % during the Financial Year 2012-13 as against 17.7% in the Financial Year 2011-12. Key industry segments in which the Company competes has also witnessed a slowdown during the Financial Year 2012-13 as compared to the Financial Year 2011-12.

### Growth in Key Therapeutic Segments relevant to the Company

(percentages)		
Therapeutic Segment	2011-12	2012-13
Anti-Infective	9.4	7.4
Cardiovascular	19.7	12.2
Alimentary & Metabolism	18.6	14.3
Gynaecology	16.8	6.7
Respiratory	16.9	4.4
Oncology	19.0	8.3

Source: IMS, Health

As per estimates provided by IMS, a pharmaceutical data research firm, the Indian Pharmaceutical market is expected to grow at around 12% during the Financial Year 2013-14. The key positive drivers of growth are:

- Increased penetration of pharmaceutical companies into extra-urban and rural areas
- Epidemiological changes, with a rapid increase in chronic, age-related disorders
- Continuing growth in the private hospital sector, including in lower tier towns
- Increase in basic health insurance coverage, and a plan by Government for provision of free essential medicines at all public sector facilities

However, implementation of broader drug price controls as notified in the Drug Price Control Order (DPCO) 2013 will put substantial pressure on price realizations. Downward revision in the economic forecasts (GDP, Private and Government Consumption) could also have some negative impacts.

### Opportunities and Threats / Risk and Concerns

The robust expected growth in the Indian Pharma Market at around 12% presents an attractive opportunity for pharmaceutical companies. Epidemiological changes have led to a rise in chronic and non communicable diseases such as cardiovascular ailments, diabetes and cancer among the urban population, contributing to nearly 50% of the deaths. This provides an opportunity for the Company to make a meaningful difference to patients through its portfolio of medicines for such ailments. The Company's products are well positioned to leverage the expected growth in the private hospital sector.

The National Pharmaceutical Pricing Policy 2012 announced by the Government last December had brought 348 medicines covered in the National List of Essential Medicines (NLEM), under price control. Based on this policy, Drug Pricing Control Order 2013 was notified in May 2013. On 14<sup>th</sup> June 2013, the ceiling prices of 151 formulations were notified.

While the said Policy will benefit the patients by making essential drugs affordable, it is likely to have an adverse impact on the profitability of pharmaceutical companies including the Company in the near to medium term. The Company is closely monitoring the developments and evaluating the impact of the ceiling prices, on its portfolio.

The Company believes that protection of Intellectual Property (IP) is the fundamental principle driving the growth of the pharmaceutical industry, aiding its ability to introduce innovative medicines to address unmet patient needs. The Company hopes that the risks of diluting protection of IP are adequately assessed and addressed by the regulators while considering issues pertaining to the Patent Act.

The underlying trend observed in the foreign exchange market, particularly in recent months is a matter of deep concern to the Company. The sharp depreciation of the rupee against the U.S. Dollar will significantly increase import costs for the Company during the year. The Company currently imports several products from AstraZeneca manufacturing facilities worldwide.



## Risk Management

The Company has a formal Risk Management process and the risk register is established and updated periodically. During the year the Company established a comprehensive plan for Crisis Management, as part of the risk management initiative. The objective of the Crisis Management is to prepare the organization for managing and responding to unexpected and exceptional developments and circumstances. The crisis management plan identifies the roles and responsibilities of the team and periodical testing of the plan for effectiveness.

## Segment-wise or product-wise performance

The Company has three primary business segments:

- (i) The **Healthcare** segment engages in the manufacture and sale of pharmaceutical products. During the year under review, the healthcare segment generated total revenue of ₹ 3558.7 million out of which domestic revenue contributed ₹ 3411.8 million (96%) and exports sales ₹ 146.8 million (4%).
- (ii) The **Clinical Trial** segment renders clinical trial services on pharmaceutical products to its group companies. During the year, the segment generated revenue of ₹ 148.9 million from export of services.
- (iii) The **Co-promotional Services** segment renders co-promotion services for pharmaceuticals products to its customers. During the year, the segment generated an income of ₹ 196.7 million.

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

## Outlook

During the Financial Year 2013-14, the Company will focus on establishing and growing BRILINTA®, driving growth through its key growth brands\* and re-establish the position of returning products\*\*. Further, the Company will also focus on expanding its co-promotional services, with its alliance partner Bristol Myers Squibb in the diabetes space.

The Company is focused on the growth of its patented innovator brand BRILINTA (Ticagrelor) which was launched in the second quarter of

2012-13. BRILINTA is an oral antiplatelet treatment for Acute Coronary Syndromes (ACS) in adult patients. BRILINTA gives cardiologists a new and effective treatment to help reduce the rate of heart attack and cardiovascular deaths in these patients. As per IMS Health data, the brand has broken into top 10 brands in the oral antiplatelets segment within 6 months of launch, a feat which has already placed the brand in comparison with some of the best patented launches in the Indian Market. This creates a strong foundation for the brand's future growth.

The Company is putting concentrated effort towards effective customer segmentation and marketing. During the Financial Year 2012-2013, the Company introduced AZ VILLA (Virtual Library and Apps Lab), an online multichannel medical information portal for healthcare professionals, which contains features like personalized information dashboard, news updates, journal updates, slide sets, congress calendars, live CME's, Webcast and online applications. This initiative will establish AstraZeneca as a leader in offering medical resources in digital format to the Indian medical community. In its initial phase, AZ Villa has been rolled out for Cardiology and Infection therapeutic areas. Initial response from the health care professionals has been positive.

Further, the Company is making strong and concerted efforts to regain the market share of the returning products\*\* temporarily impacted due to supply disruption. The Company is actively engaging with its various stakeholders – patients, physicians and trade to build confidence on the reliability of high quality supply. In this endeavour, the Company has introduced a new campaign called "AZ United" where the entire sales organization communicates with extra vigour and frequency the resumption of supply into the market of the returning products\*\*. The Company believes that these efforts will help these brands gain momentum and regain most of the lost market share.

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

The state of the art New Tablet Manufacturing Facility established in Bengaluru, Karnataka with the capacity to manufacture 1.2 billion tablets, is expected to commence operations in the first quarter of the Financial Year 2013-14.

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

### **Internal control systems and their adequacy**

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

Considering the need for managing risks that the Company could be exposed to, in its interactions with a third party, the Company has, during the year, designed and implemented a framework to cover risks associated with third parties (Vendors and Distributors). This framework provides methodology, guidance and tools for managing third party risks related to Anti-Bribery & Anti-Corruption, Data Privacy, Confidentiality and Product Security.

The internal audits for the Financial Year 2012-13 were carried out by Deloitte Touche Tohmatsu, India, based on an audit plan approved by the Audit Committee. The plans included audit of the Depots of the Company, key process within Operations and Marketing units including support functions. The Audit Committee and the Management have reviewed the recommendations of the Internal Auditors and suitable remediation steps are being taken to implement their recommendations.

### **Discussion on financial performance with respect to operational performance**

The Company's Operations continued to be adversely impacted by the supply disruptions due to the voluntary recall and review of manufacturing practices undertaken during the Financial Year 2011-12. During the year ended March 31, 2013, the Company's total sales (including exports) were ₹ 3,557 million as against ₹ 4,995 million reported in the previous year ended March 31, 2012. The Company's key impacted products due to supply disruptions have already been re-introduced in the market and the Company's effort is focused on regaining its market position. The Company has discontinued a few impacted products on account of portfolio rationalization and in some cases inability to find local supplier for these products. These products had contributed about 8 to 10% of its sales turnover in the Financial Year 2011-12.

The total cost was at ₹ 4,712 million during the year as compared to ₹ 5,086 million in the year ended March 31, 2012. The loss before tax and loss after tax were ₹ 703 million and ₹ 895 million respectively during the year.

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

The Company is committed to provide opportunities for its employees and enable their growth and development. During the year, the management increased engagement with employees at all levels and also constituted an extended leadership team to execute strategic initiatives to drive growth. As on March 31, 2013, the Company had 1,588 employees on its rolls.

<sup>i</sup> Source: 1) IMS TSA Data – MAT March 2013; 2) IMS Prognosis Report 2013-2017.

\*Key growth brands refer to brands which Company expects to grow ahead of the market.

\*\*Represents impacted products that have been reintroduced in to the market.

# Report on Corporate Governance

## Annexure III to the Directors' Report

### Mandatory Requirements

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

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

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

#### 2. Board of Directors

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

The Board presently consists of seven Directors. The Company has a new Managing Director effective May 2, 2013, a new Whole Time Director effective February 6, 2013 and five Non-Executive Directors, three of whom are independent. Two of the five Non-Executive Directors represent the parent Company, AstraZeneca Pharmaceuticals AB, Sweden. The Non-Executive Directors bring strong objective, 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 ₹ 3,069,148/- (excluding out of pocket expenses) during the year ended March 31, 2013 to Messrs. Udwadia Udeshi and Argus Partners as fees for professional legal services provided by them on specific legal matters entrusted by the Company to them for legal advice from time to time. Mr. D E Udwadia is a partner of the above firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgment of Mr. Udwadia as a Director of the Company.

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 March 31, 2013			
		Other Directorships #	Committee Memberships	Committee Chairman	Number of shares held
Mr. D. E. Udawadia Chairman	Non-Executive Independent Director	10	6	1	-
Mr. K. S. Shah	Non-Executive Independent Director	-	-	-	-
Mr. Narayan K Seshadri (w.e.f. Dec. 6, 2012 )	Non-Executive Independent Director	7	4	4	-
Mr. Ian Brimicombe	Non-Executive Director	-	-	-	-
Mr. Luigi Felice La Corte (Upto Apr 15, 2013)	Non-Executive Director	-	-	-	-
Mr. Sanjay Murdeshwar (w.e.f. May 2, 2013 )	Managing Director	-	-	-	-
Mr. Justin Ooi (w.e.f. May 2, 2013 )	Non-Executive Director	-	-	-	-
Mr. Robert Ian Haxton (w.e.f. Feb 6, 2013 )	Whole Time Director	-	-	-	-

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

**b. Number of Board meetings held during the year ended 31<sup>st</sup> March 2013 and attendance of each Director at Board Meetings and the last Annual General Meeting**

Name of the Director	Dates of Board Meetings in 2012-13							Date of Last AGM
	May 11,	Jun 15,	Aug 10,	Aug 23,	Nov 7,	Dec 6,	Feb 6,	Jul 18, 2012
Mr. D. E. Udawadia	✓	✓	✓	✓	✓	✓	✓	✓
Mr. K. S. Shah	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ian Brimicombe	✓	✓	✓	×	✓	×	✓	✓
Ms. Ruby Lau (up to Feb 27, 2013)	×	✓	✓	✓	✓	✓	✓	✓
Mr. Anandh Balasundaram (up to Aug 31, 2012)	✓	✓	✓	-	-	-	-	✓
Mr. Luigi Felice La Corte	✓	✓	×	✓	✓	✓	✓	×
Mr. N. K. Seshadri (w.e.f. Dec. 6, 2012)	-	-	-	-	-	-	✓	-
Mr. Robert Ian Haxton (w.e.f. Feb 6, 2013)	-	-	-	-	-	-	✓	-



### 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 (c) and 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 powers as prescribed under the Listing Agreement:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b) Changes, if any in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by management
  - d) Significant adjustments made in the financial statements arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party transactions
  - g) Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit functions including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
- 12A. Approval of appointment of CFO (i.e., the whole-time financial Director or any other person heading the financial function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit committee.

## b. Composition of Audit Committee, Names of Members and Chairman

As on March 31, 2013, the composition of the Audit Committee was as under:

Name of the Member	Position	Category
Mr. K. S. Shah	Chairman	Non- Executive Independent Director
Mr. D. E. Udawadia	Member	Non- Executive Independent Director
Mr. Luigi Felice La Corte	Member	Non- Executive Non-Independent Director

Mr. K. S. Shah possesses financial and accounting knowledge; he is Fellow Member of the Institute of Chartered Accountants of India, Fellow Member of the Institute of Company Secretaries of India and a Commerce Graduate. The Managing Director, Chief

Financial Officer, representatives of Internal Auditors and Statutory Auditors are invitees to all meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee.

## c. Number of meetings and attendance during the year

Five meetings of the Audit Committee were held during the year ended 31<sup>st</sup> March 2013, as under:

Name of the Member	May 10	June 15	Aug. 10	Nov. 7	Feb. 5
Mr. K. S. Shah	✓	✓	✓	✓	✓
Mr. D. E. Udawadia	✓	✓	✓	✓	✓
Mr. Luigi Felice La Corte	✓	✓	x	✓	✓

The Chairman of the Audit Committee, Mr. K. S. Shah, was present at the Annual General Meeting held on July 18, 2012.

The Audit Committee met on May 21, 2013 to review the Annual Accounts for the year ended 31<sup>st</sup> March 2013 and recommended acceptance of the Annual Accounts by the Board of Directors of the Company.

### Managing Director & Whole Time Director

Mr. Anandh Balasundaram ceased to be the Managing Director effective August 31, 2012. Ms. Ruby Lau ceased to be the Whole Time Director effective February 27, 2013.

Mr. Sanjay Murdeshwar has been appointed by the Board as Managing Director effective May 2, 2013 and Mr. Robert Ian Haxton has been appointed by the Board as Whole Time Director effective February 6, 2013. The terms of appointments of the Managing Director and Whole Time Director will be subject to the approvals of the Shareholders. The approval of the Central Government is required for the appointment of the Managing Director and the

Whole Time Director, since both are “not resident in India”, as envisaged in Part I of Schedule XIII to the Companies Act, 1956. Applications for such approval have been submitted to the Central Government.

### Non-Executive Directors

The compensation of the Non-Executive Directors is in the form of commission up to 1% of the net profits of the Company so long as the Company has a Whole Time Director and/or Managing Director and commission not exceeding 3% of the net profits of the Company in case there is no Whole Time Director and/or Managing Director at any time. Owing to the absence of profits in the Financial Year ended 31<sup>st</sup> March 2013, no payment by way of commission has been proposed to the Non-Executive Directors.

The Non-Executive Directors other than those nominated by the Holding Company are also paid sitting fees of ₹ 20,000/- each for every Meeting of the Board and Committee attended by them, as permitted under the relevant statutory provisions.

**Details of remuneration paid to the Non-Executive Directors during the year ended March 31, 2013:  
Non-Executive Directors**

Name of the Director	Sitting Fees (₹)	Commission # (₹)	Total (₹)
Mr. D. E. Udawadia	240,000	500,000	740,000
Mr. K. S. Shah	260,000	700,000	960,000
Mr. Narayan K Seshadri	20,000	--	20,000
Mr. Ian Brimicombe	--	--	--
Mr. Luigi Felice La Corte	--	--	--

# Commission for financial year 2011-12 was paid in financial year 2012-13. The payment of remuneration by way of commission to Non-executive Directors is determined having regard, inter-alia, to the number of Board and Committee meetings attended and their

participation at and preparation for the said meetings. It also takes into account the additional time the Chairman of the Audit Committee has spent in connection with business transacted at the Audit Committee meetings.

**Managing Director**

Name of the Director	Salary (₹)	Perquisites (₹)	P.F & Other Funds (₹)	Total (₹)
Mr. Anandh Balasundaram (April 2012 – August 2012)	9,767,459	1,374,258	733,150	11,874,867

Remuneration to Mr. Anandh Balasundaram includes cost of gratuity and compensated absences.

**Whole Time Director**

Name of the Director	Salary (₹)	Perquisites (₹)	P.F & Other Funds (₹)	Total (₹)
Ms. Ruby Lau (April 2012 – February 2013)	3,850,337	2,538,467	281,688	6,670,492
Mr. Robert Ian Haxton (Feb—March 2013)	2,711,786	2,154,976	59,378	4,926,140

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. Central Govt. approval for Mr. Robert Ian Haxton's appointment is awaited.

**Remuneration Committee**

In view of the absence of profits in the Financial year ended March 31, 2013, a Remuneration Committee was constituted by the Board of Directors at its

meeting held on February 6, 2013 in accordance with the requirements specified in sub-para (C) of Section II of Part II of Schedule XIII to the Companies Act, 1956, to consider and approve remuneration to Mr. Anandh Balasundaram, in respect of the period April 1, 2012 to August 31, 2012, Ms. Ruby Lau in respect of the period April 1, 2012 to February 27, 2013, Mr. Robert Ian Haxton and Mr. Sanjay Murdeshwar.

As on March 31, 2013, the composition of the Remuneration Committee was as under:

Name	Position	Category
Mr. D. E. Udwardia	Chairman	Non- Executive Independent Director
Mr. K. S. Shah	Member	Non- Executive Independent Director
Mr. Narayan K Seshadri	Member	Non- Executive Independent Director
Mr. Ian Brimicombe	Member	Non- Executive Non-Independent Director

During the year ended March 31, 2013, there was no meeting of the Remuneration Committee.

## 5. Shareholders' Committees

### a. Shareholders'/Investors' Grievance Committee

The current composition of the Shareholders'/Investors' Grievance Committee is as under:

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

During the year ended March 31, 2013, one meeting of the said Committee was held on July 18, 2012.

The minutes of the committee were tabled and noted at the Board meeting

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

Mr. Pawan Singhal, Vice President-Legal & Company Secretary who joined the Company on May 7, 2012 has been designated as the Compliance Officer of the Company, as per the listing agreement with stock exchanges

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

The Committee attends inter-alia to complaints from Shareholders/Investors and for their redressal. All complaints /grievances were also placed before the Board for information. Based on information provided by the Company's Registrar & Share Transfer Agents, the status of Investor's Grievances for the year ended March 31, 2013 is as follows:

Particulars	Non-receipt of Dividend Warrant(s)	Non receipt of Refund Order/ Allotment Letter	Non-receipt of Share Certificate(s)	Non-receipt of Annual Report	Total No. of Complaints received	Complaints Pending
Direct	5	-	3	8	16	-
Through Stock Exchange/SEBI	3	-	1	1	5	-

### d. Share Transfer Committee

In addition to the above, the Board also has a Share Transfer Committee presently comprising of Mr. Sanjay Murdeshwar, Managing Director, Mr. Robert Ian Haxton, Whole Time Director, Mr. Pawan Singhal, VP-Legal and Company Secretary, Mr. Himanshu Agarwal, Chief Financial Officer 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, re-materialization of shares, etc.

The meetings of the Share Transfer Committee are need based. Eight meetings of the said Committee

were held during the year under review. The Minutes of the Share Transfer Committee Meetings are tabled and noted at the Board Meetings.

An Independent Practicing Company Secretary

carries out the Secretarial Audits as per prevailing laws at the office of the Registrar and Share Transfer Agents and furnishes the requisite reports/certificates which are submitted to the Stock Exchanges as per law.

## 6. General Meetings

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

Date	Year	Venue	Time
July 18, 2012	2012	Vivanta by Taj Hotel , Bangalore	3.00 P.M.
July 22, 2011	2011	Taj West End Hotel, Bangalore	3.00 P.M.
May 20, 2010	2009	Taj West End Hotel, Bangalore	3.30 P.M.

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

A Special Resolution was passed at the Annual General Meeting of the Company held on July 18, 2012 with the requisite majority on a show of hands, with respect to payment of commission to the Non-executive Directors of the Company.

### 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:

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

## 7. Disclosures

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

(i) Materially significant related party transactions during the financial year ended March 31, 2013:

Name of the Entity	Relationship	Nature of transaction	Amount (₹)
AstraZeneca Pharmaceuticals AB, Sweden	Holding Company	Dividend paid	78,749,825
AstraZeneca AB, Sweden	Holding Company of AstraZeneca Pharmaceuticals AB, Sweden	i) Purchase of Raw Materials and traded goods	115,253,025
		ii) Payment towards reimbursement of expenses	920,671
		iii) Sale of services	148,872,010
		iv) Sale of products	112,317,074
AstraZeneca Plc, United Kingdom	Parent company of AstraZeneca AB, Sweden	i) Purchase of Raw materials and traded goods	659,419,552
		ii) Payment towards reimbursement of expenses	10,998,841
		iii) Receipts towards reimbursement of expenses	65,740,101



Name of the Entity	Relationship	Nature of transaction	Amount (₹)
AstraZeneca Pty Ltd., Australia	Group Company	i) Receipts towards reimbursement of expenses	683,326
		ii) Purchase of Raw Materials and traded goods	4,053,933
AstraZeneca SDN Bhd, Malaysia	Group Company	i) Sale of product	15,913,868
		ii) Receipts towards reimbursement of expenses	1,576,150
AstraZeneca Singapore Pte Ltd.	Group Company	i) Receipts towards reimbursement of expenses	5,564,404
		ii) Sale of product	5,496,063
		iii) Payment towards reimbursement of expenses	8,966,553
AstraZeneca India Pvt Ltd.	Group Company	i) Payment towards reimbursement of expenses	8,651,773
		ii) Receipts towards reimbursement of expenses	5,465,923
		iii) Rent income	4,657,650
		iv) Rent expenses	20,927,151
		v) Rental Deposit	3,475,906
IPR Pharmaceuticals INC	Group Company	i) Purchase of Raw Materials	142,020,134
		ii) Receipts towards reimbursement of expenses	6,339,972
AstraZeneca Philippines	Group Company	i) Sale of products	13,107,034
		ii) Receipts towards reimbursement of expenses	5,409,894
Anandh Balasundaram	Managing Director	Managerial Remuneration	11,874,867
Ruby Lau	Whole Time Director	Managerial Remuneration	6,670,492
Robert Ian Haxton	Whole Time Director	Managerial Remuneration	4,926,140

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 Management has made disclosures to the Board that none of the material, financial and commercial transactions with any of the parties were in conflict with 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) The details of non-compliance by the Company, penalties and structures imposed on the Company by the Stock Exchange or SEBI or any authority on

any matter related to capital markets during the last three years:

The Company did not receive any notice from the Stock Exchanges nor from SEBI or any other authorities on matters relating to capital markets during the last three years.

(v) The Company has a process in place that meets the objectives of the Whistle Blower Policy. In the opinion of the Board, there has been no case 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 March 31, 2013.

(vii) The Company has complied with all mandatory requirements. Adoption of non-mandatory requirements is given later in this Report.

## 8. Means of Communication

I. 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 'Udayavani' (Kannada) newspapers.

II. The financial results are displayed on the website of the Company at [www.astrazenecaindia.com](http://www.astrazenecaindia.com).

III. 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) Annual General Meeting:

Date & Time of AGM	August 20, 2013, 3.00 PM
Venue	Vivanta by Taj Hotel – MG Road, Bangalore
Financial Year	2012-2013
Book Closure Date	August 11, 2013 to August 20, 2013 (including both days)
Dividend Payment Date	Not Applicable

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

The financial accounts and annual report are drawn out from April to March next. The announcement of financial results during 2013-14 shall be as follows:

First Quarter Results	On or before August 15, 2013
Second Quarter Results	On or before November 15, 2013
Third Quarter Results	On or before February 15, 2014
Fourth Quarter & Annual Results	On or before May 31, 2014

(iii) Listing of Shares

The Company's Shares are listed on:

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**Bangalore Stock Exchange Limited (BgSE)**

Stock Exchange Towers, No.51, 1<sup>st</sup> Cross, J C Road, Bangalore 560 027

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**Bombay Stock Exchange Limited, (BSE)**

P. J. Towers, Dalal Street, Fort, Mumbai 400 001

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

Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

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Listing fees for the financial year 2012-13 have been paid to all the above Stock Exchanges.

**(iv) Stock Code**

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

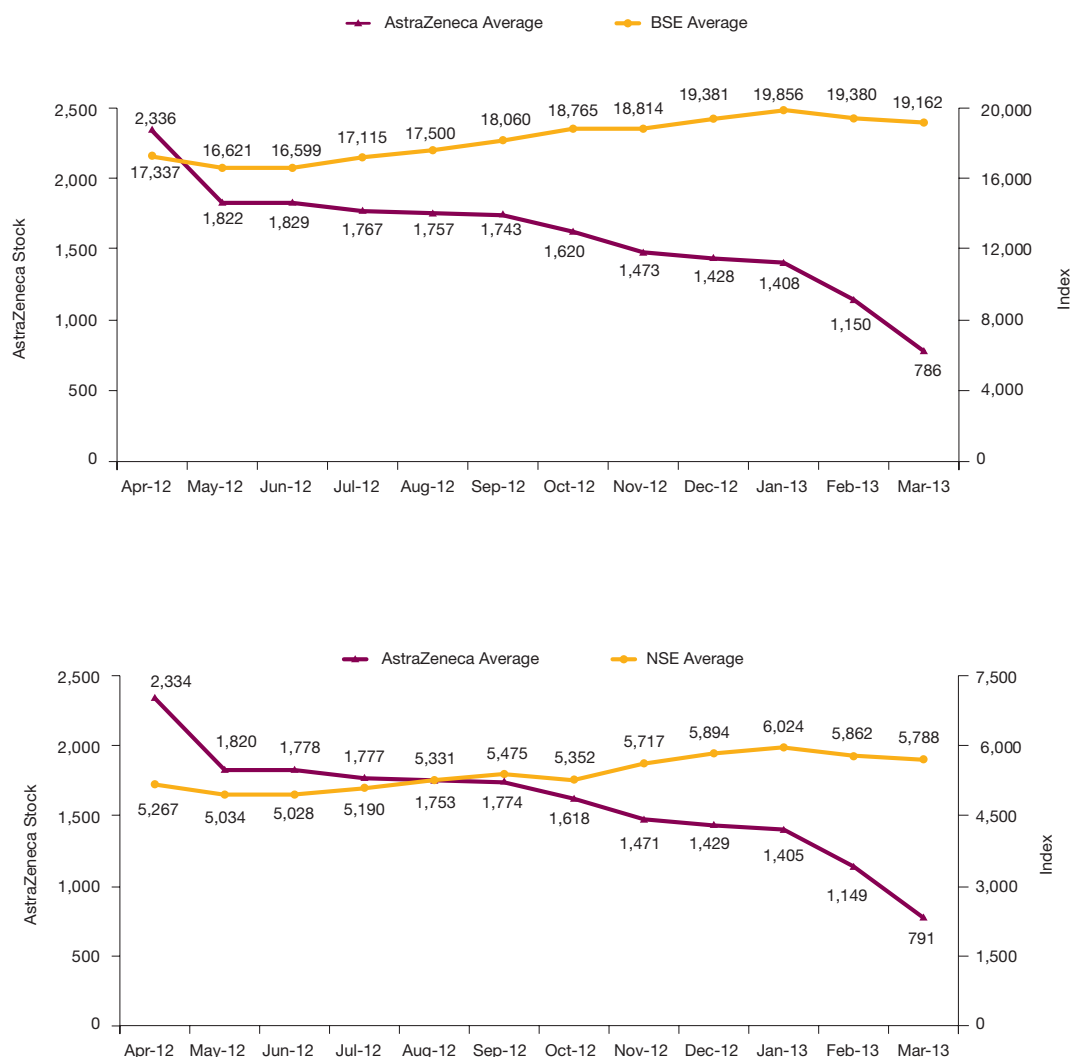
**(v) Market Price Data: High, Low during each month in the year ended March 31, 2013**

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 (₹)		BSE Sensex Index		National Stock Exchange (₹)		NSE S&P CNX Nifty Index	
	High	Low	High	Low	High	Low	High	Low
Apr-12	2,649.00	2,022.20	17,664.10	17,010.16	2,649.45	2,018.00	5,378.75	5,154.30
May-12	2,110.00	1,533.00	17,432.33	15,809.71	2,114.00	1,525.00	5,279.60	4,788.95
Jun-12	1,928.00	1,730.00	17,448.48	15,748.98	1,929.90	1,625.85	5,286.25	4,770.35
Jul-12	1,984.40	1,550.05	17,631.19	16,598.48	1,983.70	1,545.60	5,348.55	5,032.40
Aug-12	1,944.00	1,570.00	17,972.54	17,026.97	1,945.00	1,561.10	5,448.60	5,209.95
Sep-12	1,897.00	1,588.40	18,869.94	17,250.80	1,898.75	1,650.00	5,735.15	5,215.70
Oct-12	1,723.00	1,516.05	19,137.29	18,393.42	1,723.00	1,513.00	5,815.35	4,888.20
Nov-12	1,595.00	1,350.00	19,372.70	18,255.69	1,597.50	1,345.00	5,885.25	5,548.35
Dec-12	1,546.00	1,310.00	19,612.18	19,149.03	1,549.00	1,257.70	5,965.00	5,823.15
Jan-13	1,499.00	1,316.00	20,203.66	19,508.93	1,499.30	1,311.10	6,111.80	5,935.20
Feb-13	1,365.00	935.00	19,966.69	18,793.97	1,368.00	929.45	6,052.95	5,671.90
Mar-13	976.35	595.00	19,754.66	18,568.43	964.00	592.35	5,971.20	5,604.85

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

**(vi) Performance of the Company's equity shares in comparison to BSE Sensex and S&P CNX Nifty Index during the financial year 2012-13**



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

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

In compliance with the Listing / SEBI Guidelines–

- 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 capital of the Company.
- 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.

**(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, Integrated Enterprises India Limited has adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as required from time to time.

**(ix) Distribution of Shareholding as on March 31, 2013**

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	2114498	8.46	14545	99.82
5,001 to 10,000	98781	0.40	13	0.09
10,001 to 20,000	78469	0.31	6	0.04
20,001 to 30,000	106132	0.42	4	0.03
30,001 to 40,000	37830	0.15	1	0.01
40,001 to 50,000	0	0.00	0	0.00
50,001 to 1,00,000	64340	0.26	1	0.01
1,00,001 and above	22499950	89.99	1	0.01
<b>Total</b>	<b>25000000</b>	<b>100.00</b>	<b>14571</b>	<b>100.00</b>

**(x) Shareholding pattern as on March 31, 2013**

Particulars	Physical Holdings	Electronic Holdings	Total Holdings	%
AstraZeneca Pharmaceuticals AB	0	22499950	22499950	89.99
Banks	125	1412	1537	0.01
Trusts	0	525	525	0.00
Mutual Fund	0	63	63	0.00
FII	0	1501	1501	0.01
Non-Resident Indians	2250	52955	55205	0.22
Clearing Members	0	71869	71869	0.29
Indian Corporate Bodies	2875	220648	223523	0.89
Others - Public	538909	1606918	2145827	8.58
<b>Total</b>	<b>544159</b>	<b>24455841</b>	<b>25000000</b>	<b>100.00</b>
<b>Percentage</b>	<b>2.18</b>	<b>97.82</b>	<b>100.00</b>	



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

97.82% of total equity capital is held in dematerialized form with National Securities Depository Limited and Central Depository Securities (India) Limited.

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

None

**(xiii) Plant location**

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

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

Company Secretary/Compliance Officer  
AstraZeneca Pharma India Limited  
'Avishkar', Off Bellary Road, Hebbal  
Bangalore 560 024, Karnataka.  
Tel: (080) 67748000  
Fax: (080) 23622015  
Email: comp.secy@astrazeneca.com

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

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

<b>Dividend for Financial Year</b>	<b>Percentage</b>
2009-10	500
2010-11	500
2011-12	175

**(xvi) 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/Registrars & 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 directly, as per the format prescribed by them.

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

The quarterly, half-yearly and annual financial results, post approval 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 'Udayavani' (Kannada) newspapers.

**(ii) Audit Qualifications**

The Auditor's Report does not have any qualification.

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

All the Non-Executive Directors are senior professionals in Legal, Finance and Sales and Marketing fields. 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 Blower 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 website.

I confirm that the Company has in respect of the year ended March 31, 2013, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, the Company Secretary and employees in the Vice President cadre as on March 31, 2013.

On behalf of the Board of Directors

Place: Bangalore  
Date: June 24, 2013

**Sanjay Murdeshwar**  
Managing Director

## Certificate

### To the Members of AstraZeneca Pharma India Limited

We have examined the compliance of conditions of corporate governance by AstraZeneca Pharma India Limited ('the Company'), for the year ended on March 31, 2013 as stipulated in Clause 49 of the listing agreement of the Company with the 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 corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

*for B S R & Co.*

*Chartered Accountants*

Firm Registration Number: 101248W

Place: Bangalore  
Date: June 24, 2013

**Natrajh Ramakrishna**

Partner

Membership No.: 032815

# Independent Auditors' Report

## To the Members of AstraZeneca Pharma India Limited

### Report on the financial statements

We have audited the accompanying financial statements of AstraZeneca Pharma India Limited ("the Company"), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss, the cash flow statements of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (ii) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

# AstraZeneca Pharma India Limited

## Independent Auditors' Report (continued)

### Emphasis of Matter

Without qualifying our opinion, we draw attention to:

- a. Note 2.44 of the notes to the financial statements wherein it is stated that Mr Robert Ian Haxton, a foreign national, was appointed as whole time director during the year. The appointment of the director is subject to the approval of the Central Government. Subsequent to the balance sheet date, the Company has filed an application with the Central Government for the approval of the aforesaid appointment. Further, approval of the shareholders in general meeting by a special resolution pursuant to the applicable provisions of Schedule XIII to the Companies Act, 1956 for his appointment as Wholetime Director and for the payment of remuneration to him will be sought at the ensuing Annual General Meeting; and
- b. Note 2.45 of the notes to the financial statements wherein it is stated that in the absence of profits for the year ended 31 March 2013, the remuneration committee has, pursuant to the applicable provisions of Schedule XIII to the Companies Act, 1956, approved the remuneration of ₹ 23 million paid to Mr Anandh Balasundaram, the former Managing Director for the period from 1 April 2012 to 31 August 2012 (date of his resignation) and Ms Ruby Lau, the former Whole Time Director for the period from 1 April 2012 to 27 February 2013 being the date of resignation. The expense has been charged to the statement of profit and loss for the year ended 31 March 2013. The remuneration is subject to the requisite approval of the shareholders.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. 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;
  - b. 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;
  - c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act; and
  - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.



# AstraZeneca Pharma India Limited

## Annexure to the Independent Auditors' Report

Annexure referred to in the Auditors' Report to the Members of AstraZeneca Pharma India Limited ("the Company") for the year ended 31 March 2013. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed during the year were not substantial, and therefore, do not affect the going concern assumption.
  - (ii) (a) Inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
  - (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
  - (iii) The Company has 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

regard to the explanation that purchases of certain items of inventory are for the Company's specialised requirements and similarly for sale of goods and services are for the specialised requirements of the buyer and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

(v) (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 ₹ 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, except for purchases of certain services which are for the Company's specialised requirements and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

(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

# AstraZeneca Pharma India Limited

## Annexure to the Independent Auditors' Report

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, Sales Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues have generally been regularly deposited during the year with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax, Customs Duty, Sales Tax, Excise Duty and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Wealth Tax 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 Incometax, 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 (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	968,801	July 2005 to September 2010	Chief Commissioner, Central Excise (LTU)
Chapter V of Finance Act, 1994	Service Tax	47,712	1 July 2001 to 15 August 2002	Deputy Commissioner, Service tax, Bangalore
Chapter V of Finance Act, 1994	Service Tax	543,460	16 November 1997 to 2 June 1998	Commissionerate-Service Tax, Bangalore
Central Excise Act, 1944	Excise Duty	406,677	August 1998 to July 1999	Customs Excise and Service Tax Appellate Tribunal, Bangalore
Customs Act, 1962	Customs Duty	21,248,482	2006	Deputy Commissioner, Customs, Mumbai
Income-Tax Act, 1961	Income- Tax	42,373,443	1996-97	Honorable High Court , Karnataka
Karnataka VAT Act, 2003	Central SalesTax	224,685	2004-2005	Deputy Commissioner of Commercial Taxes, Bangalore

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income- Tax	79,727,230	2008-09	Deputy Commissioner of Income Tax (LTU), Bangalore

(x) The Company does not have any accumulated losses at the end of the financial year. *The Company has incurred cash losses in the current financial year.* However, no cash losses were incurred 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 funds raised on short-term basis amounting to ₹ 48,136,095 have been used for long-term investment in fixed assets*

(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) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **BSR & Co.**  
Chartered Accountants  
Firm Registration No.: 101248W

Place: Bangalore  
Date: 21 May 2013

**Natraj Ramakrishna**  
Partner  
Membership No. 032815

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# Financial Statements



# AstraZeneca Pharma India Limited

## Balance Sheet

(Amount in ₹)

	Note	As at 31 March 2013	As at 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	50,000,000	50,000,000
Reserves and surplus	2.2	947,529,143	1,842,852,120
		997,529,143	1,892,852,120
<b>Non-current liabilities</b>			
Other long-term liabilities	2.3	4,893,760	5,443,760
<b>Current liabilities</b>			
Trade payables	2.4	906,721,514	209,136,463
Other current liabilities	2.5	772,083,582	674,620,166
Short-term provisions	2.6	379,788,636	667,078,750
		2,058,593,732	1,550,835,379
<b>Total</b>		<b>3,061,016,635</b>	<b>3,449,131,259</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.7		
Tangible assets		245,385,094	316,930,881
Intangible assets		-	-
Capital work-in-progress		737,029,646	584,892,629
		982,414,740	901,823,510
Non-current investments	2.8	56,916	56,916
Deferred tax assets, net	2.32	-	177,622,850
Long-term loans and advances	2.9	347,278,993	399,766,616
Other non-current assets	2.10	83,159,826	24,002,653
		430,495,735	601,449,035
<b>Current assets</b>			
Inventories	2.11	853,691,184	750,969,273
Trade receivables	2.12	279,632,065	323,078,978
Cash and bank balances	2.13	184,685,724	532,196,209
Short term loans and advances	2.14	203,320,590	230,627,735
Other current assets	2.15	126,776,597	108,986,519
		1,648,106,160	1,945,858,714
<b>Total</b>		<b>3,061,016,635</b>	<b>3,449,131,259</b>

**Significant accounting policies** 1

**Notes to the financial statements** 2.1 to 2.50

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

As per our report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm registration number: 101248W

**Natraj Ramakrishna**

Partner

Membership number: 032815

Place: Bangalore

Date: 21 May 2013

for and on behalf of the Board of Directors

**D E Udwadia**

Chairman

**Pawan Singhal**

Company Secretary

Place: Bangalore

Date: 21 May 2013

**Sanjay Murdeshwar**

Managing Director

**Himanshu Agarwal**

Chief Financial Officer

# AstraZeneca Pharma India Limited

## Statement of Profit and Loss

(Amount in ₹)

	Note	For the Year ended 31 March 2013	For the Year ended 31 March 2012
<b>Revenue from operations</b>			
Sale of products (gross)	2.25	3,636,984,735	5,119,888,445
Less: Excise duty		(79,971,609)	(124,501,838)
Sale of products (net)		3,557,013,126	4,995,386,607
Sale of services	2.16	345,529,162	317,409,971
Other operating revenues	2.16	1,668,362	2,405,452
Net revenue from operations		3,904,210,650	5,315,202,030
Other income	2.17	104,628,795	63,304,386
<b>Total revenue</b>		<b>4,008,839,445</b>	<b>5,378,506,416</b>
<b>Expenses</b>			
Cost of materials consumed	2.18	449,752,948	715,168,125
Purchase of stock-in-trade	2.19	1,116,376,804	1,192,312,730
Changes of inventories finished goods, work-in-progress and stock-in-trade	2.20	(34,790,741)	(121,038,144)
Employee benefits	2.21	1,484,602,081	1,619,123,795
Depreciation and amortisation expense	2.7	122,781,722	73,386,152
Other expense	2.22	1,572,816,573	1,607,005,533
<b>Total expense</b>		<b>4,711,539,387</b>	<b>5,085,958,191</b>
<b>(Loss)/ profit before tax</b>		<b>(702,699,942)</b>	<b>292,548,225</b>
Tax expenses:			
- current tax		15,000,185	197,100,500
- deferred tax		177,622,850	(102,203,523)
<b>(Loss)/ profit for the year</b>		<b>(895,322,977)</b>	<b>197,651,248</b>
<b>Earnings/ (loss) per share (equity shares, par value of ₹ 2 each)</b>			
- Basic and diluted	2.28	(35.81)	7.91
Weighted average number of equity shares outstanding		25,000,000	25,000,000
<b>Significant accounting policies</b>	1		
<b>Notes to the financial statements</b>	2.1 to 2.50		

The notes referred to above form an integral part of statement of profit and loss.

As per our report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm registration number: 101248W

for and on behalf of the Board of Directors

**Natraj Ramakrishna**

Partner

Membership number: 032815

**D E Udawadia**

Chairman

**Pawan Singhal**

Company Secretary

**Sanjay Murdeshwar**

Managing Director

**Himanshu Agarwal**

Chief Financial Officer

Place: Bangalore

Date: 21 May 2013

Place : Bangalore

Date: 21 May 2013

# AstraZeneca Pharma India Limited

## Cash flow statement

(Amount in ₹)

	For the Year ended 31 March 2013	For the Year ended 31 March 2012
<b>A) Cash flow from operating activities</b>		
(Loss)/ profit before tax	(702,699,942)	292,548,225
<i>Adjustments for:</i>		
Depreciation and amortisation expense	122,781,722	73,386,152
Interest income on deposit	(25,970,172)	(48,218,310)
Profit on sale of fixed assets, net	(69,890,952)	(7,297,525)
Loss on write off of fixed assets	1,056,103	-
<b>Operating cash flow before working capital changes</b>	<b>(674,723,241)</b>	<b>310,418,542</b>
<i>Adjustments for:</i>		
Decrease in trade and other receivables	85,204,947	70,513,845
Increase in inventories	(102,721,911)	(178,943,524)
Increase in liabilities and provisions	628,255,175	484,210,473
Decrease in other bank balances	1,595,603	10,005,062
Cash generated from operations	<b>(62,389,427)</b>	<b>696,204,398</b>
Income taxes refunded/ (paid)	2,028,879	(308,934,902)
<b>Net cash (used in)/ generated from operating activities (A)</b>	<b>(60,360,548)</b>	<b>387,269,496</b>
<b>B) Cash flows from investing activities:</b>		
Interest on deposits received	29,161,158	52,547,320
Purchase of fixed assets	(187,863,516)	(398,427,025)
Proceeds from sale of fixed assets	2,524,146	9,054,448
<b>Net cash used in investing activities (B)</b>	<b>(156,178,212)</b>	<b>(336,825,257)</b>

# AstraZeneca Pharma India Limited

## Cash flow statement (continued)

	(Amount in ₹)	
	For the Year ended 31 March 2013	For the Year ended 31 March 2012
<b>C) Cash flows from financing activities:</b>		
Dividend paid	(89,095,603)	(249,604,226)
Tax on dividend paid	(14,188,438)	(40,556,250)
Debenture principal paid	-	(517,408)
Debenture interest paid	-	(41,392)
<b>Net cash used in financing activities (C)</b>	<b>(103,284,041)</b>	<b>(290,719,276)</b>
<b>D) Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(319,822,801)</b>	<b>(240,275,037)</b>
<b>E) Cash and cash equivalents as at the beginning of the year*</b>	<b>488,142,788</b>	<b>728,417,825</b>
<b>F) Cash and cash equivalents as at the end of the year*</b>	<b>168,319,987</b>	<b>488,142,788</b>

[Net of book overdraft of ₹ 1,320,266 (previous year: ₹ 27,412,347 included in note 2.5)]

\* Refer to note 2.13 to the financial statements

As per our report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm Registration Number: 101248W

for and on behalf of the Board of Directors

**Natrajh Ramakrishna**  
Partner  
Membership number: 032815

**D E Udwadia**  
Chairman  
  
**Pawan Singhal**  
Company Secretary

**Sanjay Murdeshwar**  
Managing Director

**Himanshu Agarwal**  
Chief Financial Officer

Place: Bangalore  
Date: 21 May 2013

Place: Bangalore  
Date: 21 May 2013

# AstraZeneca Pharma India Limited

## Notes to the Financial Statements

### 1. Significant accounting policies

#### 1.1. Background

AstraZeneca Pharma India Limited ('the Company') is a public company domiciled in India having its registered office in Bangalore. It is incorporated under the Companies Act, 1956 and its shares are listed in National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and Bangalore Stock Exchange Limited (BgSE).

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

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

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and mandatory Accounting Standards ('AS') prescribed by the Companies (Accounting Standards), Rules 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

#### 1.3. 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.

#### **Current–non-current classification**

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

##### *Assets*

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

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or

- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

##### *Liabilities*

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

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

##### *Operating cycle*

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

#### 1.4. Revenue recognition

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

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

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

# AstraZeneca Pharma India Limited

## Notes to the Financial Statements (Continued)

group companies. The income from co-promotion services is recognised when the service is performed in accordance with the agreement with the customer.

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

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

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

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 fixed 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.

The cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress. Advances for fixed assets are shown as capital advances.

### 1.6. Depreciation

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

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

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

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

Pro-rata depreciation is provided on all assets purchased and sold during the year. Assets costing

individually ₹ 5,000 or less are depreciated fully in the year of purchase.

### 1.7. Impairment of assets

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

### 1.8. Foreign exchange transactions

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

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date, the resultant exchange differences are recognised in the statement of profit and loss.

### 1.9. Employee benefits

Employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund equal to a specified percentage of the employee's salary. The Company contributes a part of the contributions to the AstraZeneca Pharma India Limited Management



# AstraZeneca Pharma India Limited

## Notes to the Financial Statements (Continued)

Staff Provident Fund Trust. The remaining portion is contributed to the government administrated pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make shortfall, if any, between the returns from the investments of the trust and the notified interest rate.

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

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

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

### 1.10. Employee stock option schemes

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

### 1.11. Investments

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

### 1.12. Other current assets

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

### 1.13. Inventories

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

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

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

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

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

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

# AstraZeneca Pharma India Limited

## Notes to the Financial Statements (Continued)

### 1.14. Provisions and contingent liabilities

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.

### 1.15. 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.

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

### 1.16. Earnings per share

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

### 1.17. Leases

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

### 1.18. Cash flow statement

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

### 1.19. Research and development

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, further economic benefit are probable, the Company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.1 Share capital

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Authorised</b>		
25,000,000 (previous year: 25,000,000) equity shares of ₹ 2 each	50,000,000	50,000,000
<b>Issued, subscribed and paid up</b>		
25,000,000 (previous year: 25,000,000) equity shares of ₹ 2 each, fully paid-up	50,000,000	50,000,000
	50,000,000	50,000,000

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

Equity shares	As at 31 March 2013 Number	Amount	As at 31 March 2012 Number	Amount
At the commencement of the year	25,000,000	50,000,000	25,000,000	50,000,000
Movement during the year	-	-	-	-
At the end of the year	25,000,000	50,000,000	25,000,000	50,000,000

#### Terms and rights attached to equity shares

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

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

The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. During the current year, the amount of per share dividend recognised as proposed distributions to equity shareholders is ₹ Nil per share (previous year: ₹ 3.5 per share).

#### Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Name of the share holder	As at 31 March 2013 Number	Amount	As at 31 March 2012 Number	Amount
<b>Equity shares of ₹ 2 each, fully paid</b>				
AstraZeneca Pharmaceuticals AB, Sweden (holding company)	22,499,950	44,999,900	22,499,950	44,999,900

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

Name of the share holder	As at 31 March 2013 No of shares	% holding	As at 31 March 2012 No of shares	% holding
<b>Equity shares of ₹ 2 each, fully paid</b>				
AstraZeneca Pharmaceuticals AB, Sweden (holding company)	22,499,950	89.9998	22,499,950	89.9998

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.2 Reserves and surplus

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>General reserve</b>		
At the commencement of the year	531,307,958	511,542,833
Add: Amount transferred from Surplus	-	19,765,125
	<u>531,307,958</u>	<u>531,307,958</u>
<b>Surplus</b>		
At the commencement of the year	1,311,544,162	1,235,352,727
Add: Profit/ (loss) for the year	(895,322,977)	197,651,248
Amount available for appropriation	<u>416,221,185</u>	<u>1,433,003,975</u>
Appropriations:		
Transfer to general reserve	-	19,765,125
Proposed equity dividend [amount ₹ Nil per share (previous year: ₹ 3.5 per share)]	-	87,500,000
Tax on proposed equity dividend	-	14,194,688
	<u>416,221,185</u>	<u>1,311,544,162</u>
	<u><b>947,529,143</b></u>	<u><b>1,842,852,120</b></u>

### 2.3 Other long-term liabilities

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
Dealer deposits	<u>4,893,760</u>	<u>5,443,760</u>
	<u><b>4,893,760</b></u>	<u><b>5,443,760</b></u>

### 2.4 Trade payables

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
- Dues to micro and small enterprises	-	-
- Dues to others	<u>906,721,514</u>	<u>209,136,463</u>
	<u><b>906,721,514</b></u>	<u><b>209,136,463</b></u>

Refer note 2.39 for details of dues to micro and small enterprises

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.5 Other current liabilities

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
Book overdraft	1,320,266	27,412,347
Security deposit on leased asset	9,860,000	9,860,000
Advance from customers	19,947,929	16,021,924
Payable for capital goods	72,210,285	63,732,312
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
- Unclaimed dividends	11,899,376	13,494,979
- Unclaimed redeemable debentures	2,913,051	2,913,051
- Unclaimed interest on debentures	233,044	233,044
Other liabilities		
- Statutory liabilities	45,921,388	46,827,748
- Payable to employees	92,935,902	82,398,244
- Payable for expenses	514,842,341	411,726,517
	<b>772,083,582</b>	<b>674,620,166</b>

### 2.6 Short-term provisions

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
Provision for employee benefits	130,326,733	279,199,719
Proposed dividend	-	87,500,000
Tax on proposed dividend	-	14,188,438
Taxation, net of advance tax	20,626,338	20,775,010
Fringe benefit tax, net of advance tax	2,646,970	2,646,970
Provision for contingencies *	226,188,595	262,768,613
	<b>379,788,636</b>	<b>667,078,750</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

\* includes the following:

- a) Provision for direct and indirect taxes is utilised to settle adverse outcomes of cases against the Company. The provisions are based on an advice obtained by the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.
- b) Provision for sales return made for expected loss on account of sales return. The provision are based on reliable estimate based on past experience of the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.
- c) ₹ 123,865,443 (previous year ₹ 160,000,000) representing provision created towards expected charge backs from certain customers. The provision has been created based on best estimate by the management. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same. In respect of this provision, the disclosures required by AS 29 have not been provided in accordance with paragraph 72 of AS 29.

Particulars	(Amount in ₹)			
	Provision for direct and indirect tax cases		Provision for expected sales return	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Opening balance	78,649,769	78,649,769	24,118,844	23,673,783
Add: Charge for the year	-	-	26,230,316	17,860,731
Less: Utilisation	-	-	26,675,777	17,415,670
Less: Reversal	-	-	-	-
Closing balance	<u>78,649,769</u>	<u>78,649,769</u>	<u>23,673,383</u>	<u>24,118,844</u>



## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.7 Fixed Assets

(Amount in ₹)

Asset description	Gross book value				Accumulated and amortisation				Net book value	
	As at 1 April 2012	Additions during the year	Deletions/ write-off during the year	As at 31 March 2013	As at 1 April 2012	Charge for the year*	Deletions/ write-off during the year	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
<b>Tangible assets</b>										
Owned assets										
Freehold land	4,974,386	-	-	4,974,386	-	-	-	-	4,974,386	4,974,386
Buildings	168,610,018	21,236,388	-	189,846,406	74,287,334	32,828,538	-	107,115,872	82,730,534	94,322,684
Roads and culverts	2,015,544	-	-	2,015,544	1,914,766	-	-	1,914,766	100,778	100,778
Plant and machinery	479,266,015	6,167,141	4,241,996	481,191,160	358,165,430	53,798,134	3,814,770	408,148,794	73,042,366	121,100,585
Vehicles	42,866,166	1,544,790	8,765,148	35,645,808	24,998,931	5,510,684	6,782,976	23,726,639	11,919,169	17,867,235
Office equipment	127,533,421	21,157,064	4,982,045	143,708,440	82,623,628	26,814,609	4,697,054	104,741,183	38,967,257	44,909,793
Furniture and fixtures	49,577,752	4,168,827	4,057,152	49,689,427	25,782,332	3,829,757	3,713,266	25,898,823	23,790,604	23,795,420
<b>Leased assets</b>										
Plant and machinery	49,300,000	-	-	49,300,000	39,440,000	-	-	39,440,000	9,860,000	9,860,000
<b>Intangible assets</b>										
License for use and application of know-how and trademark	30,068,449	-	-	30,068,449	607,212,421	122,781,722	19,008,066	710,986,077	245,385,094	316,930,881
<b>Total</b>	<b>954,211,751</b>	<b>54,274,210</b>	<b>22,046,341</b>	<b>986,439,620</b>	<b>637,280,870</b>	<b>122,781,722</b>	<b>19,008,066</b>	<b>741,054,526</b>	<b>245,385,094</b>	<b>316,930,881</b>
<i>Previous year</i>	<i>845,171,636</i>	<i>117,526,801</i>	<i>8,486,686</i>	<i>954,211,751</i>	<i>570,624,481</i>	<i>73,386,152</i>	<i>6,729,763</i>	<i>637,280,870</i>	<i>316,930,881</i>	

\* Depreciation for the current year includes an amount of ₹ 51,999,253, charged as a result of higher depreciation on account of revision in the useful life of certain assets (primarily plant and machinery and buildings) that would not be used by the Company beyond the financial year 2013-14.

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.8 Non-current investments

(Amount in ₹)		
Particulars	As at 31 March 2013	As at 31 March 2012
<b>Trade investments</b>		
<i>Quoted, fully paid, at cost</i>		
Investment in equity instruments		
100 (previous year: 100) equity shares of TTK Healthcare Limited of ₹ 10 each	5,325	5,325
100 (previous year: 100) equity shares of Torrent Gujarat Biotech Limited of ₹ 10 each	1,935	1,935
	<u>7,260</u>	<u>7,260</u>
<i>Unquoted, fully paid, at cost</i>		
100 (previous year: 100) equity shares of Dee Pharma Limited of ₹ 10 each	3,568	3,568
100 (previous year: 100) equity shares of Mesco Pharmaceuticals Limited of ₹ 10 each	3,768	3,768
100 (previous year: 100) equity shares of SOL Pharmaceuticals Limited of ₹ 10 each	7,820	7,820
	<u>15,156</u>	<u>15,156</u>
<b>Non-trade investments</b>		
<b>Other investments</b>		
Un-quoted, at cost		
Investment in national saving certificate	34,500	34,500
	<u>56,916</u>	<u>56,916</u>
Market value of quoted investments	48,275	48,770

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.9 Long-term loans and advances

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Secured</b>		
Loan to employees	31,110,232	36,644,208
	31,110,232	36,644,208
<b>Unsecured, considered good</b>		
Capital advance	9,100,857	19,170,594
Security deposits	40,346,885	48,351,672
Advances recoverable in cash or in kind or for value to be received	62,235,670	73,761,502
Receivable from related parties [refer to note 2.30]	18,639,600	15,163,694
Loan to employees	9,336,232	12,987,693
Advance tax, net of provision for tax	176,509,517	193,687,253
	316,168,761	363,122,408
<b>Unsecured, considered doubtful</b>		
Receivable from suppliers	6,068,189	2,298,268
Security deposits	6,204,014	584,468
	12,272,203	2,882,736
Less: Provision for doubtful advances	(12,272,203)	(2,882,736)
	-	-
	<b>347,278,993</b>	<b>399,766,616</b>

### 2.10 Other non-current assets

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
Compensation receivable from NHAI for transfer of land *	78,848,970	19,691,797
Deposit held as margin money for guarantee	4,310,856	4,310,856
	<b>83,159,826</b>	<b>24,002,653</b>

\*Represents compensation receivable from NHAI with respect to land acquired from the Company in the financial year 2004 and 2011-12. The amount expected to be recovered within a period of twelve months from the balance sheet date have been disclosed in note 2.15 - Other current assets.

With respect to the acquisition in 2004, the net compensation awarded amounting to ₹ 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 ₹ 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 invoked the arbitration provision under the National Highways Act, 1956. During the previous year, the writ petition filed by the Company was allowed by the High Court of Karnataka vide its order dated 14 September 2011. The modified order of special land acquisition officer was quashed. The High Court further directed NHAI to pay the original award to the Company subject to the Company giving a bank guarantee of the same amount to NHAI. NHAI has filed a review petition

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

bearing No.603 of 2011 stating that operative portion of the order did not mention about the liberty granted to initiate arbitration. The Company, as per the High Court's order, on 22 February 2013 has furnished bank guarantee in favor of NHAI for release of compensation payable.

### 2.11 Inventories

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
Raw materials	252,626,126	163,812,142
Raw materials-in-transit	230,409	8,648,705
Packing materials	32,400,599	44,713,025
Packing materials-in-transit	2,635,731	2,297,100
Work-in-progress	65,524,682	67,943,478
<i>Finished goods</i>		
Manufactured	130,395,119	106,993,260
Traded	337,711,830	345,398,442
Traded goods-in-transit	29,554,395	9,103,609
Stores and spares	2,612,293	2,059,512
	<b>853,691,184</b>	<b>750,969,273</b>

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

### 2.12 Trade receivables

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b><i>Unsecured</i></b>		
Outstanding for a period exceeding six months		
Considered good	6,831	875,378
Considered doubtful	52,442,793	62,200,282
Other trade receivables, considered good		
Considered good	279,625,234	322,203,600
Considered doubtful	199,467	-
	332,274,325	385,279,260
Less : Provision for doubtful receivables	(52,642,260)	(62,200,282)
	<b>279,632,065</b>	<b>323,078,978</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.13 Cash and bank balances

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Cash and cash equivalents</b>		
Cash on hand	10,499	195,376
<i>Balances with banks:</i>		
In current accounts	502,151	5,749,733
In exchange earners foreign currency account	4,108,603	9,541,026
Short term deposits with bank (with original maturity of 3 months or less)	165,019,000	500,069,000
<i>Other bank balances:</i>		
In unclaimed dividend accounts, redeemable debentures and interest on debentures	15,045,471	16,641,074
	<b>184,685,724</b>	<b>532,196,209</b>

### 2.14 Short term loans and advances

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b><i>Secured, considered good</i></b>		
Loan to employees	18,576,413	14,007,279
	<b>18,576,413</b>	<b>14,007,279</b>
<b><i>Unsecured, considered good</i></b>		
Receivable from related parties [refer to note 2.30]	14,003,582	18,496,088
Advances recoverable in cash or in kind or for value to be received	159,501,141	187,497,749
Loan to employees	11,239,454	10,626,619
	<b>184,744,178</b>	<b>216,620,456</b>
<b><i>Unsecured, considered doubtful</i></b>		
Advances recoverable in cash or in kind or for value to be received	6,390,645	4,825,764
Loan to employees	1,727,800	1,443,074
	<b>8,118,445</b>	<b>6,268,838</b>
Less: Provision for doubtful advances	(8,118,445)	(6,268,838)
	<b>203,320,590</b>	<b>230,627,735</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.15 Other current assets

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
Unbilled revenue	95,603,440	87,485,193
Compensation receivable from NHAI for transfer of land	13,704,037	7,105,429
Interest accrued but not due on deposits	2,744,386	5,935,372
Stock of samples	14,724,734	8,460,525
	<b>126,776,597</b>	<b>108,986,519</b>

### 2.16 Sale of services and other operating revenues

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<i>Sale of services includes</i>		
Co-promotion	196,657,152	169,578,199
Clinical trials	148,872,010	147,831,772
	<b>345,529,162</b>	<b>317,409,971</b>
<i>Other operating income</i>		
Sale of scrap	1,668,362	2,405,452
	<b>1,668,362</b>	<b>2,405,452</b>

### 2.17 Other income

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Profit on sale/ transfer of assets, net*	69,890,952	7,297,525
Interest income on deposits	25,970,172	48,218,310
Rent	5,984,963	5,779,806
Net gain on account of foreign exchange fluctuations	2,171,254	-
Miscellaneous income	611,454	2,008,745
	<b>104,628,795</b>	<b>63,304,386</b>

\*Other income for the year ended 31 March 2013 includes an amount of ₹ 693.49 lakhs (previous year: ₹ 70.05 lakhs) towards compensation for factory land acquired by National Highway Authority of India during the financial year 2011-12.



# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.18 Cost of materials consumed Raw material and packing material

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Consumption of raw material	369,494,101	550,719,444
Consumption of packing material	80,258,847	164,448,681
	<b>449,752,948</b>	<b>715,168,125</b>

### 2.19 Purchase of stock in trade

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<i>Stock in trade</i>		
Opening stock	354,502,051	226,105,562
Cost of stock in trade sold	1,103,612,630	1,063,916,241
Closing stock	367,266,225	354,502,051
	<b>1,116,376,804</b>	<b>1,192,312,730</b>

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

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Inventory at the beginning of the year</b>		
Finished goods	106,993,260	124,079,074
Work in progress	67,943,478	58,827,136
Stock in trade	354,502,051	226,105,562
	<b>A</b>	<b>409,011,772</b>
<b>Inventory at the end of the year</b>		
Finished goods	130,395,119	106,993,260
Work-in-progress	65,524,682	67,943,478
Stock in trade	367,266,225	354,502,051
	<b>B</b>	<b>529,438,789</b>
Less: Excise duty on opening stock of finished goods	(15,705,478)	(16,316,605)
Add: Excise duty on closing stock of finished goods	14,661,974	15,705,478
Increase/decrease	<b>C</b>	<b>(611,127)</b>
Changes in inventory	<b>(A - B + C)</b>	<b>(121,038,144)</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.21 Employee benefits

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Salaries and wages *	1,237,838,272	1,362,860,641
Contribution to provident and other funds	104,706,251	107,891,815
Expense on employee stock option scheme #	12,720,000	3,180,000
Staff welfare expense	129,337,558	145,191,339
	<b>1,484,602,081</b>	<b>1,619,123,795</b>

\* Employee benefit expense for the year ended 31 March 2012 include provision for terminal compensation benefits payable under the voluntary retirement scheme rolled out by the Company amounting to ₹ 187,718,110. The scheme was announced by the Company on 30 March 2012. During the current year the Company has effected payment amounting to ₹ 143,549,354 as terminal compensation to employees who have opted for voluntary retirement under the scheme, ₹ 22,635,179 has been retained towards medical insurance to be provided by the Company to employees who have opted for voluntary retirement under the scheme and has reversed the balance provision of ₹ 21,533,577.

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

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.22 Other expense

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Travel and conveyance	310,812,989	318,360,909
Conference and symposia	219,630,459	291,393,687
Publicity and literature	59,856,268	46,812,946
Other marketing	107,559,358	138,257,481
Legal and professional	161,858,466	217,175,103
Carriage outwards	50,047,979	71,137,880
Clinical trial	163,712,402	141,157,592
Repairs and maintenance		
- Buildings	6,475,409	7,489,073
- Plant and machinery	27,327,147	9,232,019
- Others	13,489,505	18,504,051
Power and fuel	58,242,613	31,029,744
Rent	65,941,120	44,287,280
Consumption of stores and spare parts	27,832,043	25,425,514
Communication	40,420,209	31,684,164
Commission	39,727,117	40,218,925
Cost of samples distributed	29,556,743	45,749,862
Excise duty	14,293,368	6,955,306
Provision for doubtful debts, net	(9,558,022)	4,503,768
Provision for doubtful loans and advances	11,239,074	-
Bad debts written off	11,187,520	4,589,156
Printing and stationery	5,966,525	9,561,264
Insurance	13,795,205	11,125,135
Processing charges	63,550,724	16,660,757
Rates and taxes	40,699,137	22,671,771
Discounts	804,132	1,204,719
Loss on write-off of fixed asset	1,056,103	-
Loss on foreign exchange transactions/ translations, net	-	2,872,092
Miscellaneous	37,292,980	48,945,335
	<b>1,572,816,573</b>	<b>1,607,005,533</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.23 Contingent liabilities

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

(Amount in ₹)		
Particulars	As at 31 March 2013	As at 31 March 2012
Excise and service tax matters	12,121,052	2,665,077
Income tax related	79,727,230	-

#### (b) Guarantees

(Amount in ₹)		
Particulars	As at 31 March 2013	As at 31 March 2012
In respect of bank and other guarantees	25,263,035	18,341,417

#### (c) Others

The Company had received a notice from Bruhat Bangalore Mahanagara Palike (BBMP) on 5 November 2012 demanding a payment of ₹ 155,804,930 as development charges for its factory land. The Company has filed a writ petition in the Honorable High Court of Karnataka challenging the levy of the aforesaid development charges and accordingly on 25 February 2013, the Company received a stay from the Honorable High Court of Karnataka on the payment of the aforesaid development charges.

### 2.24 Commitments

(Amount in ₹)		
Particulars	As at 31 March 2013	As at 31 March 2012
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	63,371,374	189,778,117
<b>Other commitments</b>		
Contractual liability on cancellation of agreement for custom manufactured products	14,538,000	14,538,000
Amounts payable under non-cancellable lease agreements for residential and office premises	21,244,212	12,520,260

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

**2.25** Sale of products for the year ended 31 March 2012 is net of prior period charge amounting to ₹ 143,000,000. This prior period charge pertains to expected charge back from customers for sales made in prior years.

**2.26** Research expenditure (including depreciation) amounting to ₹ Nil (previous year: ₹ 14,412,244) incurred during the year has been charged to the respective heads of account in the statement of profit and loss.

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

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Audit fees**	3,501,250	3,501,250
Tax audit fees	367,500	367,500
Other taxation matters	475,000	690,000
Reimbursement of out of pocket expenses	532,893	475,354
	<b>4,876,643</b>	<b>5,034,104</b>

\* Excludes service tax

\*\* Audit fee for the year ended 31 March 2012 excludes ₹ 1,087,500 for the cost overruns charged for the year ended 31 March 2011.

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

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

(Amount in ₹, except number of shares)

Particulars		For the year ended 31 March 2013	For the year ended 31 March 2012
Net (loss)/ profit for the year attributable to equity shareholders	A	(895,322,977)	197,651,248
Weighted average number of equity shares of ₹ 2 each used for calculation of earnings per share	B	25,000,000	25,000,000
Earnings/ (loss) per share, basic and diluted	(A/B)	<b>(35.81)</b>	<b>7.91</b>

The Company does not have potentially dilutive equity shares.

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

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

#### (i) Class of goods manufactured

(Amount in ₹)

Particulars	Opening stock <sup>1</sup> as at 1 April 2012	Turnover <sup>2</sup> for the year ended 31 March 2013	Closing stock <sup>1</sup> as at 31 March 2013
Bulk drugs	- (-)	112,317,073 (85,752,285)	- (-)
Liquids	13,877,889 (15,771,529)	240,052,885 (570,679,936)	21,420,978 (13,877,889)
Tablets and capsules	85,310,033 (63,421,716)	1,081,555,205 (1,675,631,925)	67,847,885 (85,310,033)
Injectables	6,356,059 (36,772,766)	140,815,594 (500,574,482)	41,984,618 (6,356,059)
Ointments	4,463,672 (11,999,649)	4,732,004 (319,455,336)	222 (4,463,672)
Inhalation products	2,109 (153,345)	(52,268) 2,614,217	- (2,109)
	<b>110,009,762</b> (128,119,005)	<b>1,579,420,493</b> (3,149,479,747)	<b>131,253,703</b> (110,009,762)

#### (ii) Class of goods traded

(Amount in ₹)

Particulars	Opening stock <sup>1</sup> as at 1 April 2012	Turnover <sup>2</sup> for the year ended 31 March 2013	Closing stock <sup>1</sup> as at 31 March 2013
<b>Formulations:</b>			
Tablets and capsules	85,003,186 (113,255,662)	638,665,347 (547,095,874)	122,917,357 (85,003,186)
Injectables	266,913,796 (112,172,505)	1,235,569,504 (1,173,797,548)	244,568,303 (266,913,796)
Dry powder	1,524,018 -	6,740,920 (4,662,852)	2,750,824 (1,524,018)
Inhalation products	6,120,155 (4,535,810)	25,613,497 (34,639,390)	10,895,891 (6,120,155)
Liquids	384,919 -	71,003,364 (85,711,196)	- (384,919)
	<b>359,946,074</b> (229,963,977)	<b>1,977,592,632</b> (1,845,906,860)	<b>381,132,375</b> (359,946,074)
	<b>469,955,836</b> (358,082,982)	<b>3,557,013,126</b> (4,995,386,607)	<b>512,386,078</b> (469,955,836)



# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### Notes:

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

### (iii) Work-in-progress

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
Bulk drugs	48,296,275	41,026,673
<b>Formulations:</b>		
Liquids	2,046,793	2,691,851
Tablets and capsules	14,253,713	20,881,964
Injectables	927,901	3,342,990
	<b>65,524,682</b>	<b>67,943,478</b>

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

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Formulations:</b>		
Tablets and capsules	323,541,100	217,414,688
Injectables	767,036,988	932,862,675
Dry powder	7,927,019	7,226,203
Liquids	24,235,843	31,396,969
Inhalation products	25,624,688	27,906,015
	<b>1,148,365,638</b>	<b>1,216,806,550</b>

\* Includes purchase of traded goods distributed as free samples

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

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

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Raw materials</b>		
Crestor 10mg (Bulk tablets)	65,102,464	54,987,535
Seloken XL 50mg (Bulk tablets)	49,372,592	77,787,472
Crestor 20Mg (Bulk Tablets)	38,654,603	33,907,765
Seloken XL 25mg (Bulk tablets)	32,783,509	54,486,845
Codeine phosphate	12,109,999	55,024,285
*Other raw materials	171,470,934	274,525,542
	<b>369,494,101</b>	<b>550,719,444</b>
<b>Packing materials</b>		
Bottle amber 100ml	16,061,355	33,373,486
Vial clear glass	13,346,415	18,504,371
*Other packing material	50,851,077	112,570,824
	<b>80,258,847</b>	<b>164,448,681</b>

#### Notes:

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

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

(Amount in ₹)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	271,179,666	60.30	380,600,005	53.22
Indigenous	178,573,282	39.70	334,568,120	46.78
	<b>449,752,948</b>	<b>100.00</b>	<b>715,168,125</b>	<b>100.00</b>

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

(Amount in ₹)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Amount	Percentage of total consumption	Amount of total consumption	Percentage
Imported	-	-	138,783	0.55
Indigenous	27,832,043	100.00	25,286,731	99.45
	<b>27,832,043</b>	<b>100.00</b>	<b>25,425,514</b>	<b>100.00</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.30 Related parties

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

Holding company	AstraZeneca Pharmaceuticals AB, Sweden
Holding company of AstraZeneca Pharmaceuticals AB, Sweden	AstraZeneca AB, Sweden
Holding company of AstraZeneca AB, Sweden	AstraZeneca Treasury Limited, United Kingdom
Ultimate holding company	AstraZeneca Plc, United Kingdom
Fellow subsidiaries	AstraZeneca SDN Bhd, Malaysia; AstraZeneca Singapore Pte Ltd, Singapore; AstraZeneca Philippines; AstraZeneca Belgium; AstraZeneca India Private Limited; PT AstraZeneca Indonesia; AstraZeneca Pty Ltd, Australia; AstraZeneca China; AstraZeneca Pharmaceuticals LP USA; AstraZeneca Thailand; and IPR Pharmaceuticals Inc
Key management personnel	
- Managing Director	Anandh Balasundaram (resigned w.e.f 31 August 2012)
- Whole-time director	Ruby Lau (resigned w.e.f 27 February 2013) \
	Robert Ian Haxton (appointed w.e.f 6 February 2013)
- Directors	Ian Brimicombe Luigi Felice Lacorte

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### (ii) Related party transactions

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Purchase of materials and traded goods</b>		
AstraZeneca Plc, United Kingdom	659,419,552	754,465,925
AstraZeneca AB, Sweden	115,253,025	233,467,862
AstraZeneca Pty Ltd, Australia	4,053,933	-
IPR Pharmaceuticals Inc	142,020,134	90,982,726
	<b>920,746,644</b>	<b>1,078,916,513</b>
<b>Payment towards reimbursement of expenses</b>		
AstraZeneca Plc, United Kingdom	10,998,841	23,103,984
AstraZeneca AB, Sweden	920,671	1,179,471
AstraZeneca Singapore Pte Ltd	8,966,553	707,712
AstraZeneca India Private Limited	8,651,773	6,571,310
AstraZeneca Pty Ltd, Australia	-	6,046,791
Others	-	-
	<b>29,537,838</b>	<b>37,609,268</b>
<b>Receipt towards reimbursement of expenses</b>		
AstraZeneca Plc, United Kingdom	65,740,101	65,947,272
AstraZeneca Singapore Pte Ltd	5,564,404	28,155,470
Others	19,475,264	13,223,167
	<b>90,779,769</b>	<b>107,325,909</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.30 Related parties (continued)

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

(Amount in ₹)

Nature of transactions	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Rent expenses</b>		
AstraZeneca India Private Limited	20,927,151	20,334,072
<b>Sales of products</b>		
AstraZeneca AB, Sweden	112,317,074	93,860,774
AstraZeneca SDN Bhd, Malaysia	15,913,868	132,822,467
AstraZeneca Philippines	13,107,034	111,625,116
AstraZeneca Singapore Pte Ltd	5,496,063	4,712,280
	<b>146,834,039</b>	<b>343,020,637</b>
<b>Sale of services</b>		
AstraZeneca AB, Sweden	148,872,010	132,496,617
AstraZeneca Singapore Pte Ltd	-	15,335,155
	<b>148,872,010</b>	<b>147,831,772</b>
<b>Rent deposit</b>		
AstraZeneca India Private Limited	3,475,906	-
<b>Dividend paid</b>		
AstraZeneca Pharmaceuticals AB, Sweden	78,749,825	224,999,500
<b>Rental income</b>		
AstraZeneca India Private Limited	4,657,650	4,804,560
<b>Director's remuneration</b>		
Anandh Balasundaram	11,874,867	21,369,167
Ruby Lau	6,670,492	2,518,643
Robert Ian Haxton	4,926,140	-
	<b>23,471,499</b>	<b>23,887,810</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

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

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Long-term loans and advances</b>		
AstraZeneca India Private Limited	18,639,600	15,163,694
<b>Other current assets</b>		
AstraZeneca AB, Sweden	43,639,371	41,063,459
<b>Short term loans and advances</b>		
AstraZeneca Singapore Pte Ltd	-	5,526,306
AstraZeneca India Private Limited	5,086,856	8,969,708
AstraZeneca Plc, United Kingdom	6,452,460	2,977,701
Others	2,464,266	1,022,373
	<b>14,003,582</b>	<b>18,496,088</b>
<b>Trade receivables</b>		
AstraZeneca AB, Sweden	25,426,335	5,998,297
AstraZeneca SDN Bhd, Malaysia	867,531	-
AstraZeneca Philippines	-	-
	<b>26,293,866</b>	<b>5,998,297</b>
<b>Trade payables and other current liabilities</b>		
AstraZeneca Plc, United Kingdom	580,885,503	33,869,833
AstraZeneca AB, Sweden	114,223,594	70,815,938
AstraZeneca Singapore Pte Ltd	4,925,208	306,867
AstraZeneca Pty Ltd, Australia	3,318,213	2,897,655
IPR Pharmaceuticals Inc	77,546,794	-
Others	14,961	4,795,161
	<b>780,914,273</b>	<b>112,685,454</b>

The Company has outsourced certain accounting function to an external service provider. All costs with respect to the transition of the accounting function have been borne by AstraZeneca Group and will not be charged to the Company.

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.31 Segment reporting

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

- (i) **Healthcare** - The Company engages in the manufacture, trading and sale of pharmaceutical products.
- (ii) **Clinical trial services** - The Company renders clinical trial services on pharmaceutical products to its group companies.
- (iii) **Co-promotional services** - The Company renders co-promotion services for pharmaceutical products to its customers.

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

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

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

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

### Primary segment information

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Segment revenue</b>		
(a) Healthcare	3,558,681,488	4,997,792,059
(b) Others	345,529,162	317,409,971
	<u>3,904,210,650</u>	<u>5,315,202,030</u>
Less: Inter-segment revenue	-	-
<b>Net income from operations</b>	<u><b>3,904,210,650</b></u>	<u><b>5,315,202,030</b></u>
<b>Segment results</b>		
Profit before tax and interest		
(a) Healthcare	(847,782,492)	216,527,616
(b) Others	40,453,755	12,716,223
	<u><b>(807,328,737)</b></u>	<u><b>229,243,839</b></u>
Other un-allocable income, net of interest expenses	104,628,795	63,304,386
<b>Total profit before tax</b>	<u><b>(702,699,942)</b></u>	<u><b>292,548,225</b></u>
Less: Provision for taxation	192,623,035	94,896,977
<b>Profit after taxation</b>	<u><b>(895,322,977)</b></u>	<u><b>197,651,248</b></u>



# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.31 Segment reporting (continued)

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Segment assets</b>		
(a) Healthcare	2,505,644,227	2,382,758,741
(b) Others	98,822,859	130,076,692
(c) Unallocated assets	456,549,550	936,295,826
	<b>3,061,016,635</b>	<b>3,449,131,259</b>
<b>Segment liabilities</b>		
(a) Healthcare	1,812,691,294	1,213,328,528
(b) Others	86,585,997	48,309,255
(c) Unallocated liability	164,210,201	294,641,356
	<b>2,063,487,492</b>	<b>1,556,279,139</b>
<b>Capital expenditure</b>		
(a) Healthcare	206,411,227	463,089,706
(b) Others	-	-
	<b>206,411,227</b>	<b>463,089,706</b>
<b>Depreciation</b>		
(a) Healthcare	122,781,722	73,386,152
(b) Others	-	-
	<b>122,781,722</b>	<b>73,386,152</b>

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

### Secondary segment information

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

- a) Domestic
- b) Exports

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Segment revenue</b>		
(a) Domestic	3,608,504,601	4,824,807,639
(b) Export	295,706,049	490,394,391
	<b>3,904,210,650</b>	<b>5,315,202,030</b>
<b>Segment assets</b>		
(a) Domestic	3,022,336,921	3,404,648,957
(b) Export	38,679,714	16,193,256
	<b>3,061,016,635</b>	<b>3,420,842,213</b>
<b>Capital expenditure</b>		
(a) Domestic	206,411,227	463,089,706
(b) Export	-	-
	<b>206,411,227</b>	<b>463,089,706</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.32 Details of deferred tax asset

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Deferred tax assets</b>		
Section 43B items and provision for expenses	-	170,714,394
Provision for doubtful debts	-	20,180,881
Total	-	190,895,275
<b>Deferred tax liabilities</b>		
Depreciation on fixed assets	-	13,272,425
Total	-	13,272,425
<b>Deferred tax assets, net</b>	<b>-</b>	<b>177,622,850</b>

In view of accumulated losses and in accordance with AS 22 - Accounting for taxes on income, deferred tax assets on unabsorbed depreciation and other temporary timing differences have not been recognised. Further, in view of losses incurred in the current year, the Company has reversed the deferred tax asset recognised in earlier years as the Company is unable to demonstrate virtual certainty.

### 2.33 Value of imports on CIF basis

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Raw and packing materials (net of returns)	276,560,896	349,955,233
Components and spare parts	-	138,783
Capital goods	1,240,585	37,593,747
	<b>277,801,481</b>	<b>387,687,763</b>

### 2.34 Expenditure in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Legal and professional	32,604,733	29,370,784
Marketing	14,189,464	2,367,147
Others	3,017,921	2,939,316
	<b>49,812,118</b>	<b>34,677,247</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.35 Earnings in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
F.O.B. value of exports	146,834,039	342,562,619
Sale of services (Gross)	148,872,010	147,831,772
	<b>295,706,049</b>	<b>490,394,391</b>

### 2.36 Amount remitted in foreign currency on account of dividend

(Amount in ₹)

Year to which dividend relates	31 March 2012	31 March 2011
Number of non-resident shareholders	1	1
Number of shares held of ₹ 2 each	22,499,950	22,499,950
Amount remitted	78,749,825	224,999,500

### 2.37 Leases

The Company is obligated under non-cancellable operating leases for residential and office premises. Total rental expense under non-cancellable operating leases amounted to ₹ 16,563,098 (previous year: ₹ 6,010,958 ) for the year ended 31 March 2013.

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

(Amount in ₹)

Period	As at 31 March 2013	As at 31 March 2012
Not later than 1 year	13,672,505	8,448,760
Later than 1 year and not later than 5 years	7,571,707	4,071,500
Later than 5 years	-	-

The Company is also obligated under cancellable lease for residential and office premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable operating lease entered amounted to ₹ 49,378,022 (previous year: ₹ 38,276,322 ) for the year ended 31 March 2013.

Further the Company is obligated under operating lease agreements for vehicles. Total lease rental expense under the said agreement amounted to ₹ 1,227,418 (previous year: ₹ 1,857,704) for the year ended 31 March 2013.

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

**2.38** Forward contracts entered for the hedging purpose, which were outstanding as on 31 March 2013 amounted to ₹ Nil (previous year: ₹ Nil). Foreign currency exposure as on 31 March 2013, which was not hedged, are as follows:

#### Un-hedged foreign currency exposure

Underlying asset / liability		As at 31 March 2013		As at 31 March 2012	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Short term loans and advances	USD	229,780	12,385,848	194,366	9,947,401
	AUD	300	12,925	-	-
	SGD	100	3,575	-	-
Trade receivables	USD	485,065	26,293,866	122,040	6,245,855
Trade payables and other current liabilities	USD	654,405	35,904,592	996,631	51,006,627
	SEK	828,196	6,480,489	9,573,690	73,907,452
	SGD	-	-	2,434	99,794
	EUR	16,377	1,066,778	211,611	14,701,190
	AUD	185	7,514	-	-
			<b>82,155,587</b>		<b>155,908,319</b>

#### 2.39 Dues to micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2013 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

### 2.40 Gratuity plan

The Company has the following defined Gratuity plan.

#### Leaving service benefit:

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

#### For Management staff:

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

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.40 Gratuity plan (continued)

#### For Non-Management staff:

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

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

#### For Management staff:

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

#### For Non-Management staff:

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

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<i>Obligations at year beginning</i>	193,583,573	175,373,599
Current service cost	17,048,432	16,317,992
Interest cost	15,596,418	14,721,928
Benefits settled	(64,774,588)	(11,928,093)
Actuarial (gain)/loss	44,132,715	(901,853)
<b>Obligations at year end</b>	<b>205,586,550</b>	<b>193,583,573</b>
<i>Change in plan assets</i>		
Plan assets at beginning of the year, at fair value	232,271,890	129,048,752
Expected return on plan assets	17,769,478	14,830,611
Actuarial gain/(loss)	(2,529,814)	(2,465,531)
Contributions	18,336,163	102,786,151
Benefits settled	(64,774,588)	(11,928,093)
<b>Plans assets at year end, at fair value</b>	<b>201,073,129</b>	<b>232,271,890</b>
<i>Reconciliation of present value of the obligation and the fair value of the plan assets</i>		
Fair value of plan assets at the end of the year	201,073,129	232,271,890
Present value of the defined benefit obligations at the end of the year	205,586,550	193,583,573
<b>Liability (-)/assets (+) recognised in balance sheet</b>	<b>(4,513,421)</b>	<b>38,688,317</b>
<i>Gratuity cost for the year</i>		
Service cost	17,048,432	16,317,992
Interest cost	15,596,418	14,721,928
Expected return on plan assets	(17,769,478)	(14,830,611)
Actuarial (gain)/loss	46,662,529	1,563,678
<b>Net gratuity cost</b>	<b>61,537,901</b>	<b>17,772,987</b>

# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

(Amount in ₹)

Particulars	As at 31 March 2013	As at 31 March 2012
<i>Investment details of plan assets</i>		
Equity instruments	12.52%	9.73%
Debt instruments	87.48%	90.27%
<i>Assumptions</i>		
Interest rate	8.00%	8.75%
Discount factor	8.00%	8.75%
Estimated rate of return on plan assets	9.00%	8.50%
Salary increase	1 <sup>st</sup> 2 years 9% and thereafter 6%	1 <sup>st</sup> 2 years 8% and thereafter 6%
Attrition rate	5% to 13% based on the employee designation	6.00%
Retirement age	60 Years	60 Years

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

### 2.40 Gratuity plan (continued)

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

Particulars	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009
Fair value of Plan Asset	201,073,129	232,271,890	129,048,752	101,936,579	83,013,210
Project benefit Obligation, End of period	205,586,619	193,583,642	175,373,598	112,899,635	98,238,528
(Surplus)/Deficit in the plan	4,513,490	(38,688,248)	46,324,846	10,963,056	15,225,318
Experience adjustment on Plan Assets	(2,529,814)	(2,465,531)	(23,991)	837,461	(8,216,293)
(Gain)/Losses due to change in assumption	28,232,652	(5,330,180)	7,297,260	(11,619,245)	-
Experience (Gain)/ Losses on PBO	15,900,063	4,428,327	46,987,139	17,673,263	(2,252,992)
Total(Gain)/ Loss	44,132,715	(901,853)	54,284,399	6,054,018	(2,252,992)



# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

### 2.41 Provident fund

The Company contributed ₹ 33,143,402 (previous year ₹ 29,086,637) towards provident fund during the year ended 31 March 2013.

The guidance on implementing AS 15, Employee Benefits (revised 2005) issued by Accounting Standard Boards that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities for the year ended 31 March 2013. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at 31 March 2013.

The details of fund plan assets as at 31 March 2013 is given below:

(Amount in ₹)		
Particulars	As at 31 March 2013	As at 31 March 2012
Plan assets at the year end, at fair value	415,806,328	328,461,321
Present value of the defined benefit obligations at the end of the year	415,806,328	328,461,321
Assets recognised in balance sheet	-	-

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

(Amount in ₹)		
Particulars	As at 31 March 2013	As at 31 March 2012
Discount rate	8.00%	8.75%
Remaining term of maturity	8.12 years	12.37 years
Expected guaranteed interest rate	8.50%	8.50%

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

**2.43** The Board of Directors of the Company at its meeting held on 21 May 2013, approved the financial statements for the year ended 31 March 2013.

**2.44** Mr Robert Ian Haxton, a foreign national was appointed as Whole time Director of the Company during the year. Subsequent to the balance sheet date, on May 2, 2013, the Company has filed an application with the Central Government under the Companies Act, 1956 seeking approval for his appointment; The application is pending before the Central Government. Further, approval of the shareholders in general meeting by a special resolution pursuant to the applicable provisions of Schedule XIII to the Companies Act, 1956 for his appointment as Wholetime Director and for the payment of remuneration to him will be sought at the ensuing Annual General Meeting.

**2.45** In absence of profits for the year ended 31 March 2013, the remuneration committee has, pursuant to the applicable provisions of Schedule XIII to the Companies Act, 1956, approved the remuneration of ₹ 23 million paid to Mr Anandh Balasundaram, the former Managing Director for the period from 1 April 2012 to 31 August 2012 (date of his resignation) and Ms Ruby Lau, the former Whole Time Director for the period from 1 April 2012 to 27 February 2013 being the date of resignation. The expense has been charged to the statement of profit and loss for the year ended 31 March 2013. The remuneration is subject to the requisite approval of the shareholders.

**2.46** At the end of the financial year 2011-12, the factory experienced interruptions to the supply of certain products. The Company has invested, and continues to invest, resources to remediate these interruptions. As a result of the remediation being carried out, the Company has succeeded in gradually returning a majority of the products to the market. Revenues and the financial results for the current year ended 31 March 2013 were thus impacted.

**2.47** During the previous year, a First Information Report (FIR) was filed by the Central Bureau of Investigation against the Company on 23 February 2012 wherein it is alleged that the Company submitted a false affidavit with respect to rates quoted by the Company to the institution (Directorate of Health Services, Delhi). It is further alleged that unknown officers of the Directorate of Health Services, Delhi (DHS) and unknown officials of the Company and other private persons conspired to cancel the recovery proceedings by DHS. The Company is fully cooperating with the ongoing investigations.

**2.48** In order to assist the Company in its efforts to establish/grow its presence in the Indian market despite the significant losses incurred, AstraZeneca Pharmaceuticals AB Sweden, the promoter of the Company, has agreed to provide a voluntary non repayable financial grant of approximately USD 22.5 million (Indian rupee equivalent 1,192 million) to USD 26.5 million (Indian rupee equivalent 1,404 million) over the three years period financial year 2013-14 to financial year 2015-16 under a Subvention Agreement dated 7 May 2013. The first tranche of USD 14 million (Indian rupee equivalent 740 million) has been agreed to be provided to the Company during the financial year 2013-14.

[Exchange rate of ₹ 53 per USD is used for the conversion above].

**2.49** The financial statements are presented in Indian Rupees (₹).

**2.50** Previous year's figures have been regrouped/ reclassified as per the current year's presentation for the purpose of comparability. The following significant regroupings/ reclassifications of the previous year figures have been made:

Particulars	Previous year grouping	Current year grouping	Amount (₹)
Provision for contingent liability	Other current liabilities	Short-term provisions	184,118,844

As per our report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm Registration Number: 101248W

**Natrajh Ramakrishna**

Partner

Membership number: 032815

Officer

Place: Bangalore

Date: 21 May 2013

for and on behalf of the Board of Directors

**D E Udewadia**

Chairman

**Pawan Singhal**

Company Secretary

Place: Bangalore

Date: 21 May 2013

**Sanjay Murdeshwar**

Managing Director

**Himanshu Agarwal**

Chief Financial

## TEN YEAR SUMMARY

Particulars	Unit	2003	2004	2005	2006
<b>Sales &amp; Earnings</b>					
Total income	₹	1,808.16	1,965.45	2,328.78	2,773.65
Profit before depn, int & tax	₹	431.58	481.36	700.25	806.82
Profit before int & tax	₹	384.70	437.21	648.31	749.51
Profit before tax	₹	384.22	436.89	647.76	749.51
Profit after tax	₹	245.08	257.50	430.58	487.36
Deferred Tax Liability for earlier years	₹	-	-	-	-
Balance Profit after Tax	₹	245.08	257.50	430.58	487.36
Dividend paid	₹	19.50	250.00	100.00	300.00
Retained earnings	₹	220.72	(25.17)	316.56	145.29
<b>Capital Employed</b>					
Fixed assets					
- Gross including Cwip & Cap Adv	₹	646.60	681.31	742.92	793.54
- Net	₹	261.73	293.07	312.16	332.77
Investments	₹	0.57	0.57	0.12	0.07
Deferred tax assets	₹		4.58	12.24	9.81
Net current assets (working capital)	₹	724.20	657.18	947.44	1,074.60
<b>Total</b>		<b>986.50</b>	<b>955.40</b>	<b>1,271.95</b>	<b>1,417.24</b>
<b>Represented by</b>					
Networth	₹	986.50	955.40	1,271.95	1,417.24
Share capital	₹	50.00	50.00	50.00	50.00
Reserves	₹	930.56	905.40	1,221.95	1,367.24
Borrowings - secured	₹	-	-	-	-
Deferred tax Liability	₹	5.94	-	-	-
<b>Total</b>		<b>986.50</b>	<b>955.40</b>	<b>1,271.95</b>	<b>1,417.24</b>
<b>Ratios</b>					
<b>Measures of Performance</b>					
PBT to total income	%	21.25	22.23	27.82	27.02
PAT to total income	%	13.55	13.10	18.49	17.57
Material consumption to sales	%	34.93	35.39	33.85	34.66
Employee cost to sales	%	18.48	17.77	16.90	16.74
Net fixed assets to net worth	%	26.53	30.67	24.54	23.48
Fixed assets usage	Times	7.77	7.20	7.86	9.15
<b>Measures of Investments</b>					
Return on Networth	%	24.84	26.95	33.85	34.39
Earnings per share @	₹	9.80	10.30	17.22	19.49
Dividend payout ratio	%	39.78	485.43	116.12	61.56
Dividend coverage ratio	Times	12.57	1.03	4.31	1.62
<b>Measures of Financial Status</b>					
Current ratio	Unit	2.64	1.97	2.96	2.10
Quick ratio	Unit	1.54	1.59	2.44	1.75
Debt equity ratio	Unit	-	-	-	-
Inventory holding (on sales)	Days	100	49	41	47
<b>Other information</b>					
Contribution to exchequer *	₹	620.22	640.64	717.52	970.29
Employee					
- Cost	₹	325.50	338.55	375.95	442.65
- Numbers		948	942	902	895
Number of shareholders		4,175	4,340	5,026	6,981
Dividend	%	39.00	500.00	200.00	600.00
Book value = net worth per share @	₹	39.46	38.22	50.88	56.69

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

(₹ in Million)

2007	2008	2009	2010-11 (15 months)	2011-12	2012-13
3,135.63	3,681.40	4,023.77	6,003.06	5,378.51	4,008.84
1,011.89	1,261.15	946.06	1,097.98	365.93	(579.92)
953.49	1,192.39	885.29	1,009.85	292.55	(702.70)
953.49	1,143.76	883.92	1,009.85	292.55	(702.70)
614.59	738.35	576.17	641.30	197.65	(895.32)
-	-	-	-	-	-
614.59	738.35	576.17	641.30	197.65	(895.32)
375.00	375.00	250.00	250.00	87.50	-
175.86	299.62	283.68	351.71	95.96	(895.32)
829.89	811.52	831.29	1,169.89	1,558.27	1,732.57
332.34	304.50	303.44	513.88	901.82	982.41
0.07	0.06	0.06	0.06	0.06	0.06
17.26	23.71	29.40	75.42	177.62	-
1,243.43	1,458.23	1,112.29	1,207.54	813.35	15.06
<b>1,593.10</b>	<b>1,786.50</b>	<b>1,445.18</b>	<b>1,796.90</b>	<b>1,892.85</b>	<b>997.53</b>
1,593.10	1,161.50	1,445.18	1,796.90	1,892.85	997.53
50.00	50.00	50.00	50.00	50.00	50.00
1,543.10	1,111.50	1,395.18	1,746.90	1,842.85	947.53
-	625.00	-	-	-	-
-	-	-	-	-	-
<b>1,593.10</b>	<b>1,786.50</b>	<b>1,445.18</b>	<b>1,796.90</b>	<b>1,892.85</b>	<b>997.53</b>
30.41	31.07	21.97	16.82	5.44	(17.53)
19.60	20.06	14.32	10.68	3.67	(22.33)
31.67	29.29	31.38	31.21	35.76	43.05
16.97	18.30	21.49	26.20	32.41	41.74
20.86	26.22	21.00	28.60	47.64	98.48
9.48	12.12	13.40	21.87	16.97	16.34
38.58	63.57	39.87	35.69	10.44	(89.75)
24.58	29.53	23.05	25.65	7.91	(35.81)
61.02	50.79	43.39	38.98	44.27	-
1.64	1.97	2.30	2.57	2.26	-
2.43	2.33	2.24	1.95	1.30	0.80
2.16	2.02	1.85	1.50	0.80	0.39
-	0.54	-	-	-	-
29	37	33	45	55	88
1,024.34	1,096.15	765.51	1,052.90	803.37	761.28
502.03	621.73	828.29	1,504.98	1,619.12	1,484.60
937	1038	1464	1705	1674	1588
7172	7375	7025	6058	8125	14571
750.00	750.00	500.00	500.00	175.00	-
63.72	46.46	57.81	71.88	75.71	39.90

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# AstraZeneca Pharma India Limited

Regd.Office: 'Avishkar', Off Bellary Road, Hebbal, Bangalore – 560 024

## PROXY

34<sup>th</sup> Annual General Meeting

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of AstraZeneca Pharma India Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy to vote for me/us on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be held at 3:00 P.M. on Tuesday, August 20, 2013 at Vivanta by Taj, MG Road, Bangalore or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

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

# AstraZeneca Pharma India Limited

Regd.Office: 'Avishkar', Off Bellary Road, Hebbal, Bangalore – 560 024

## 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 34<sup>th</sup> Annual General Meeting of the Company held at 3:00 P. M. on Tuesday, August 20, 2013 at Vivanta by Taj, MG Road, 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







*"YHP has changed my life. I was living life aimlessly going here and there without any direction or thought for the future. After training as a peer educator, I have learnt a lot which I can share with my friends and other community people and teach them about importance of health and health seeking behaviours. Due to YHP many young people gave up the habit of tobacco and cigarette addiction, and are seeking access to health care facilities"*

-19 year old Suraj of Delhi, India, is a Young Health Programme peer educator.

## AstraZeneca Young Health Programme (YHP) India

YHP is AstraZeneca's global community investment programme and is designed to help young people in need around the world deal with the health issues they face and improve their chances for a better life in the future.

In India, YHP was started in year 2010-11 and has made significant progress since then. YHP India has directly been able to reach out to 65,250 young people, and has influenced 60,988 wider community members, including health professionals, educators and policy makers. The several achievements of YHP India have been achieved through two key approaches namely, the establishment of 9 Health Information Centres (HICs) which act as a forum for the youth. The second vital approach was the training and support of 1,403 Peer Educators (677 male and 726 female members) who are responsible for spreading awareness in their respective communities.

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



**AstraZeneca Pharma India Limited**  
'Avishkar', Off Bellary Road, Hebbal, Bangalore 560 024  
[www.astrazenecaindia.com](http://www.astrazenecaindia.com)