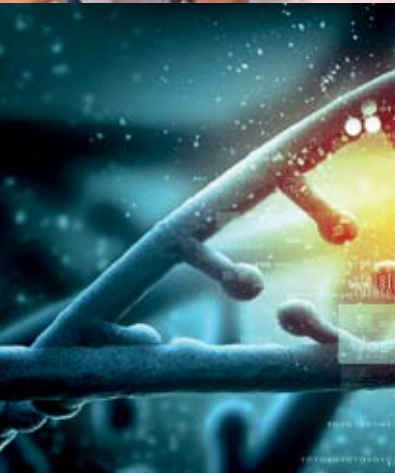


**We push the  
boundaries  
of science to  
deliver medicines  
that transform the  
lives of people  
around the world**

**AstraZeneca Pharma India Limited**  
Annual Report 2013-14

**AstraZeneca**



# AstraZeneca Values



**We follow the science**



**We put patients first**



**We play to win**



**We do the right thing**



**We are entrepreneurial**

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# AstraZeneca Pharma India Limited

## Board of Directors

Mr. D. E. Udwadia, Chairman  
Mr. K. S. Shah  
Mr. Narayan K Seshadri  
Mr. Ian Brimicombe  
Mr. Justin Ooi  
Mr. Sanjay Murdeshwar, Managing Director  
Mr. Robert Ian Haxton, Whole Time Director

## Auditors

BSR & Co. LLP, 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\*, Guwahati, Hyderabad,  
Indore, Jaipur, Kochi, Kolkata, Lucknow,  
Mumbai, Patna, Ranchi, Chandigarh,  
Panchkula and Zirakhpur.

\*Company outlets (only Delhi)

## Committees of Directors

### Audit Committee

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

### Nomination & Remuneration Committee

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

### Stakeholders’ Relationship Committee

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

### Corporate Social Responsibility Committee

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

### Chief Financial Officer

Mr. Rajesh Marwaha (From Aug 4, 2014)

### Legal Counsel & Company Secretary

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

**Annual General Meeting**  
**at 3.00 p. m. on Tuesday, September 30, 2014**  
**at Vivanta by Taj, MG Road, Bangalore 560 001**

# AstraZeneca Pharma India Limited

Registered Office: ‘Avishkar’, Off Bellary Road, Hebbal, Bangalore 560 024, Karnataka

Tel: (080) 67748000, Fax: (080) 23622015, CIN: L24231KA1979PLC003563

Email: comp.secy@astrazeneca.com Website: www.astrazeneca/india.com

## NOTICE

**NOTICE** is hereby given that the 35th Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held on Tuesday, September 30, 2014 at 3.00 p.m. at Vivanta by Taj Hotel, MG Road, Bangalore 560001, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Audited Profit and Loss Account and the Cash Flow Statement of the Company 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. Justin Ooi (holding DIN 06567885) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Messrs. BSR & Co. LLP, Chartered Accountants, (ICAI Registration No.101248W) as Statutory Auditors of the Company to hold office from the conclusion of this Meeting up to the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

#### 4. Ratification of Cost Auditor’s remuneration

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof,) the appointment of M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore, as Cost Auditors of the Company for conducting the cost audit of the accounts for the financial year ending March 31, 2015 on a remuneration of ₹ 1,40,000/- (Rupees one lac forty thousand only) plus applicable service tax and reimbursement of out-of-pocket expenses, at actuals, be and is hereby ratified.”

#### 5. Appointment of Mr. D. E. Udwadia as an Independent Director

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

“**RESOLVED THAT** the appointment of Mr. D. E. Udwadia (Director of the Company holding DIN 00009755), as a Non-Executive Independent Director for a term of 5 consecutive years from September 30, 2014 to September 29, 2019, pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, be and is hereby approved.”

#### 6. Appointment of Mr. K. S. Shah as an Independent Director

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

“**RESOLVED THAT** the appointment of Mr. K. S. Shah (Director of the Company holding DIN 00136952), as a Non-Executive Independent Director for a term of 5 consecutive years from September 30, 2014 to September 29, 2019, pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, be and is hereby approved.”

#### 7. Appointment of Mr. Narayan K.Seshadri as an Independent Director

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

“**RESOLVED THAT** the appointment of Mr. Narayan K. Seshadri, (Director of the Company holding

DIN 00053563), as a Non-Executive Independent Director for a term of 5 consecutive years from September 30, 2014 to September 29, 2019, pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the

Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, be and is hereby approved.”

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

**Sanjay Murdeshwar**  
Managing Director

Place: Bangalore  
Date: August 12, 2014

## NOTES

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

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

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

2. The Register of Members and Share Transfer Books of the Company will remain closed for **9 days i.e., from September 22, 2014 to September 30, 2014** (both days inclusive) in connection with the Annual General Meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
4. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of

any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
6. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.
7. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
8. Electronic copy of the Notice of the 35th Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting

along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 35th Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

9. Members may also note that the Notice of the 35th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website [www.astrazeneca.com/india](http://www.astrazeneca.com/india) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Bangalore for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email ID: [comp.secy@astrazeneca.com](mailto:comp.secy@astrazeneca.com).

### 10. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, the Company is pleased to provide members facility to exercise their right to vote at the 35th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

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

- i. Open e-mail and the attached PDF file titled “AZPIL e-Voting.PDF” with your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as default password. The said PDF file contains your “User ID” and “Password for e-voting”. Please note that the password is an initial password.
- ii. Open internet browser by typing the URL: <https://www.evoting.nsdl.com/>.

- iii. Click on “Shareholder” - “Login”.

- iv. Type in your User ID and Password as initial password as mentioned in step (i) above and click Login.

- v. Password Change Menu appears. Change the password with the new password of your choice with minimum 8 digits/ characters or combination thereof.

- vi. Please note your new password. It is strongly recommended that you do not share your new password and take utmost care to keep your password confidential.

- vii. Home page of “e-voting” opens. Click on “e-voting- Active Voting Cycles”.

- viii. Select “EVEN” of AstraZeneca Pharma India Limited for casting your vote.

- ix. You are now ready for “e-voting” as “Cast Vote” page opens. The e-voting period commences on September 23, 2014 (9.00 a.m. IST) and ends on September 25, 2014 (6.00 p.m. IST).

- x. Cast your vote by selecting appropriate option and click “Submit” and also “Confirm” when prompted. Upon confirmation, the message, “Vote cast successfully” will be displayed. Once voted on the resolution, you will not be allowed to modify your vote.

- xi. Institutional Members (other than Individuals, HUF, NRI, etc.) are also required to send a scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority Letter, etc., together with an attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through email on [vijaykt@vjkt.in](mailto:vijaykt@vjkt.in) with a copy marked [toevoting@nsdl.co.in](mailto:toevoting@nsdl.co.in).

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

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

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



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

### C. Other instructions:

(i) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and E-voting User Manual for Shareholders available at the “Downloads” section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at 022-2499 4600.

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

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

(iv) The e-voting period commences on September 23, 2014 (9.00 a.m. IST) and ends on September 25, 2014 (6.00 p.m. IST) for three days. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 29, 2014 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(v) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off

date (record date) of August 29, 2014.

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

(vii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(viii) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.astrazeneca/india.com](http://www.astrazeneca/india.com) and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchanges, where the equity shares of the Company are listed.

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

## BRIEF RESUME AND OTHER INFORMATION IN RESPECT OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

### Item – 2

#### Appointment of Mr. Justin Ooi, Non-executive Director, retiring by rotation

Mr. Justin Ooi, holds B Econ degree – major in accounting and economics from Macquarie University. He is a Certified Public Accountant from ASCPA. He also holds Masters Degree from MGSM / London Business School.

Mr. Ooi has two decades of rich experience in the pharmaceutical industry, comprehensive experience has been gained across both commercial and financial institution functions.

He is the member of the Audit Committee of the Board of the Company. He is not a Director / Member of any Committee of Board of Directors of

any other Company in India. He does not hold any shares in the Company and he is not related to any other Directors of the Company.

Mr. Ooi, being an appointee is concerned or interested in the resolution set out at Item No.2 of the Notice. None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution.

This statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

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

### Item No.4

#### Ratification of remuneration payable to the Cost Auditors

In terms of Section 148 of the Companies Act, 2013 ('Act') and the Rules made thereunder, the Company is required to maintain Cost Audit records and to have the same audited by a Cost Auditor. Further, Rule 14 of Companies (Audit and Auditors) Rules 2014, requires that the remuneration payable to the Cost Auditor shall be ratified by the shareholders.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on Aug 12, 2014, has appointed M/s. Rao, Murthy & Associates, as Cost Auditor, for conducting the Cost Audit for the year 2014-15 on a remuneration of ₹ 1,40,000/- plus reimbursement of out of pocket expenses at actuals.

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

The Board recommends the proposed resolution for approval by the shareholders.

None of the Directors, Key Managerial Personnel of the Company, and relatives of any of the Directors or Key Managerial Personnel of the Company may be deemed to be concerned or interested in resolution set out at Item No. 4.

#### Item No.5 – Appointment of Mr. D. E. Udwardia as an Independent Director

Mr. D. E. Udwardia is a Non-Executive Independent Director of the Company.

Mr. Udwardia is a Post-graduate from the University of Bombay. He is an Advocate and Solicitor of the Bombay High Court. He is also a Solicitor of the Supreme Court of England.

Mr Udwardia was a partner of Crawford Bayley & Co., Mumbai, one of the India's leading law firms

for more than two decades. He is a founder partner of Udwadia Udeshi & Argus Partners, Advocates and Solicitors, Mumbai. Consequent upon the reconstitution of the firm, its name was changed to Udwadia Udeshi & Argus Partners effective 1st April 2012. His firm and he are legal advisors to several Indian and multinational companies having a presence in India.

He has during his nearly 49 years of active law practice acquired significant knowledge, experience and expertise in the areas of corporate law, mergers, acquisitions and takeovers, corporate restructuring, foreign collaboration, joint ventures, project and infrastructure finance, intellectual property, international loans and finance related transactions and financial instruments, mutual funds, real estate and conveyancing.

He is the Chairman of the Board and Member of Audit Committee and a Member of Nomination & Remuneration Committee and Corporate Social Responsibility Committee of the Board of the Company. He does not hold any shares in the Company and is not related to any other Directors of the Company. Details of his directorship in other Public Companies and other membership / chairmanship of committees (i.e. Audit Committee / Stakeholders Relationship Committee) are given below:

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Udwadia being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company, for a term of 5 consecutive years from September 30, 2014 to September 29,

2019.

Mr. Udwadia has given a declaration dated April 8, 2014 confirming that he satisfies the criteria of independence as required under Section 149(6) of the Companies Act, 2013. The Board of Directors, at its meeting held on August 12, 2014, opined that, Mr. Udwadia fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

A copy of the draft letter of appointment for Mr. Udwadia, as an Independent Director, would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours, on any working day, excluding Saturday.

The Board considers that his continued association would be of great benefit to the Company and it is desirable to continue to avail of the services of Mr. Udwadia, as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Mr. Udwadia is concerned or interested in the resolution set out at Item No.5 of the Notice since it relates to his appointment. None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the listing agreement with the stock exchanges.

Sl. No.	Name of the Public Company	Name of the Committee	Position held
1	ABB India Limited	Audit Committee Stakeholders Grievance Committee	Member Chairman
2	The Bombay Burmah Trading Corporation Limited	Audit Committee	Member
3	Concast (India) Limited	Audit Committee	Member
4	ITD Cementation India Limited	Audit Committee	Member
5	JM Financial Limited		
6	JM Financial Products Limited		
7	MPS Limited	Audit Committee	Member
8	WABCO India Limited	Audit Committee Stakeholders Relationship Committee	Member Chairman
9	Wyeth Limited	Audit Committee	Member

#### Item No.6 – Appointment of Mr. K. S. Shah as an Independent Director

Mr. K. S. Shah is a Non-Executive Independent Director of the Company.

Mr. Shah is a Graduate in Commerce and Fellow Member of the Institute of Chartered Accountants of India and a Fellow Member of the Institute of Company Secretaries of India.

Mr. Shah has wide experience in the Industry including finance, general management & administration. Formerly, he was the Managing Director of AstraZeneca Pharma India Limited.

He is the Chairman of the Audit Committee and Stakeholders Relationship Committee and also Member of Nomination & Remuneration Committee of the Board. He does not hold any shares in the Company and is not related to any other Directors of the Company. He does not hold directorship in other Public Companies.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Shah being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company, for a term of 5 consecutive years from September 30, 2014 to September 29, 2019.

Mr. Shah has given a declaration dated April 8, 2014 confirming that he satisfies the criteria of independence as required under Section 149(6) of the Companies Act, 2013. The Board of Directors, at its meeting held on August 12, 2014, opined that, Mr. Shah fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

A copy of the draft letter of appointment for Mr. Shah, as an Independent Director, would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours, on any working day, excluding Saturday.

The Board considers that his continued association

would be of great benefit to the Company and it is desirable to continue to avail of the services of Mr. Shah, as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Mr. Shah, is concerned or interested in the resolution set out at Item No.6 of the Notice since it relates to his appointment. None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the listing agreement with the stock exchanges.

#### Item No.7 – Appointment of Mr. Narayan K Seshadri as an Independent Director

Mr. Narayan K Seshadri is a Non-Executive Independent Director of the Company.

Mr. Narayan K Seshadri is a graduate of Science from the University of Bangalore and a Chartered Accountant with vast professional experience.

He was the founder of Halcyon Group and now Chairman of Tranzmute Capital and Management (P) Limited, an Investment and Management Services organization.

Prior to establishing Halcyon, Mr. Narayan K Seshadri was the Managing Director at KPMG's Business Advisory Service Practice. Besides the industry sectors that he currently works with, Mr. Narayan Seshadri has advised the Power, Banking and Financial Services, Agribusiness, Pharmaceutical, Healthcare, IT and ITES Sectors at different levels from policy formulation to corporate strategy, restructuring and organization transformation.

He is the Chairman of the Nomination & Remuneration Committee of the Board of the Company. He does not hold any shares in the Company and is not related to any other Directors of the Company. Details of his directorship in other Public Companies and other membership/ chairmanship of committees (i.e., Audit Committee/ Stakeholders Relationship Committee) are given below:

Sl. No.	Name of the Public Company	Name of the Committee	Position held
1	P I Industries Ltd.	Audit Committee	Member
2	Magma Fincorp Ltd.	Audit Committee	Chairman
3	Kalpataru Power Transmission Ltd.	Audit Committee	Member
4	SBI Capital Markets Ltd.	Audit Committee	Member

Sl. No.	Name of the Public Company	Name of the Committee	Position held
5	IRIS Business Services Ltd.	Audit Committee	Member
6	Sundaram Investment Ltd.		
7	WABCO India Limited	Audit Committee	Chairman

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Seshadri being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company, for a term of 5 consecutive years from September 30, 2014 to September 29, 2019.

Mr. Seshadri has given a declaration dated April 8, 2014 confirming that he satisfies the criteria of independence as required under Section 149(6) of the Companies Act, 2013. The Board of Directors, at its meeting held on August 12, 2014, opined that, Mr. Seshadri fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

A copy of the draft letter of appointment for Mr. Seshadri, as an Independent Director, would be available for inspection without any fee by the

Members at the Registered Office of the Company during normal business hours, on any working day, excluding Saturday.

The Board considers that his continued association would be of great benefit to the Company and it is desirable to continue to avail of the services of Mr. Seshadri, as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Mr. Seshadri is concerned or interested in the resolution set out at Item No.7 of the Notice since it relates to his appointment. None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the listing agreement with the stock exchanges.

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

Place: Bangalore  
Date: August 12, 2014

**Sanjay Murdeshwar**  
Managing Director

# DIRECTORS' REPORT

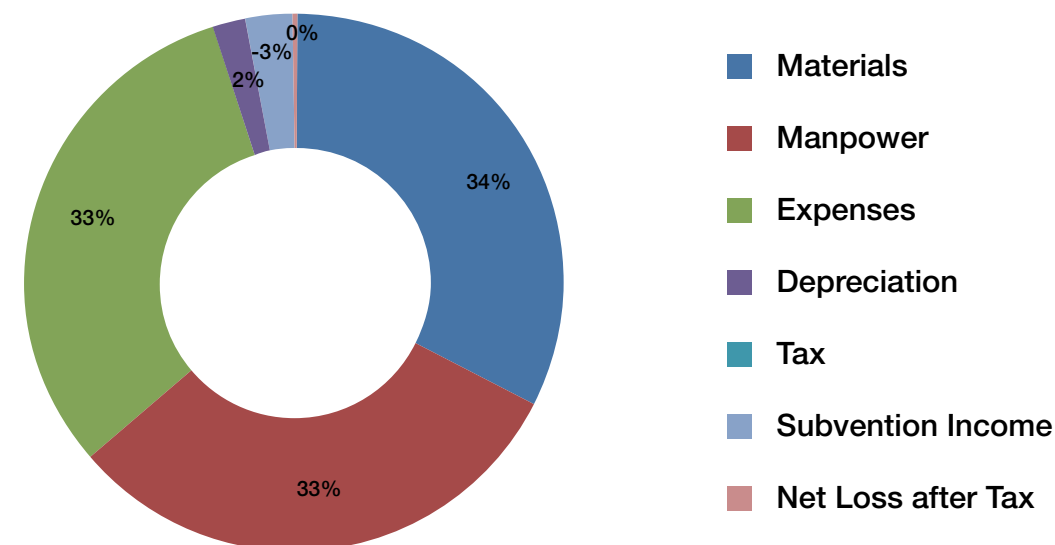
Your Directors present the 35th Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2014.

## FINANCIALS

(₹ in Million)

Particulars	2013-14	2012-13
Sales and Other Income	4,832	4,009
Profit/ (Loss) Before Tax	-	(703)
Provision for Taxation		
- Income Tax	5	15
- Adjustment for Deferred Tax	-	178
Total Tax	5	193
Profit/ (Loss) after Taxation	(5)	(895)
Surplus brought forward from the previous year	416	1,312
Total amount available for appropriation	411	416
Appropriation made by Directors		
Transfer to General Reserve	-	-
Appropriation recommended by Directors		
Dividend	-	-
Tax on proposed Dividend	-	-
Surplus carried over	411	416

## Distribution of Total Revenue (%)

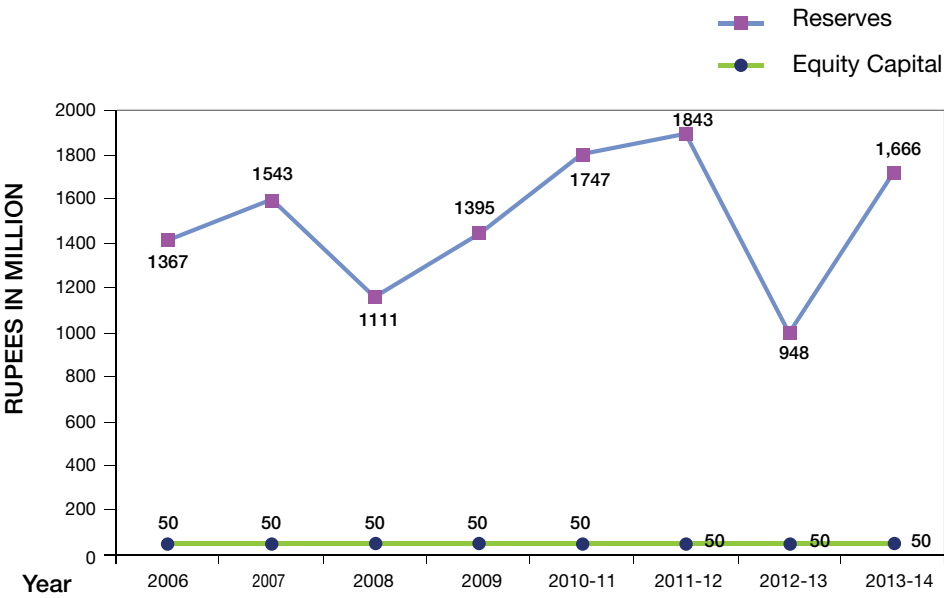




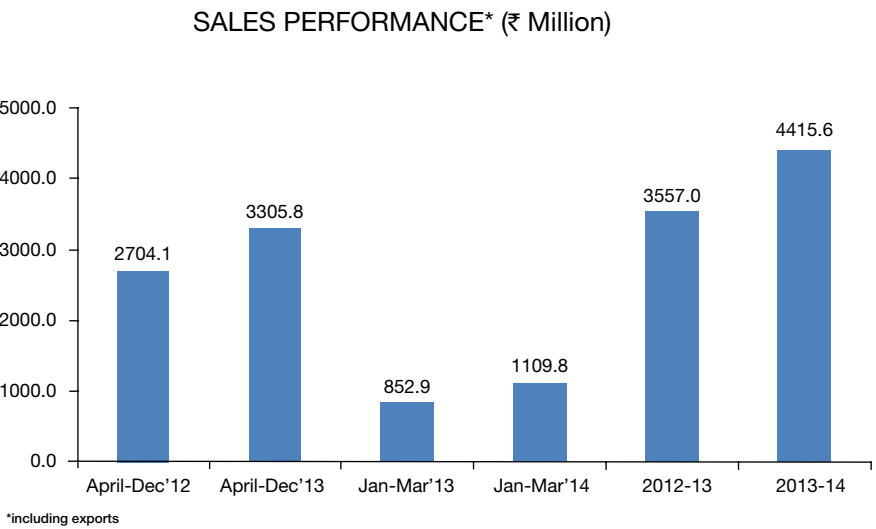
DIVIDEND

Though the Company made significant progress during the year in terms of its business performance, considering its overall financial position, the Directors are unable to recommend any dividend for the year 2013-14.

Net worth



SALES AND MARKETING



The Year 2013-14 has been the first full year post supply stabilization from the Company's factory operations, which had impacted the performance of the Company since March 2012.

Continuing with its commitment to growth, the Company registered sales of ₹ 4415.6 Million, a 24% growth over the last year. The growth has been steady and while over the 9 months April-December 2013, the Company grew by 22%, the last quarter growth surpassed the growth rate by registering a 30% growth over the same quarter previous year.

In the last Directors' Report, the Members were informed that the Company's efforts would be focused on regaining the market position by re-introduction of the products which were impacted due to supply constraints. The Directors are pleased to inform that, despite the long disruption in the supply, the Company has delivered strong growth in these products and has been able to regain 60-80% of the market share<sup>1</sup> in respect of most of the key products not impacted by regulatory changes.

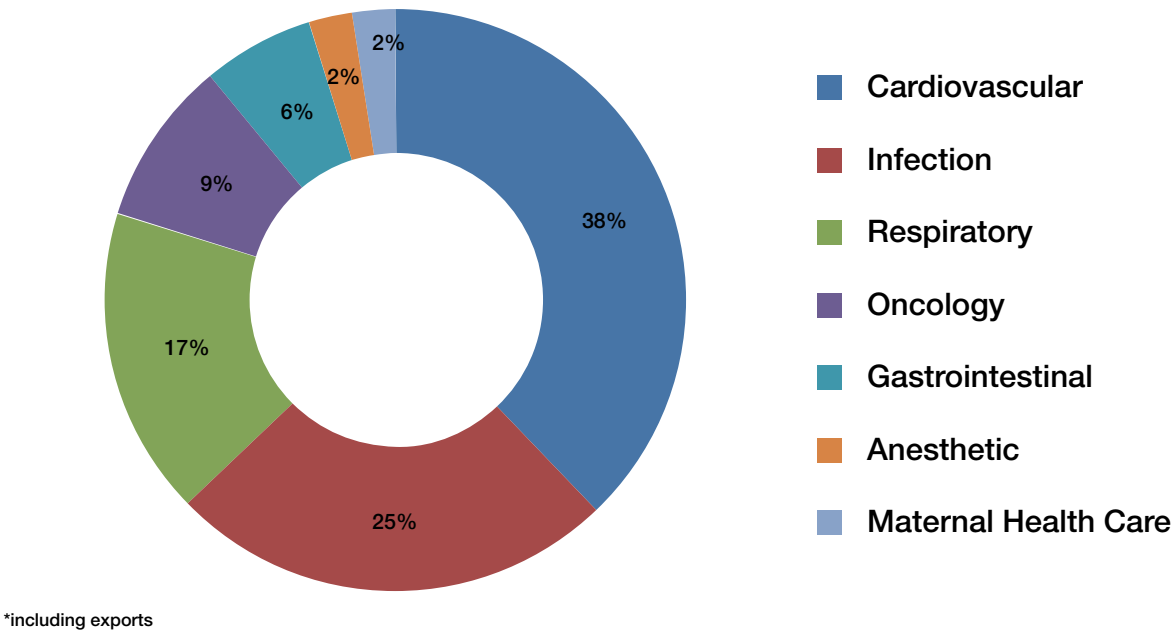
The Year 2013-14 witnessed a series of regulatory interventions in the Indian Pharmaceutical Market. In the last Directors' Report, Members were informed

that 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 was notified in May 2013. Since then, ceiling prices have been announced by the Government in a phased manner. Uncertainty around the announcements on the ceiling prices and the multiple notifications by the Government impacted the market growth for these products. 15 SKUs across 8 brands of the Company were covered under the NLEM.

The drug, BRILINTA® (Ticagrelor) which provides cardiologists with a new and effective treatment to help reduce the rate of heart attack and cardiovascular deaths in adult patients with Acute Coronary Syndrome (ACS), has been received well by the market and continues to register rapid growth. During the year, the brand continued to grow its market share, as per IMS Health, from 1.4% (MAT March 2013) to 6.7% (MAT March 2014). Members were informed that, as per IMS Health data, the brand ranked in the top 10 brands in the oral antiplatelets segment in the Indian Pharmaceutical Market.

<sup>1</sup> Value Market Share as per IMS Health Report, March 2014.

Therapeutic Area wise Sales\* contribution (%)





## MANUFACTURING

The Company benefitted from a comprehensive review of its manufacturing operations with assistance from AstraZeneca group, initiated during 2012-13.

The manufacturing site at Yelahanka has resolved many constraints in the supply during the year 2013-14, consistently meeting supply requirements. The remediation measures established in the previous year have delivered discernible improvements in Quality Management System and Quality Capabilities in the current year, such as Good Manufacturing Practices (GMP), root cause analysis and shop floor Quality Assurance Controls. Resultantly, GMP metrics tracked by the Company on site have also shown significant improvements.

The Directors are pleased to inform that the planned move of manufacture and Quality Control laboratory from its existing facilities to the new state-of-the-art tablets and laboratory facility was completed as per the plan with the first commercial supply from the new facility taking place in the first quarter of Financial Year 2013-14. The establishment programme was delivered to plan, with planned QC transfers and the majority of tablet transfers delivered by the end of the Financial Year 2013-14. This will enable the cessation of manufacture from the existing manufacturing facility and will ensure a platform for consistent supply of global quality medicines.

The supply assurance of Terbutalane Sulphate (TBS) API to AstraZeneca Group was strengthened with an INR 185.5 million investment. The upgrade programme was completed in the last quarter of Financial Year 2013-14. The Company is currently establishing new quality control testing equipment and is experiencing some product supply delays.

As has been widely reported, regulatory authorities around the world have recently adopted a more stringent and forensic approach to their audit programmes, with particular emphasis on data integrity. In line with this, our World Wide Audit Group (WWAG) is now following a similar format for their audits.

The outsourcing programme of sterile products, liquid orals and semisolids completed during the previous year has presented significant challenges in sustaining supply in accordance with GMP. The Company continues to monitor and review the performance of its external partners. As compliance issues arise, the Company makes its assessment

and develops and implements corrective action plans as appropriate.

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

As you are aware, last year, 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 (Promoter Company) had agreed to provide a voluntary non-repayable financial grant of approximately USD 22.5 million to USD 26.5 million over the three years period Financial Year 2013-14 to Financial Year 2015-16 under a Subvention Agreement dated May 7, 2013.

During the year ended 31 March 2014, the Company received a sum of ₹ 862.4 million as financial grant under the said agreement. The Promoter Company vide its letter dated March 1, 2014 informed the Board of Directors of the Company of a revision of the said agreement, whereby the payment under the said agreement was revised to USD 14 million (Indian rupee equivalent 862.4 million) and period covered under the said agreement to financial year 2013-14. The Promoter Company, in terms of the said agreement, vide its letter dated April 25, 2014 terminated it effective March 25, 2014 on the ground that the Company's business and financial performance has been in line with more recent expectations and that the Company shall not require any further grant for the financial years 2014-15 and 2015-16.

## SAFETY HEALTH AND ENVIRONMENT

Providing a safe workplace, and promoting the health and wellbeing of all its people remains a core consideration for the Company. During the period under review, the Company's field force was trained in defensive driving techniques which resulted in a decreased number of road accidents. Regular initiatives like '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

The Company continued to enjoy good industrial relations and cooperation with its employees. Retaining and developing talent during a period when the Company is targeting to return to growth,

employee morale and motivation 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. Managers were trained in conducting performance coaching and feedback with a view to enhancing capabilities of employees.

## FACTORY LAND AT YELAHANKA

The Company received compensation amount of ₹ 13.7 million in respect of first acquisition of land made by NHAI in 2004. However, the review petition which was filed by NHAI before the Karnataka High Court, and the arbitration proceedings initiated by NHAI before the Arbitrator at Bangalore, are still pending.

The Company received further compensation amount of ₹ 102.8 million in respect of second acquisition of land made by NHAI in 2011. The Company subsequently invoked arbitration seeking, inter alia, enhancement of compensation from NHAI.

## OTHER MATTERS

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

In the last Directors' Report, the members were informed of the ongoing investigation pursuant to a First Information Report filed in February 2012 by the Central Bureau of Investigation against, among others, the Company. During the year, the investigation was concluded and a charge sheet was filed in the Court by CBI on August 5, 2013. Neither your Company nor any of its officials/employees have been named as accused in the charge sheet.

## VOLUNTARY DELISTING OFFER

AstraZeneca Pharmaceuticals AB, Sweden (AZPAB) vide its letter dated March 1, 2014, notified the Company of its proposal to make a voluntary delisting offer to the public shareholders of the Company, in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, with a view to delist the equity shares of the Company from BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and Bangalore Stock Exchange Limited (BgSE), where

the equity shares of the Company are currently listed (delisting proposal).

The Board at its meeting held on March 5, 2014 considered the delisting proposal as above and sought additional information from AZPAB. On receipt of the additional information, the Board had a further meeting on March 15, 2014, at which, after consideration of the additional information, it approved the delisting proposal.

Thereafter, the Board met on April 15, 2014 to consider seeking approval of shareholders through Postal Ballot and deferred the decision in light of further clarifications and explanations sought from ICICI securities Ltd. (Manager) and Walker Chandio & Co LLP (Valuer). Upon receipt of the clarifications sought, the Board again met on May 5, 2014 and after consideration of the clarifications provided, approved seeking approval of shareholders of the Company through Postal Ballot, for voluntary delisting of equity shares from the stock exchanges.

In terms of the report submitted by the Scrutinizer, the Special Resolution in relation to voluntary delisting of equity shares of the Company from stock exchanges has been duly approved by the requisite majority of shareholders. Further, the number of votes cast by public shareholders in favour of the Special Resolution being two times more than the votes cast against it by the public shareholders, the additional requirement as envisaged in Regulation 8(1)(b) of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 has been satisfied and accordingly, the Special Resolution would be acted upon by the Company.

## SEBI ORDER DATED JUNE 24, 2014

The Securities & Exchange Board of India (SEBI), came across certain reports stating that the Offer for Sale (OFS) of the shares of the Company carried out by the Promoter – AstraZeneca Pharmaceuticals AB, Sweden, (AZPAB) on May 26, 2013, was a deliberate attempt to subsequently get the shares of the Company delisted at ease. It was also reported that more than 94% of total shares offered through OFS had been subscribed by 6 Foreign Institutional Investors (FII).

SEBI has in its order dated June 24, 2014, stated that the facts and circumstances stated in the order, raises suspicion that Elliott Group who are the end subscribers in respect of shares held by FIIs, may have been working in collaboration/ concert with the Promoters, to facilitate the delisting of shares of the Company.

The Order also states that the matter requires further examination and in order to protect the interest of the retail investors in the delisting process which is already on, SEBI issues the following directions:

(a) Bombay Stock Exchange Limited and National Stock Exchange of India Limited shall closely monitor the entire delisting process of the Company and allow the final delisting of shares only after satisfying themselves that the process has been fair and transparent

(b) Bombay Stock Exchange Limited and National Stock Exchange of India Limited shall promptly report any aberrations noticed in the delisting process of the Company, to SEBI

(c) The Promoters of the Company shall finally purchase shares from public shareholders in the delisting offer only after seeking approval of Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### WRIT PETITION – VOLUNTARY DELISTING OFFER

A Writ Petition has been filed by two shareholders of the Company before the Bombay High Court seeking inter-alia an order from the Court, restraining the Company and AZPAB from implementing the said voluntary delisting as proposed by AZP AB.

The Hon'ble High Court which heard the matter on July 14, 2014 adjourned the same to July 24, 2014, with a direction that any steps taken hereafter shall be subject to further orders and shall not entitle any of the parties to claim equities.

The Company has filed its affidavit before the Court stating that it is only a target Company and that it has no stake in the Delisting Proposal of AZPAB other than to comply with the mandatory requirements under the SEBI (Delisting of Equity Shares) Regulations, 2009 ('Delisting Regulations') and the procedure prescribed thereunder & the Companies Act, 2013 and that it has duly complied with the requirements as such.

At the hearing held on July 24, 2014, SEBI had sought additional time to file its affidavit in the matter and in view thereof, the Court adjourned the matter by 2 weeks. Further, at the hearing held on August 7, 2014, SEBI sought further additional time to file its affidavit, based on which, the Court has granted one week's time to enable SEBI file its affidavit. The matter is now scheduled for hearing by the Court on August 14, 2014.

### ACQUISITION OF BMS'S DIABETES INTEREST

In December 2013, AstraZeneca globally announced an agreement to purchase BMS's 50% interest in AstraZeneca's and BMS's joint diabetes business. On February 1, 2014, AstraZeneca completed the acquisition of BMS's interests in the companies' diabetes alliance. The acquisition provided AstraZeneca with 100% ownership of the intellectual property and global rights for the development, manufacture and commercialisation of the diabetes business, which includes Onglyza (saxagliptin), Kombiglyze XR (saxagliptin and metformin HCl extended release), Komboglyze (saxagliptin and metformin HCl), Farxiga (dapagliflozin, marketed as Forxiga outside the US), Byetta (exenatide), Bydureon (exenatide extended release for injectable suspension), metreleptin and Symlin (pramlintide acetate).

The Company had since 2010 been associated with BMS in promotions of Onglyza (Saxagliptin), Kombiglyze XR (Saxagliptin and Metformin HCl extended release) and Byetta in the Indian Pharmaceutical Market. The acquisition enables the Company to focus on the Diabetes segment, which today impacts approximately 65 million people in India, who are suffering from the disease. The Company, over the next few years, expects to launch more products in disease segment and strengthen its position.

### 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 had been followed and proper explanations had been provided for material departures, wherever applicable.

b) It has selected such accounting policies which had been applied consistently and made judgements 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, 2014 and of the Loss of the company for that period.

c) It had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for

safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d) The financial statements had been prepared on a going concern basis.

### BOARD'S RESPONSE TO AUDIT OBSERVATIONS

The observations made by the Auditors under para (x) of the Annexure to the Auditors' Report relating to cash loss in the immediately preceding financial year is 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 2014-15.

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

Information required under Section 217(1)(e) of the Companies Act, 1956 (1956 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 under Section 217 (2A) of the 1956 Act, read with Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the 1956 Act, the Report and the Accounts are being sent to all the members, excluding the information under Section 217(2A) of the 1956 Act. Any member, desirous of obtaining a copy of this Statement, may write to the Company Secretary.

### CORPORATE SOCIAL RESPONSIBILITY

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

YHP India has directly been able to reach out to 89,493 young people (40,271 boys and 49,222 girls), and has influenced 84,387 wider community members, including health professionals, educators and policy makers.

The several achievements of YHP India have been through two key approaches namely, the establishment of 15 Health Information Centres

(HICs) which act as a forum for the youth. The second vital approach is the training and support of 1,581 Peer Educators (of which 814 are girls) who are responsible for spreading awareness in their respective communities.

In India, YHP focuses on hygiene, infection, reproductive health and wider health issues (such as tobacco use and alcohol abuse) of adolescents. Customized packages comprising of training curriculum is disseminated through various mediums such as street plays, magic shows, workshops, community meetings, video shows, competitions, thematic camps and fairs. Training of 588 healthcare workers including Anganwadi workers (family health), ASHA workers (community health) and ANMs (Auxiliary Nurse Midwives) have been a part of YHP's achievements as well. 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.

### COMMITTEES

Pursuant to Section 178 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors at its meeting held on May 30, 2014, constituted the Nomination & Remuneration Committee and the Stakeholders' Relationship Committee, details of which are given in the Corporate Governance Report.

Further, pursuant to Section 135 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors at its meeting held on August 12, 2014, constituted the Corporate Social Responsibility Committee, which comprises of Mr. Ian Brimicombe, Mr. DE Udwadia and Mr. Sanjay Murdeshwar, as Members of the Committee.

### CORPORATE GOVERNANCE

The Company has taken steps to ensure that all mandatory provisions of Corporate Governance as per the Listing Agreement with the Stock Exchanges, where 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.

The 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.



## DIRECTORS

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

Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors at their meeting held on August 12, 2014, have appointed Mr. D. E. Udwardia, Mr. K. S. Shah and Mr. Narayan K Seshadri, as Independent Directors, to hold office as such, for a period of 5 years i.e., upto September 29, 2019, subject to approval by the shareholders at the ensuing Annual General Meeting.

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

During the year, the Company received approvals from the Central Government for the appointment of (a) Mr. Sanjay Murdeshwar as Managing Director and (b) Mr. Rob Haxton as Whole Time Director, both being persons not resident in India, as envisaged in Part I of Schedule XIII to the Companies Act, 1956. Their appointments were approved by the members at the last Annual General Meeting of the Company.

## AUDITORS

The present Auditors Messrs. BSR & Co. LLP 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 during the year.

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

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

On behalf of the Board of Directors

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

Place: Bangalore  
Date: August 12, 2014

## Annexure I to Directors' Report

### Form A

#### 1. Disclosure of particulars with respect to Conservation of Energy

Sl No.	Particulars	2013-14	2012-13
<b>A</b>	<b>Power and Fuel Consumption</b>		
1	Electricity Purchased Unit (kwh) million Total amount (in INR million) Rate per unit	8.43 52.0 6.17	6.08 38.75 6.37
	(i) Own Generation Through Diesel Generation Unit (kwh) million Unit per Litre of Diesel Cost/ Unit (₹) (ii) Through Steam Turbine/Generator Units Unit per Litre of Fuel Oil/ Gas Cost/ Unit (₹)	0.543 3.11 17.56 NIL	0.500 2.69 15.97 NIL
2	Coal(including Agro Husk & Briquettes) Quantity (Tonne) Total Cost (in INR million) Average Rate (₹/ tonne)	3320 18.70 5631.11	2356 12.67 5378.25
3	Furnace Oil Quantity (Kilo Litre) Total Amount (in INR million) Average Rate	NIL	NIL
4	Other/Internal Generation Quantity (Kilo Litre) Total Amount (in INR million) Average Rate	NIL	NIL
<b>B</b>	<b>Consumption per Unit of Production</b>		
	Standards* (if any)	2013-14+ Apr-Mar	2012-13+ 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 ₹ 270,183,665 during the 12 months period ended March 31, 2014.

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

The Company used foreign exchange amounting to ₹ 1,084,716,637 and earned ₹ 104,412,761 excluding export of goods as specified in (i) above.

## Annexure II to Directors' Report

### Management Discussion & Analysis Report

#### Indian Economy

Between 2010 and 2012, the Gross Domestic Product (GDP) growth at factor cost fell steeply from 8.9% to 4.5%. In 2013, RBI estimated GDP growth at factor cost to be 4.7%, a significantly lower rate of growth for the Indian Economy, by historical standards. Over the period 2014-2018, real GDP growth is expected to be around 6.5%<sup>1</sup> - an improvement, but still insufficient to absorb an expanding workforce or to lower unemployment significantly as per IMS Health Prognosis March 2014.

Consumer price inflation is stubbornly high and is broadly expected to remain so over the next few years. High oil imports and supply bottlenecks (including foodstuffs) are contributing to price growth. Moreover, the drop in the rupee's value is contributing to the higher import costs. Consumer price Inflation averaged 10.2%<sup>2</sup> in 2012 and declined marginally to 9.5%<sup>2</sup> in 2013, and is expected to remain above 8%<sup>1</sup> in 2014, before beginning to decline. The Reserve Bank of India (RBI) held its repurchasing interest rate at 8.00%<sup>2</sup> during the year since January 2014 to control inflation.

The Indian rupee fell to record lows against the US dollars in August 2013 when the exchange rate touched ₹ 68<sup>2</sup> a US dollar, a 13% decline in a short period of three months. Gradual increase in GDP over the past few quarters and the change in the investor sentiments regarding Indian Economy post new Government formation, is enabling the Indian Rupee regain some of its lost value. On 1<sup>st</sup> August 2014, the Rupee was quoting at ₹ 60.85<sup>2</sup> to the US dollar.

#### Healthcare Environment

The existing healthcare system reflects decades of under-investment in the sector and the failure of successive governments to implement previous reform plans.

The 12th Five Year Plan summarizes the system' major shortcomings as:

**Availability:** The availability of healthcare services is inadequate, with significant shortages of doctors and nurses. This extends to both the public and private sector. The situation in rural India is alarming.

**Quality:** The quality of healthcare providers varies widely in both the public and private sectors, with many practitioners in the private sector not properly qualified, reflecting the inadequate nature of regulations governing providers and poor enforcement of the standards that do exist. In the public sector, resource shortages and organizational shortcomings impact the quality of healthcare services.

**Affordability:** The Government's contribution to national healthcare spending has risen gradually over the past decade, but still accounts for less than one-third of the total healthcare spends. The penetration of the health insurance scheme is also small.

<sup>1</sup> Economist Intelligence Unit (EIU)

<sup>2</sup> RBI Database

In the absence of adequately funded public healthcare provision and limited health insurance, many patients incur heavy out-of-pocket expenses for healthcare services. Even in the public sector, patients foot much of the bill for outpatient care and are often forced to purchase their own inpatient medicines due to shortages before they can be treated in public hospitals.

#### Pharmaceutical Spending

Patients are heavily exposed to the cost of pharmaceuticals, reflecting almost the absence of outpatient drug subsidies and supply issues in public health facilities, which mean that even inpatients must often purchase their own medicines.

In Public health, where the appropriate products are in stock at hospitals, patients do not need to incur charges for drugs prescribed to them as inpatients. However, Public sector provision does not cover outpatient drug costs. Further, outpatient drug benefits are mostly not covered either under public health insurance schemes or private health plans.

As a result, drugs become the main contributors to Out of Pocket (OOP) spending, accounting for 60-70% of OOP spends for outpatient treatment and 40-60% for inpatient treatment, as per an IMS Institute study of 2012, *Understanding Healthcare Access in India*. That figure could begin to decline during the

next five years as the government begins to roll out a new initiative under which free essential medicines will be dispensed by public health facilities.

The Indian Pharmaceutical market grew by 9.9% during the Financial Year 2013-14 and was valued at over ₹ 8,03,521 million, slightly lower than 10.2% clocked in the Financial Year 2012-13 and around 2% lower than estimates made by IMS Health, a pharmaceutical data research firm, in its prognosis report of March 2013. The Multinational Pharmaceutical Segment market share dropped marginally from 29% to 28%, and grew slower at 5.1% during the Financial Year 2013-14 as against 8.5% in the Financial Year 2012-13.

As per the latest forecast by IMS Health, in its Prognosis of March 2014, the Indian Pharmaceutical Market is forecasted to grow at a CAGR of 11.6% (±3.0%) over the period 2013-2018 (without considering the impact of the price control announced by NPPA in July 2014).

Key Issues Affecting Market Growth:

- Chronic, non-communicable diseases are growing rapidly, led by cardiovascular disease, chronic respiratory diseases, cancer and diabetes.
- The private hospital sector will continue to expand, including in lower class towns, driven mainly by corporate hospital groups.
- Basic health insurance coverage will increase, including through central and state government schemes, as well as through private plans.
- New drug registration requirements have been tightened and drug approval timelines have increased, with a new expert committee system implemented and new requirements being enforced to govern the approval of fixed-dose combination products.
- Restrictions have been implemented to prevent sale without a prescription of 46 drugs covered under Schedule H1 of the Drugs and Cosmetics Act, with the objective of controlling resistance to antibiotics and increasing incidences of drug resistant tuberculosis (TB).
- Demographic factors will impact growth: while the population will continue to grow, the rate of growth will slow down during 2014- 2018 compared to previous five-year period, as projected by Economist Intelligence Unit.

### Drug Pricing

Approximately 30% of the Pharmaceutical market was subjected to the Drug Price Control Order (DPCO) with implementation of the 2012 National

Pharmaceutical Pricing Policy as per IMS Prognosis March 2014. Ceilings on the price of all 348 products on the NLEM have been established by averaging the price of brands with a market share of 1% or more.

The National Pharmaceutical Pricing Authority (NPPA) issued notifications for ceiling prices under the new Order in batches through the second half of Calendar Year 2013. By the end of Calendar Year 2013, the NPPA had issued price notification for over 500 formulations, but had also encountered problems with pricing some products, for which no adequate pricing data is available.

The Company has implemented the notifications for ceiling prices for 15 SKUs across 8 brands currently marketed by the Company and listed on the NLEM. The range of patient price reduction on the affected SKUs was 4%-52% (average price reduction ~30%).

NPPA has, recently, through its notification dated July 10, 2014, further expanded the scope of drug pricing regulation, bringing in certain drugs especially in Cardiovascular and Diabetes under price control, invoking provisions under paragraph 19 of DPCO 2013. This sudden development is expected to severely impact the pharmaceutical industry. As per AIOCD (All India Organization of Chemists and Druggists), this impact is estimated to be around ₹ 4,000 million due to this price control order. This notification has implications on 10 SKUs across 5 brands of the Company, including certain key brands like Crestor and Imdur. The patient price reductions on these products are estimated to be in the range of 15% to 52% (average price reduction ~41%).

OPPI (The Organization of Pharmaceutical Producers of India) has filed a writ petition against the sudden move of the Government, in Delhi High Court, challenging the Government notification invoking of Para 19. The matter is currently under consideration of the Delhi High Court.

A similar petition has also been filed by the Indian Pharmaceutical Alliance (IPA), whose members include leading Indian pharmaceutical manufacturers such as Sun Pharmaceuticals, Lupin, Cadila Healthcare, and Dr. Reddy's Laboratories in the Mumbai High Court.

### Opportunities and Threats / Risk and Concerns

The expected growth of the Indian Pharma Market at around 11.6% (+/- 3%) from 2013-2018, as projected by IMS Health in its prognosis March 2014, presents an attractive opportunity for

pharmaceutical companies. This growth does not consider the impact of recent announcement made by NPPA on July 10, 2014 on pricing of certain drugs. Epidemiological changes have led to a rise in chronic and non communicable diseases such as cardiovascular ailments, diabetes, respiratory and cancer among the urban population, contributing to more than 50% of the deaths<sup>3</sup>. The Company is committed 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 as well.

As per IMS prognosis March 2014, drug approval timelines have increased sharply over the past 18 months. Lengthening delays are attributable to a combination of factors, including teething problems with a new expert committee system and the Drug Controller General of India (DCGI) beginning to adopt a much more cautious approach to the dossier review process due to the criticism levelled at the office in a 2012 report by the parliamentary standing committee report on health and family welfare.

Companies are now limiting their local clinical trials due to concern on the protection of patents and also due to tightened approval procedures, new monitoring mechanisms and compensation rules for clinical trials. The Supreme Court suspended 157 previously approved clinical trial and only 19 trials have been approved in 2013<sup>4</sup>. In the interest of making available new drugs to Indian patients to especially address unmet medical needs, the Company hopes that the uncertainty in clinical trial guidelines is adequately addressed by the judiciary and the executive.

The 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 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. The company has an established Crisis Management and Business Continuity Plan, 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 ₹ **4417.8 million** out of which domestic revenue contributed ₹ **4147.7 million (94%)** and exports sales ₹ **270.2 million (6%)**.

(ii) The **Clinical Trial** segment renders clinical trial services on pharmaceutical products to its group companies. During the year, the segment generated revenue of ₹ **104.4 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 ₹ **217.4 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 2014-15, the Company will focus on establishing and growing BRILINTA®, ONGLYZA® and KOMBIGLYZE® and driving growth through its key growth brands.

The disease burden of Diabetes in India is very significant. It has been estimated that approximately 65 million of people are suffering from diabetes in India. The anti-diabetes drug is a rapidly growing segment in India. Further, a new class of molecules - DPP4i has created a paradigm shift in the management of diabetes in India. The Company currently markets two patented DPP4i

<sup>3</sup> Sharma K. Burden of non communicable diseases in India: Setting priority for action. [www.scopemed.org/?mno=23924](http://www.scopemed.org/?mno=23924) [Access: May 18, 2014]. doi:10.5455/ijmsph.2013.2.7-11

<sup>4</sup> IMS Health Prognosis March 2014



class molecules ONGLYZA (Saxagliptin) and KOMBIGLYZE XR (Saxagliptin and Metformin HCl extended release). The Company expects that these two products with its efficacy and safety profile will play an important role in helping physicians manage their diabetes patients.

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 the leading secondary data research company, IMS Health data (March 2014), the brand is currently second most valuable brand in the Oral Anti Platelets segment.

The new state of art tablet manufacturing facility is now operational. This will enable the cessation of tablet manufacture from the existing manufacturing facility and will ensure a platform for consistent supply of global quality medicines.

Attention of shareholders is invited to the write up under ‘Manufacturing’ in the Directors Report.

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

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

Internal control systems and their adequacy

The Company has internal control systems comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The 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.

The Company has a framework to manage risks that the Company could be exposed to, in its interactions 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, Product Promotion and Product Security.

The internal audits for the Financial Year 2013-14 were carried out by Deloitte Touche Tohmatsu, India, based on an audit plan approved by the Audit Committee. The plan included audit of the Depots of the Company, key processes within Operations and Marketing units including enabling functions. The Audit Committee and the Management have reviewed the recommendations of the Internal Auditors and suitable remediation steps are being taken to implement their recommendations.

Discussion on financial performance with respect to operational performance

During the year ended March 31, 2014, the Company's total sales were ₹ 4415.6 million as against ₹ 3557 million reported in the corresponding previous year.

The total cost was at ₹ 4970.7 million during the year as compared to ₹ 4712 million in the previous year. The loss before tax and loss after tax were Zero and ₹ 5 million respectively during the year.

Developments in Human Resources/Industrial Relations

The Company is committed to provide career opportunities for its employees and enable their growth and development. During the year, the management introduced various programs to hire and retain talent. Training programs to especially strengthen scientific and technical knowledge of the employees were extensively implemented across functions. As on March 31, 2014, the Company had 1559 employees on its rolls.

CAUTIONARY STATEMENT

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

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 marks 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 of which five are Non-Executive Directors, three of whom are independent. Two of the five Non-Executive Directors represent the parent Company-AstraZeneca Pharmaceuticals AB, Sweden. The 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.

During the year ended March 31, 2014, the Company paid ₹ 19,60,871/- (excluding out of pocket expenses) to M/s. Udwadia Udeshi and Argus Partners, as fees for professional legal services provided by them on specific legal matters entrusted by the Company to them for legal advice from time to time. Mr. D E Udwadia is a partner of the above firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgment of Mr. Udwadia as a Director of the Company.

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, 2014			
		Other Directorships #	Committee Memberships	Committee Chairman	Number of shares held
Mr. D. E. Udwadia Chairman	Non-Executive Independent Director	9	6	1	-
Mr. K. S. Shah	Non-Executive Independent Director	-	-	-	-
Mr. Narayan K Seshadri	Non-Executive Independent Director	7	4	3	-
Mr. Ian Brimicombe	Non-Executive Director	-	-	-	-
Mr. Justin Ooi (w.e.f. May 2, 2013)	Non-Executive Director	-	-	-	-
Mr. Sanjay Murdeshwar (w.e.f. May 2, 2013)	Managing Director	-	-	-	-
Mr. Robert Ian Haxton	Whole Time Director	-	-	-	-

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



**b. Number of Board meetings held during the year ended March 31, 2014 and attendance of each Director at Board Meetings and the last Annual General Meeting:**

Name of the Director	Dates of Board Meetings in 2013-14										Date of Last AGM
	May 2	May 6	May 21	Jun 24	Aug 13	Nov 11	Feb 10	Mar 5	Mar 13	Mar 15	Aug 20, 2013
Mr. D. E. Udawadia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. K. S. Shah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Narayan K Seshadri	✓	✓	✓	✓	✗	✗	✓	✗	✓	✓	✗
Mr. Ian Brimicombe	✓	✗	✓	✓	✓	✓	✓	✗	✓	✓	✓
Mr. Justin Ooi (w.e.f. May 2, 2013)	✓	✗	✓	✗	✓	✓	✓	✗	✗	✗	✗
Mr. Sanjay Murdeshwar (w.e.f. May 2, 2013)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Robert Ian Haxton	✓	✗	✓	✗	✓	✗	✓	✗	✓	✓	✓

### 3. Audit Committee

#### a. Brief description of terms of reference

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the Management, the annual financial statements, auditor's report thereof before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub Section (3) of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and

practices and reasons for the same

- c. Major accounting entries involving estimates based on the exercise of judgment by Management
- d. Significant adjustments made in the financial statements arising out of audit findings
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications in the draft audit report.

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

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

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

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

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

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

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

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

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

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

As on March 31, 2014, the composition of the Audit Committee is 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. Justin Ooi (w.e.f. May 2, 2013)	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 / Financial Controller, 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 ended March 31, 2014**

Five meetings of the Audit Committee were held during the year as under:

Name of the Member	May 2	May 21	Aug 12	Nov 11	Feb 10	Mar 13
Mr. K. S. Shah	✓	✓	✓	✓	✓	✓
Mr. D. E. Udawadia	✓	✓	✓	✓	✓	✓
Mr. Justin Ooi (w.e.f. May 2, 2013)	-	✓	✓	✓	✓	x

The Chairman of the Audit Committee was present at the Annual General Meeting held on August 20, 2013.

The Audit Committee met on May 29, 2014 to review the Financial Statements for the year ended March 31, 2014 and recommended acceptance of the Financial Statements by the Board of Directors of the Company.

**Managing Director & Whole time Director**

Mr. Sanjay Murdeshwar was appointed as Managing Director effective May 2, 2013 and Mr. Robert Ian Haxton was appointed as Whole Time Director effective February 6, 2013. The appointments of the Managing Director and Whole time Director have been approved by the Shareholders and 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 March 31, 2014, 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, 2014:****Non-Executive Directors**

Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. D. E. Udawadia	360,000	--	360,000
Mr. K. S. Shah	380,000	--	380,000
Mr. Narayan K Seshadri	180,000	--	180,000
Mr. Ian Brimicombe	--	--	--
Mr. Justin Ooi	--	--	--

**Managing Director**

Name of the Director	Salary(₹)	Perquisites (₹)	P.F & other Funds (₹)	Total (₹)
Mr. Sanjay Murdeshwar	12,340,174	6,956,854	12	19,297,040

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.

**Whole time Director**

Name of the Director	Salary(₹)	Perquisites (₹)	P.F & other Funds (₹)	Total (₹)
Mr. Robert Ian Haxton	8,739,583	9,285,900	352,377	18,377,860

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.

**Nomination & 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 payable to Mr. Robert Ian Haxton, Wholetime Director and Mr. Sanjay Murdeshwar, Managing Director.

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

**Terms of Reference:**

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

Policy shall ensure the following:

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

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

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

b) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and to carry out evaluation of every Directors' performance;

c) Devising a policy on Board diversity; and

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

The present composition of the Nomination & Remuneration Committee is as under:

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

During the year ended March 31, 2014, two meetings of the Remuneration Committee of the Board were held i.e., on April 26, 2013 and May 2, 2013, for approval of remuneration payable to Mr. Robert Haxton, Wholtime Director and Mr. Sanjay Murdeshwar, Managing Director, respectively. Further, the Committee at its meeting held on April 26, 2013, approved the remuneration paid to Mr. Anandh Balasundaram for the period April 2012 to August 2012 and Ms. Ruby Lau for the period April 2012 to February 2013.

## 5. Shareholders' Committees

### a. Stakeholders Relationship Committee

The Board of Directors of the Company at its meeting held on May 30, 2014, renamed the Shareholders'/ Investors' Grievance Committee as

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

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

During the year, one meeting of the said Committee was held on August 19, 2013. 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 was designated as the Compliance Officer of the Company upto July 31, 2014, as per the listing agreement with stock exchanges.

Stakeholders Relationship Committee and approved the revised terms of reference of Committee to be in conformity with the requirements of Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement with the Stock Exchanges, as under:

### Terms of Reference

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

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

### 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, 2014 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	7	Nil	Nil	Nil	7	Nil
Through Stock Exchange/ SEBI	Nil	Nil	Nil	Nil	Nil	Nil

### d. Share Transfer Committee

The Board also has a Share Transfer Committee comprising of Mr. Sanjay Murdeshwar, Managing Director, Mr. Robert Ian Haxton, Whole Time Director, and Mr. Pawan Singhal, VP-Legal and Company Secretary (upto July 31, 2014) 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.

During the year, 13 meetings of the said Committee were held. 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 Audit 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
Aug 20, 2013	2013	Vivanta by Taj Hotel , Bangalore	3.00 P.M.
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.

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

Following Special Resolutions were passed in the previous Annual General Meetings:

Date of AGM	Particulars of Special Resolution(s) passed
Aug 20, 2013	a) Consent of shareholders for the appointment of Mr. Robert Haxton as Wholtime Director and payment of remuneration to him; b) Consent of shareholders for the appointment of Mr. Sanjay Murdeshwar as Managing Director and payment of remuneration to him; c) Consent of shareholders for the remuneration paid to Mr. Anandh Balasundaram, Managing Director, during the period April 1, 2012 to August 31, 2012; and d) Consent of shareholders for the remuneration paid to Ms. Ruby Lau, Wholtime Director, during the period April 1, 2012 to February 27, 2013.
July 18, 2012	Payment of commission to the Non-executive Directors of the Company.

### c. Whether 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, 2014:

Name of the Entity	Relationship	Nature of transaction	Amount (₹)
AstraZeneca AB, Sweden	Holding Company of AstraZeneca Pharmaceuticals AB, Sweden	i) Purchase of raw materials and traded goods	137,631,395
		ii) Payment towards reimbursement of expenses	55,705,206
		iii) Sale of services	104,412,761
		iv) Sale of products	241,291,495
		v) Receipts towards reimbursement of expenses	125,807,392
AstraZeneca Plc, United Kingdom	Parent company of AstraZeneca AB, Sweden	i) Purchase of raw materials and traded goods	630,949,621
		ii) Payment towards reimbursement of expenses	65,998,080
		iii) Receipt towards reimbursement of expenses	80,327,777
AstraZeneca Pharmaceuticals LP	Group Company	i) Payment towards reimbursement of expenses	21,362,936
AstraZeneca Pharmaceuticals LP USA	Group Company	i) Receipt towards reimbursement of expenses	6,252,755
AstraZeneca Singapore Pte Ltd.	Group Company	i) Payment towards reimbursement of expenses	449,831
		ii) Receipt towards reimbursement of expenses	5,028,402
		iii) Sale of product	28,892,170
AstraZeneca India Private Limited	Group Company	i) Payment towards reimbursement of expenses	9,482,371
		ii) Receipt towards reimbursement of expenses	2,631,506
		iii) Rent income	2,898,537
		iv) Rent expenses	22,062,466
IPR Pharmaceuticals INC	Group Company	i) Purchase of raw materials and traded goods	149,081,277
AstraZeneca Philippines	Group Company	i) Receipt towards reimbursement of expenses	12,377,971

Name of the Entity	Relationship	Nature of transaction	Amount (₹)
AstraZeneca China	Group Company	i) Receipt towards reimbursement of expenses	2,938,584
AstraZeneca Pty Ltd, Australia	Group Company	i) Payment towards reimbursement of expenses	802,371
		ii) Receipt towards reimbursement of expenses	771,635
AstraZeneca Korea	Group Company	i) Receipt towards reimbursement of expenses	2,205,063
AstraZeneca SDN Bhd, Malaysia	Group Company	i) Receipt towards reimbursement of expenses	1,449,841
AstraZeneca KK. Japan	Group Company	i) Receipt towards reimbursement of expenses	1,134,757
AstraZeneca Vietnam	Group Company	i) Receipt towards reimbursement of expenses	56,841
Sanjay Murdeshwar	Managing Director	Managerial Remuneration	19,297,040
Robert Ian Haxton	Whole Time Director	Managerial Remuneration	18,377,860

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, the relevant provisions of the Companies Act, 1956 and Companies Act, 2013, 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 Finance Controller (FC) 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, 2014.

(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 through Email. 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.astrazeneca/india.com](http://www.astrazeneca/india.com).

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

## 9. Shareholder Information

### (i) Annual General Meeting:

Date & Time of AGM	September 30, 2014, 3.00 PM
Venue	Vivanta by Taj Hotel – MG Road, Bangalore
Financial Year	2013-2014
Book Closure Date	September 22, 2014 to September 30, 2014 (both days included)
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 2014-15 shall be as follows:

First Quarter Results	On or before August 14, 2014
Second Quarter Results	On or before November 14, 2014
Third Quarter Results	On or before February 14, 2015
Fourth Quarter & Annual Results	On or before May 30, 2015

### (iii) Listing of Shares

The Company's Shares are listed on:

#### Bangalore Stock Exchange Limited (BgSE)

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

#### BSE Limited, (BSE)

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

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

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

Listing fees for the financial year 2013-14 were paid to 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

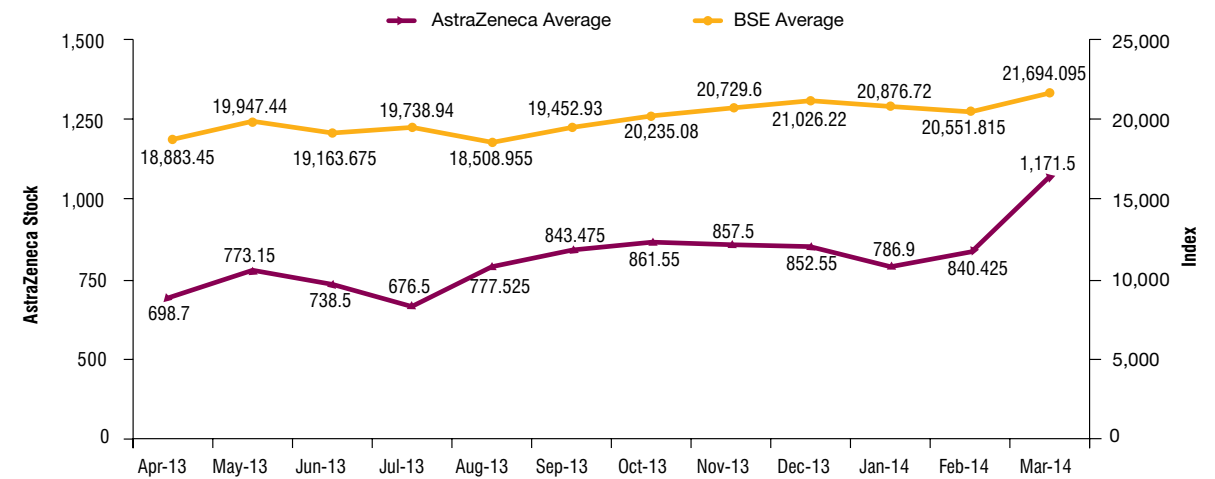
## (v) Market Price Data: High, Low during each month in the year ended March 31, 2014

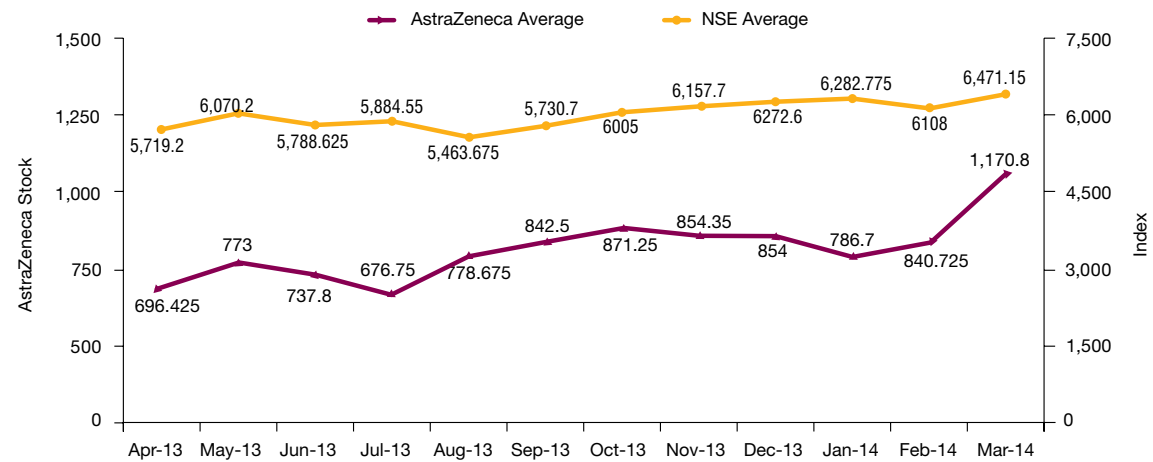
Monthly High/Low of market price of the Company's shares traded on Bombay Stock Exchange Limited (BSE), and National Stock Exchange of India Limited (NSE):

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-13	752.40	645.00	19,622.68	18,144.22	752.75	640.10	5,962.30	5,477.20
May-13	899.70	646.60	20,443.62	19,451.26	900.00	646.00	6,229.45	5,910.95
Jun-13	831.00	646.00	19,860.19	18,467.16	830.60	645.00	6,011.00	5,566.25
Jul-13	714.00	639.00	20,351.06	19,126.82	714.95	638.55	6,093.35	5,675.75
Aug-13	921.05	634.00	19,569.20	17,448.71	923.35	634.00	5,808.50	5,118.85
Sep-13	890.00	796.95	20,739.69	18,166.17	889.00	796.00	6,142.50	5,318.90
Oct-13	921.00	802.10	21,205.44	19,264.72	921.50	821.00	6,309.05	5,700.95
Nov-13	905.00	810.00	21,321.53	20,137.67	905.00	803.70	6,342.95	5,972.45
Dec-13	900.00	805.10	21,483.74	20,568.70	902.00	806.00	6,415.25	6,129.95
Jan-14	845.90	727.90	21,409.66	20,343.78	847.00	725.20	6,538.30	6,027.25
Feb-14	955.00	725.85	21,140.51	19,963.12	955.45	726.00	6,282.70	5,933.30
Mar-14	1,285.00	1,058.00	22,467.21	20,920.98	1,286.00	1,055.60	6,730.05	6,212.25

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 2013-14





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, 4th Cross,  
Sampige Road, Malleshwaram,  
Bangalore – 560 003  
Tel: (080) 23460815-8  
Fax: (080) 23460819

#### (viii) Share Transfer System

All the transfers received in physical form are processed and approved by the Share Transfer Committee of the Board. The Company's Registrar & 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, 2014

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	1,977,151	7.91	13948	99.79
5,001 to 10,000	98,287	0.39	13	0.09
10,001 to 20,000	78,741	0.31	6	0.04
20,001 to 30,000	0	0.00	0	0.00
30,001 to 40,000	77,830	0.31	2	0.01
40,001 to 50,000	0	0.00	0	0.00
50,001 to 100,000	137,955	0.55	2	0.01
100,001 and above	22,630,036	90.52	7	0.05
<b>Total</b>	<b>25,000,000</b>	<b>100.00</b>	<b>13,978</b>	<b>100.00</b>

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.

#### (x) Shareholding pattern as on March 31, 2014

Particulars	Physical Holdings	Electronic Holdings	Total Holdings	%
AstraZeneca Pharmaceuticals AB	-	18,750,000	18,750,000	75.00
Banks	125	1,317	1,442	0.01
Trusts	-	300	300	0.00
Mutual Fund	-	46,840	46,840	0.19
FII	-	3,977,629	3,977,629	15.91
Non-Resident Indians	1,250	35,836	37,086	0.15
Clearing Members	-	32,011	32,011	0.13
Indian Corporate Bodies	2,875	177,633	180,508	0.72
Others - Public	483,782	1,490,402	1,974,184	7.90
<b>Total</b>	<b>486,657</b>	<b>24,511,968</b>	<b>25,000,000</b>	<b>100.00</b>
<b>Percentage</b>	<b>1.95%</b>	<b>98.05%</b>	<b>100%</b>	

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

98.05 % 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](mailto:comp.secy@astrazeneca.com)

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

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

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

#### (xvi) Nomination Facility

Section 72 of the Companies Act, 2013, offers the facility of nomination. Investors are advised to avail of this facility, 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, 2014, 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, 2014.

On behalf of the Board of Directors

Place: Bangalore  
Date: August 12, 2014

**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, 2014 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.

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

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

**for B S R & Co. LLP**  
*Chartered Accountants*  
Firm registration no.: 101248W/W-100022

**Sunil Gaggar**  
Partner  
Membership No.: 104315

Place: Mumbai  
Date: August 12, 2014

## 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 March 31, 2014, the Statement of Profit and Loss, the Cash Flow Statement 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") read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- 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 Note 2.23 to the financial statements which states that the Company has entered into a subvention agreement ("the Agreement") dated May 7, 2013 with AstraZeneca Pharmaceuticals AB Sweden ("Promoter Company") wherein to assist the Company in its efforts to establish/grow its presence in the Indian market, the Promoter Company has voluntarily decided to provide a non refundable financial grant. Accordingly, the Company received an amount of USD 14 million (Indian rupee equivalent 862,400,000) representing financial grant for the year ended March 31, 2014. The Promoter Company vide its letter dated March 1, 2014 informed the Board of Directors of the Company regarding the revision to the agreement, whereby restricting the payment under the agreement to USD 14 million (Indian rupee equivalent 862,400,000) and period covered under the agreement to financial year 2013-14. Accordingly, the Promoter Company vide letter dated April 25, 2014 has terminated the agreement effective March 2014 on the ground that the Company's business and financial performance has been inline with more recent expectations, and that the Company shall not require any further grant for the financial years 2014-15 and 2015-16. Out of the total receipt of ₹ 862,400,000; ₹ 138,889,547 representing loss incurred by the Company during the current year has been credited to statement of profit and loss and balance ₹ 723,510,453 has been transferred to capital reserve.

for **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration number: 101248W

**Sunil Gaggar**  
Partner  
Membership number: 104315  
Place: Bangalore  
Date: May 30, 2014

### Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, 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.
- As required by Section 227(3) of the Act, we report that:
  - 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;
  - 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;
  - 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;
  - 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 read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 March 31, 2014. 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 certain 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 also sale of goods and services are for the specialised requirements of the buyer and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

(v) (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 each 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 opinion that prima facie, the prescribed accounts and records

## AstraZeneca Pharma India Limited

### Annexure to the Independent Auditors' Report

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 March 31, 2014 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 and sales 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 Income-tax, 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 on clearance of Industrial waste and Spent Solvents	968,801	July 2005 to September 2010	Chief Commissioner, Central Excise (LTU)
Finance Act, 1994	Service tax on Nuclear Magnetic Resonance services	47,712	July 1, 2001 to August 15, 2002	Deputy Commissioner, Service tax, Bangalore
Finance Act, 1994	Service tax on the services received from the Goods transport agency	543,460	November 16, 1997 to June 2, 1998	Commissioner-Service Tax, Bangalore
Central Excise Act, 1944	Excise duty	406,677	August 1998 to July 1999	Customs Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax on import of service	12,819,094*	April 2006 to March 2012	Commission of Excise and Service tax, LTU
Customs Act, 1962	Customs Duty	21,248,482	2005-06	Deputy Commissioner, Customs, Mumbai



Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income- tax demand in relation to Sale and Lease back arrangement (excluding interest)	42,373,443	1996-97	Honorable High Court , Karnataka
Income-Tax Act, 1961	Income- tax demand in relation to various disallowances	84,299,533**	2008-09	Income tax Appellate Tribunal, Bangalore

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

\*\* an amount of ₹ 42,149,717 has been paid under protest

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year. However, the Company has incurred cash losses 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 have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) 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 **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration number: 101248W

**Sunil Gaggar**  
Partner  
Membership number: 104315  
Place: Bangalore  
Date: May 30, 2014

# Financial Statements

## AstraZeneca Pharma India Limited

### Balance Sheet

(Amount in ₹)

	Note	As at 31 March 2014	As at 31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	50,000,000	50,000,000
Reserves and surplus	2.2	1,665,950,420	947,529,143
		1,715,950,420	997,529,143
<b>Non-current liabilities</b>			
Other long-term liabilities	2.3	4,893,760	4,893,760
<b>Current liabilities</b>			
Trade payables	2.4	1,098,709,835	906,721,514
Other current liabilities	2.5	964,990,309	772,083,582
Short-term provisions	2.6	371,330,404	379,788,636
		2,435,030,548	2,058,593,732
		<b>4,155,874,728</b>	<b>3,061,016,635</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.7		
Tangible assets		942,199,810	245,385,094
Intangible assets		-	-
Capital work-in-progress		93,109,172	737,029,646
		1,035,308,982	982,414,740
Non-current investments	2.8	5,460	56,916
Long-term loans and advances	2.9	390,485,375	347,278,993
Other non-current assets	2.10	3,714,293	83,159,826
		394,205,128	430,495,735
<b>Current assets</b>			
Inventories	2.11	957,575,685	853,691,184
Trade receivables	2.12	529,291,865	279,632,065
Cash and bank balances	2.13	890,708,715	184,685,724
Short term loans and advances	2.14	303,396,437	203,320,590
Other current assets	2.15	45,387,916	126,776,597
		2,726,360,618	1,648,106,160
		<b>4,155,874,728</b>	<b>3,061,016,635</b>

Significant accounting policies 1  
Notes to the financial statements 2.1 to 2.45

The notes referred to above form an integral part of the financial statements  
As per our report of even date attached

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

**Sunil Gaggar**  
Partner  
Membership number: 104315

Place: Bangalore  
Date: May 30, 2014

for and on behalf of the Board of Directors

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

Place: Bangalore  
Date: May 30, 2014

**Sanjay Murdeshwar**  
Managing Director

**Vimlesh Maheshwari**  
Finance Controller

## AstraZeneca Pharma India Limited

### Statement of Profit and Loss

(Amount in ₹)

	Note	For the Year ended 31 March 2014	For the Year ended 31 March 2013
<b>Revenue from operations</b>			
Sale of products (gross)		4,516,311,843	3,636,984,735
Less: Excise duty		(100,696,440)	(79,971,609)
Sale of products (net)		4,415,615,403	3,557,013,126
Sale of services	2.16	321,866,192	345,529,162
Other operating revenues	2.16	2,228,117	1,668,362
Net revenue from operations		4,739,709,712	3,904,210,650
Other income	2.17	92,084,385	104,628,795
<b>Total revenue</b>		<b>4,831,794,097</b>	<b>4,008,839,445</b>
<b>Expenses</b>			
Cost of materials consumed	2.18	638,586,592	464,046,316
Purchase of stock-in-trade	2.19	1,222,888,228	1,116,376,804
Changes of inventories finished goods, work-in-progress and stock-in-trade	2.20	(200,340,219)	(34,790,741)
Employee benefits	2.21	1,604,600,635	1,484,602,081
Depreciation and amortisation expense	2.7	101,248,699	122,781,722
Other expense	2.22	1,603,699,709	1,558,523,205
<b>Total expense</b>		<b>4,970,683,644</b>	<b>4,711,539,387</b>
<b>Loss before exceptional items and tax</b>		<b>(138,889,547)</b>	<b>(702,699,942)</b>
Exceptional item	2.23	138,889,547	-
<b>Loss before tax</b>		<b>-</b>	<b>(702,699,942)</b>
<b>Tax expenses:</b>			
- current tax		5,089,176	15,000,185
- deferred tax		-	177,622,850
<b>Loss for the year</b>		<b>(5,089,176)</b>	<b>(895,322,977)</b>
<b>Earnings/ (loss) per share (equity shares, par value of ₹ 2 each)</b>			
- Basic and diluted	2.27	(0.20)	(35.81)
Weighted average number of equity shares outstanding		25,000,000	25,000,000

Significant accounting policies 1  
Notes to the financial statements 2.1 to 2.45

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. LLP**  
Chartered Accountants  
Firm registration number: 101248W

**Sunil Gaggar**  
Partner  
Membership number: 104315

Place: Bangalore  
Date: May 30, 2014

for and on behalf of the Board of Directors

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

Place: Bangalore  
Date: May 30, 2014

**Sanjay Murdeshwar**  
Managing Director

**Vimlesh Maheshwari**  
Finance Controller

## AstraZeneca Pharma India Limited

### Cash Flow Statement

	(Amount in ₹)	
	For the Year ended 31 March 2014	For the Year ended 31 March 2013
<b>A) Cash flow from operating activities</b>		
Loss before tax	-	(702,699,942)
<i>Adjustments for:</i>		
Subvention receipt credited to statement of profit and loss	(138,889,547)	-
Depreciation and amortisation expense	101,248,699	122,781,722
Provision for doubtful debts	(1,241,369)	(9,558,022)
Provision for doubtful loans and advances	(2,380,710)	11,239,074
Interest income on deposits with bank	(41,948,521)	(25,970,172)
Profit on sale of fixed assets, net	(25,278,363)	(69,890,952)
Unrealised foreign exchange (gain)/ loss	(56,718)	63,288
Write off of investments (included in miscellaneous expense)	51,456	-
Loss on write off of fixed assets	-	1,056,103
<b>Operating cash flow before working capital changes</b>	<b>(108,495,073)</b>	<b>(672,978,901)</b>
<i>Adjustments for:</i>		
(Increase)/ decrease in trade and other receivables	(170,070,530)	83,405,766
Increase in inventories	(103,884,501)	(102,721,911)
Increase in liabilities and provisions	449,441,670	628,310,016
Decrease in other bank balances	1,106,445	1,595,603
Cash generated from operations	<b>68,098,011</b>	<b>(62,389,427)</b>
Income taxes refunded/ (paid)	(76,174,198)	2,028,879
<b>Net cash used in operating activities (A)</b>	<b>(8,076,187)</b>	<b>(60,360,548)</b>
<b>B) Cash flows from investing activities:</b>		
Interest on deposits with banks	37,569,335	29,161,158
Purchase of fixed assets	(216,337,003)	(187,863,516)
Proceeds from sale of fixed assets	33,067,861	2,524,146
<b>Net cash used in investing activities (B)</b>	<b>(145,699,807)</b>	<b>(156,178,212)</b>

## AstraZeneca Pharma India Limited

### Cash Flow Statement (continued)

	(Amount in ₹)	
	For the Year ended 31 March 2014	For the Year ended 31 March 2013
<b>C) Cash flows from financing activities:</b>		
Subvention receipt	862,400,000	-
Unclaimed Debenture principal paid	(161,393)	-
Unclaimed Debenture interest paid	(12,911)	-
Dividend paid	-	(89,095,603)
Tax on dividend paid	-	(14,188,438)
<b>Net cash generated by/ (used in) financing activities (C)</b>	<b>862,225,696</b>	<b>(103,284,041)</b>
<b>D) Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	708,449,702	(319,822,801)
<b>E) Cash and cash equivalents as at the beginning of the year*</b>	168,319,987	488,142,788
<b>F) Cash and cash equivalents as at the end of the year*</b>	876,769,689	168,319,987
[Net of book overdraft of ₹ Nil (previous year: ₹ 1,320,266)]		
<b>* Refer note 2.13 to the financial statements</b>		
As per our report of even date attached for B S R & Co. LLP Chartered Accountants Firm registration number: 101248W	for and on behalf of the Board of Directors	
<b>Sunil Gaggar</b> Partner Membership number: 104315	<b>D E Udwadia</b> Chairman	<b>Sanjay Murdeshwar</b> Managing Director
	<b>Pawan Singhal</b> Company Secretary	<b>Vimlesh Maheshwari</b> Finance Controller
Place: Bangalore Date: May 30, 2014	Place: Bangalore Date: May 30, 2014	



# AstraZeneca Pharma India Limited

## Notes to the Financial Statements

### 1. Significant accounting policies

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

#### 1.1. Background

AstraZeneca Pharma India Limited ('the Company') is a public company domiciled in India having its registered office in Bangalore. 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 issued by the Central Government, the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian Rupees (₹).

#### 1.3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. 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.

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

All other assets are classified as non-current.

#### Liabilities

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

- 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.

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

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.

# AstraZeneca Pharma India Limited

## Notes to the Financial Statements (Continued)

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

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

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.

AstraZeneca Pharma India Limited
Notes to the Financial Statements (Continued)

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

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

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:

Table with 2 columns: Inventory Category, Valuation Method. Rows include: (i) Raw materials and packing materials (Monthly moving weighted average cost), (ii) Work-in-process and finished goods (Manufactured) (Weighted average cost of production), (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 Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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.

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.1 Share capital

(Amount in ₹)

Particulars	As at 31 March 2014		As at 31 March 2013	
<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
<b>Reconciliation of shares outstanding at the beginning and at the end of the reporting year</b>				
<b>Equity shares</b>	<b>As at 31 March 2014</b>		<b>As at 31 March 2013</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
At the commencement of the year	25,000,000	50,000,000	25,000,000	50,000,000
Movement during the year	-	-	-	-
At the end of the year	25,000,000	50,000,000	25,000,000	50,000,000

#### Terms and rights attached to equity shares

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

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

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

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

Shareholding pattern of the Company and of its Subsidiaries				
Name of the share holder	As at 31 March 2014		As at 31 March 2013	
	Number	Amount	Number	Amount
Equity shares of ₹ 2 each, fully paid				
AstraZeneca Pharmaceuticals AB, Sweden (holding company)	18,750,000	37,500,000	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 2014		As at 31 March 2013	
	No of shares	% holding	No of shares	% holding
Equity shares of ₹ 2 each, fully paid				
AstraZeneca Pharmaceuticals AB, Sweden (holding company)	18,750,000	75.00	22,499,950	89.9998

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

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.2 Reserves and surplus

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Capital reserve</b>		
At the commencement of the year	-	-
Add: Receipt under subvention agreement (refer note 2.23)	723,510,453	-
	723,510,453	-
<b>General reserve</b>		
At the commencement of the year	531,307,958	531,307,958
Add: Amount transferred from Surplus	-	-
	531,307,958	531,307,958
<b>Surplus</b>		
At the commencement of the year	416,221,185	1,311,544,162
Add: loss for the year	(5,089,176)	(895,322,977)
Amount available for appropriation	411,132,009	416,221,185
Appropriations	-	-
	411,132,009	416,221,185
	1,665,950,420	947,529,143

#### 2.3 Other long-term liabilities

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
Dealer deposits	4,893,760	4,893,760
	4,893,760	4,893,760

#### 2.4 Trade payables

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
- Dues to micro and small enterprises	-	-
- Dues to others	1,098,709,835	906,721,514
	1,098,709,835	906,721,514

Refer note 2.29 for details of dues to related parties

Refer note 2.38 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 2014	As at 31 March 2013
Book overdraft	-	1,320,266
Security deposit on leased asset	9,860,000	9,860,000
Advance from customers	16,432,948	19,947,929
Payable for capital goods	15,356,161	72,210,285
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
- Unclaimed dividends	10,967,235	11,899,376
- Unclaimed redeemable debentures	2,751,658	2,913,051
- Unclaimed interest on debentures	220,133	233,044
Other liabilities		
- Statutory liabilities	44,325,155	45,921,388
- Payable to employees	143,418,637	92,935,902
- Payable to related parties	143,759,592	1,303,469
- Payable for expenses	577,898,790	513,538,872
	<b>964,990,309</b>	<b>772,083,582</b>

#### 2.6 Short-term provisions

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
Provision for employee benefits	147,493,102	130,326,733
Taxation, net of advance tax	7,552,349	20,626,338
Fringe benefit tax, net of advance tax	2,646,970	2,646,970
Provision for contingencies *	213,637,983	226,188,595
	<b>371,330,404</b>	<b>379,788,636</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

\* includes the following:

- Provision for direct and indirect taxes is utilised to settle adverse outcomes of cases against the Company. The provisions are based on an advices obtained by the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.
- Provision for sales return made for expected loss on account of sales return. The provision are based on reliable estimate based on past experience of the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.
- ₹ 111,314,431 (previous year ₹ 123,865,443) representing provision created towards expected charge backs from certain customers. The provision has been created based on best estimate by the management. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same. In respect of this provision, the disclosures required by Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" (AS 29) have not been provided in accordance with paragraph 72 of AS 29.

(Amount in ₹)

Particulars	Provision for direct and indirect tax cases		Provision for expected sales return	
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Opening balance	78,649,769	78,649,769	23,673,383	24,118,844
Add: Charge for the year	-	-	24,857,472	26,230,316
Less: Utilisation	-	-	24,460,020	26,675,777
Less: Reversal	-	-	397,052	-
Closing balance	<b>78,649,769</b>	<b>78,649,769</b>	<b>23,673,783</b>	<b>23,673,383</b>

AstraZeneca Pharma India Limited  
Notes to Financial Statements (Continued)

2.7 Fixed Assets

(Amount in ₹)									
Asset description	Gross book value			Accumulated depreciation and amortisation			Net book value		
	As at 1 April 2013	Additions during the year	Deletions/ write-off during the year	As at 31 March 2014	As at 1 April 2013	Charge for the year*	Deletions/ write-off during the year	As at 31 March 2014	As at 31 March 2013
<b>Tangible assets</b>									
Owned assets									
Freehold land	4,974,386	-	30,712	4,943,674	-	-	-	4,943,674	4,974,386
Buildings	189,846,406	267,617,329	1,578,505	455,885,230	107,115,872	20,994,927	544,573	328,319,004	82,730,534
Roads and culverts	2,015,544	12,418,017	-	14,433,561	1,914,766	999,822	-	11,518,973	100,778
Plant and machinery	481,191,160	443,447,037	6,657,723	917,980,474	408,148,794	49,392,939	6,324,683	466,763,424	73,042,366
Vehicles	35,645,808	2,105,877	20,257,962	17,493,723	23,726,639	3,385,174	17,529,108	7,911,018	11,919,169
Office equipment #	143,708,440	67,468,885	66,291,026	144,886,299	104,741,183	22,931,614	62,628,066	79,841,568	38,967,257
Furniture and fixtures	49,689,427	12,795,768	-	62,485,195	25,898,823	3,544,223	-	33,042,149	23,790,604
Leased assets									
Plant and machinery #	49,300,000	-	-	49,300,000	39,440,000	-	-	9,860,000	9,860,000
<b>Intangible assets</b>									
License for use and application of know-how and trademark	956,371,171	805,852,913	94,815,928	1,667,408,156	710,986,077	101,248,699	87,026,430	942,199,810	245,385,094
<b>Total</b>	<b>986,439,620</b>	<b>805,852,913</b>	<b>94,815,928</b>	<b>1,697,476,605</b>	<b>741,054,526</b>	<b>101,248,699</b>	<b>87,026,430</b>	<b>942,199,810</b>	<b>245,385,094</b>
Previous year	954,211,751	54,274,210	22,046,341	986,439,620	637,280,870	122,781,722	19,008,066	245,385,094	

\* Depreciation for the year includes an amount of ₹ 7,161,145 (previous year: ₹ 51,999,253), charged as a result of accelerated depreciation on account of revision in the useful lives of certain assets (primarily plant and machinery and buildings) that would not be used by the Company beyond the financial year 2013-14.  
# Includes IT equipments  
## relates to leased asset which has a security deposit payable for 20% of the value (refer note 2.5)

AstraZeneca Pharma India Limited  
Notes to Financial Statements (Continued)

2.8 Non-current investments

(Amount in ₹)		
Particulars	As at 31 March 2014	As at 31 March 2013
<b>Trade investments</b>		
<i>Quoted, fully paid, at cost</i>		
Investment in equity shares		
100 (previous year: 100) equity shares of TTK Healthcare Limited of ₹ 10 each	5,325	5,325
2 (previous year: Nil) equity shares of Torrent Cables Limited of ₹ 10 each	135	-
Nil (previous year: 100) equity shares of Torrent Gujarat Biotech Limited of ₹ 10 each	-	1,935
	5,460	7,260
<i>Unquoted, fully paid, at cost</i>		
Nil (previous year: 100) equity shares of Dee Pharma Limited of ₹ 10 each	-	3,568
Nil (previous year: 100) equity shares of Mesco Pharmaceuticals Limited of ₹ 10 each	-	3,768
Nil (previous year: 100) equity shares of SOL Pharmaceuticals Limited of ₹ 10 each	-	7,820
	-	15,156
<b>Non-trade investments</b>		
<b>Other investments</b>		
Un-quoted, at cost		
Investment in national saving certificate	-	34,500
	5,460	56,916
Market value of quoted investments	52,493	48,275

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.9 Long-term loans and advances

(Amount in ₹)		
Particulars	As at 31 March 2014	As at 31 March 2013
<b>Secured</b>		
Loan to employees	22,034,806	31,110,232
	22,034,806	31,110,232
<b>Unsecured, considered good</b>		
Capital advance	6,651,297	9,100,857
Security deposits	53,976,613	40,346,885
Advances recoverable in cash or in kind or for value to be received	46,249,055	62,235,670
Security deposit with related parties [refer note 2.29]	18,639,600	18,639,600
Loan to employees	8,413,454	9,336,232
Advance tax, net of provision for tax	234,520,550	176,509,517
	368,450,569	316,168,761
<b>Unsecured, considered doubtful</b>		
Receivable from suppliers	6,068,189	6,068,189
Security deposits	6,204,014	6,204,014
	12,272,203	12,272,203
Less: Provision for doubtful advances	(12,272,203)	(12,272,203)
	-	-
	<b>390,485,375</b>	<b>347,278,993</b>

#### 2.10 Other non-current assets

(Amount in ₹)		
Particulars	As at 31 March 2014	As at 31 March 2013
Compensation receivable from NHAI for transfer of land *	-	78,848,970
Fixed deposit with bank held as margin money for guarantee	3,714,293	4,310,856
	<b>3,714,293</b>	<b>83,159,826</b>

\*Represents compensation receivable from National Highway Authority of India (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 was disclosed in note 2.15 - Other current assets in the previous year.

During the current year, the Company has received an amount of ₹ 100,045,017 against land acquired by NHAI during the financial year 2011-12 as against the original award of ₹ 76,454,406, accordingly, the gain arising on account of receipt of enhanced compensation has been recognised under the head other income.

During the current year, the Company has also received the compensation amounting to ₹ 13,704,037 in relation to land acquired by NHAI in the year 2004.

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.11 Inventories

(Amount in ₹)		
Particulars	As at 31 March 2014	As at 31 March 2013
Raw materials	134,888,331	252,626,126
Raw materials-in-transit	44,350	230,409
Packing materials	25,473,619	32,400,599
Packing materials-in-transit	-	2,635,731
Work-in-progress	64,845,064	65,524,682
<b>Finished goods</b>		
Manufactured	242,445,543	130,395,119
Traded	425,159,809	337,711,830
Traded goods-in-transit	54,478,664	29,554,395
Stores and spares	10,240,305	2,612,293
	<b>957,575,685</b>	<b>853,691,184</b>

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

#### 2.12 Trade receivables

(Amount in ₹)		
Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unsecured</b>		
Outstanding for a period exceeding six months from the date they became due for payment		
Considered good	651,827	6,831
Considered doubtful	50,787,143	52,442,793
Other trade receivables		
Considered good	528,640,038	279,625,234
Considered doubtful	613,748	199,467
	580,692,756	332,274,325
Less : Provision for doubtful receivables	(51,400,891)	(52,642,260)
	<b>529,291,865</b>	<b>279,632,065</b>



## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.13 Cash and bank balances

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Cash and cash equivalents</b>		
Cash on hand	-	10,499
Cheques in hand	17,139,736	-
<i>Balances with banks:</i>		
In current accounts	27,659,983	502,151
In exchange earners foreign currency account	1,969,970	4,108,603
Short term deposits with bank (with original maturity of 3 months or less)	830,000,000	165,019,000
<i>Other bank balances:</i>		
In unclaimed dividend accounts, redeemable debentures and interest on debentures	13,939,026	15,045,471
	<b>890,708,715</b>	<b>184,685,724</b>

#### 2.14 Short term loans and advances

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Secured, considered good</b>		
Loan to employees	12,690,878	18,576,413
	12,690,878	18,576,413
<b>Unsecured, considered good</b>		
Receivable from related parties [refer to note 2.29]	26,426,494	14,003,582
Advances recoverable in cash or in kind or for value to be received	255,292,558	159,501,141
Loan to employees	8,986,507	11,239,454
	290,705,559	184,744,177
<b>Unsecured, considered doubtful</b>		
Advances recoverable in cash or in kind or for value to be received	5,527,762	6,390,645
Loan to employees	209,973	1,727,800
	5,737,735	8,118,445
Less: Provision for doubtful advances	(5,737,735)	(8,118,445)
	-	-
	<b>303,396,437</b>	<b>203,320,590</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.15 Other current assets

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
Unbilled revenue [refer note 2.29]	8,971,417	95,603,440
Compensation receivable from NHAI for transfer of land	-	13,704,037
Interest accrued but not due on deposits	7,123,572	2,744,386
Stock of samples	15,908,424	14,724,734
Other receivables	13,384,503	-
	<b>45,387,916</b>	<b>126,776,597</b>

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

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<i>Sale of services includes</i>		
Co-promotion	217,453,431	196,657,152
Clinical trials	104,412,761	148,872,010
	<b>321,866,192</b>	<b>345,529,162</b>
<i>Other operating income</i>		
Sale of scrap	2,228,117	1,668,362
	<b>2,228,117</b>	<b>1,668,362</b>

#### 2.17 Other income

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit on sale/ transfer of assets, net*	25,278,363	69,890,952
Interest income on deposits	41,948,521	25,970,172
Rent	5,385,570	5,984,963
Net gain on account of foreign exchange fluctuations	14,468,834	2,171,254
Miscellaneous income	5,003,097	611,454
	<b>92,084,385</b>	<b>104,628,795</b>

\* includes ₹ 25,302,199 (previous year ₹ 69,348,978) 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 end 31 March 2014	For the year ended 31 March 2013
Consumption of raw material	528,189,167	383,787,469
Consumption of packing material	110,397,425	80,258,847
	<b>638,586,592</b>	<b>464,046,316</b>

#### 2.19 Purchase of stock in trade

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<i>Stock in trade</i>		
Opening stock	367,266,225	354,502,051
Cost of stock in trade sold	1,110,515,980	1,103,612,630
Closing stock	479,638,473	367,266,225
	<b>1,222,888,228</b>	<b>1,116,376,804</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 2014	For the year ended 31 March 2013
<b>Inventory at the beginning 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>A 563,186,026</b>	<b>529,438,789</b>
<b>Inventory at the end of the year</b>		
Finished goods	242,445,543	130,395,119
Work-in-progress	64,845,064	65,524,682
Stock in trade	479,638,473	367,266,225
	<b>B 786,929,080</b>	<b>563,186,026</b>
Less: Excise duty on opening stock of finished goods	(14,661,974)	(15,705,478)
Add: Excise duty on closing stock of finished goods	38,064,809	14,661,974
Increase/(decrease)	<b>C 23,402,835</b>	<b>(1,043,504)</b>
Changes in inventory	<b>(A - B + C) (200,340,219)</b>	<b>(34,790,741)</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.21 Employee benefits

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries and wages	1,357,043,467	1,237,838,272
Contribution to provident and other funds	110,937,752	104,706,251
Expense on employee stock option scheme #	2,893,655	12,720,000
Staff welfare expense	133,725,761	129,337,558
	<b>1,604,600,635</b>	<b>1,484,602,081</b>

# 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 2014	For the year ended 31 March 2013
Selling, marketing and distribution	435,719,717	387,046,085
Travel and conveyance	315,109,491	310,812,989
Legal and professional	154,896,831	161,858,466
Clinical trial	102,813,033	163,712,402
Power and fuel	86,868,236	58,242,613
Rent	78,879,305	65,941,120
Carriage outwards	60,255,961	50,047,979
Repairs and maintenance		
- Buildings	9,495,570	6,475,409
- Plant and machinery	28,088,357	27,327,147
- Others	16,787,617	13,489,505
Rates and taxes	54,268,171	40,699,137
Processing charges	54,102,794	63,550,724
Commission	39,164,187	39,727,117
Consumption of stores and spare parts	37,603,836	27,832,043
Communication	36,852,216	40,420,209
Cost of samples distributed	19,249,140	29,556,743
Insurance	17,279,650	13,795,205
Printing and stationery	9,500,127	5,966,525
Provision for doubtful debts, net	(1,241,369)	(9,558,022)
Provision for doubtful loans and advances	(2,380,710)	11,239,074
Bad debts written off, net	1,445,670	11,187,520
Discounts	1,012,953	804,132
Loss on write-off of fixed asset	-	1,056,103
Miscellaneous	47,928,926	37,292,980
	<b>1,603,699,709</b>	<b>1,558,523,205</b>

#### 2.23 Exceptional items

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Subvention receipt	138,889,547	-
	<b>138,889,547</b>	<b>-</b>

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

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

The Promoter Company vide its letter dated March 1, 2014 informed the Board of Directors of the Company regarding the revision to the agreement, whereby restricting the payment under the agreement to USD 14 million and period covered under the agreement to financial year 2013-14. Accordingly, the Promoter Company vide letter dated April 25, 2014 has terminated the agreement effective March 25, 2014 on the grounds that the Company's business and financial performance has been inline with more recent expectations, and that the Company shall not require any further grant for the financial years 2014-15 and 2015-16. Consequent to the termination of the agreement, out of the total subvention receipt amounting to USD 14 million (Indian rupee equivalent 862,400,000), the Company has credited subvention receipt amounting to ₹ 138,889,547 representing loss incurred by the Company for the current year to the statement of profit and loss and the balance subvention receipt amounting to ₹ 723,510,453 has been transferred to capital reserve.

#### 2.24 Contingent liabilities

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

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
Excise and service tax matters	17,782,367	12,121,052
Income tax related	103,284,455	79,727,230

##### (b) Guarantees

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
In respect of bank and other guarantees	26,913,831	25,263,035

##### (c) Others

The Company had received a notice from Bruhat Bangalore Mahanagara Palike (BBMP) on November 5, 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 February 25, 2013, the Company received a stay from the Honorable High Court of Karnataka on the payment of the aforesaid development charges.

#### 2.25 Commitments

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	25,638,354	63,371,374
<b>Other commitments</b>		
Contractual liability on cancellation of agreement for custom manufactured products	4,103,843	14,538,000
Amounts payable under non-cancellable lease agreements for residential and office premises	26,809,206	21,244,212



## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

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

(Amount in ₹)		
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Audit fees	3,501,250	3,501,250
Tax audit fees	367,500	367,500
Other taxation matters	475,000	475,000
Reimbursement of out of pocket expenses	547,437	532,893
	<b>4,891,187</b>	<b>4,876,643</b>

\* Excludes service tax

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

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

(Amount in ₹, except number of shares)			
Particulars		For the year ended 31 March 2014	For the year ended 31 March 2013
Net (loss)/ profit for the year attributable to equity shareholders	A	(5,089,176)	(895,322,977)
Weighted average number of equity shares of ₹ 2 each used for calculation of earning per share	B	25,000,000	25,000,000
Earnings/ (loss) per share, basic and diluted	(A/B)	(0.20)	(35.81)

The Company does not have potentially dilutive equity shares.

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

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

##### (i) Class of goods manufactured

(Amount in ₹)			
Particulars	Opening stock <sup>1</sup> as at 1 April 2013	Turnover <sup>2</sup> for the year ended 31 March 2014	Closing stock <sup>1</sup> as at 31 March 2014
Bulk drugs	- (-)	241,291,496 (112,317,073)	- (-)
Liquids	21,420,978 (13,877,889)	465,170,973 (240,052,885)	30,835,403 (21,420,978)
Tablets and capsules	67,847,885 (85,310,033)	1,139,178,101 (1,081,555,205)	196,517,597 (67,847,885)
Injectables	41,984,618 (6,356,059)	135,116,567 (140,815,594)	23,797,196 (41,984,618)
Ointments	222 (4,463,672)	46,220,675 (4,732,004)	1,711,412 (222)
Inhalation products	- (2,109)	(594,181) 52,268	- -
<b>Subtotal</b>	<b>131,253,703</b> (110,009,762)	<b>2,026,383,631</b> (1,579,420,493)	<b>252,861,608</b> (131,253,703)

##### (ii) Class of goods traded

(Amount in ₹)			
Particulars	Opening stock <sup>1</sup> as at 1 April 2013	Turnover <sup>2</sup> for the year ended 31 March 2014	Closing stock <sup>1</sup> as at 31 March 2014
<b>Formulations:</b>			
Tablets and capsules	122,917,357 (85,003,186)	973,372,652 (638,665,347)	265,596,143 (122,917,357)
Injectables	244,568,303 (266,913,796)	1,378,533,229 (1,235,569,504)	206,153,963 (244,568,303)
Dry powder	2,750,824 (1,524,018)	5,259,732 (6,740,920)	2,165,002 (2,750,824)
Inhalation products	10,895,891 (6,120,155)	32,206,591 (25,613,497)	11,215,724 (10,895,891)
Liquids	- (384,919)	(140,432) (71,003,365)	- (-)
Subtotal	<b>381,132,375</b> (359,946,074)	<b>2,389,231,772</b> (1,977,592,633)	<b>485,130,832</b> (381,132,375)
Grand total	<b>512,386,078</b> (469,955,836)	<b>4,415,615,403</b> (3,557,013,126)	<b>737,992,440</b> (512,386,078)

## 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 2014	As at 31 March 2013
Bulk drugs	27,772,566	48,296,275
<b>Formulations:</b>		
Liquids	5,683,605	2,046,793
Tablets and capsules	21,647,183	14,253,713
Injectables	7,247,338	927,901
Ointments	2,494,372	-
	<b>64,845,064</b>	<b>65,524,682</b>

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

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Formulations:</b>		
Tablets and capsules	608,931,343	323,541,100
Injectables	591,985,759	767,036,988
Inhalation products	26,270,555	25,624,688
Dry powder	4,789,413	7,927,019
Liquids	-	24,235,843
	<b>1,231,977,070</b>	<b>1,148,365,638</b>

\* Includes purchase of traded goods distributed as free samples

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

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

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Raw materials</b>		
Seloken XL 50mg (Bulk tablets)	65,746,704	49,372,592
Crestor 10mg (Bulk tablets)	55,511,270	65,102,464
Seloken XL 25mg (Bulk tablets)	54,846,053	32,783,509
Codeine phosphate	47,677,132	12,109,999
Crestor 20mg (Bulk tablets)	36,372,359	38,654,603
*Other raw materials	257,095,312	171,470,934
	<b>517,248,830</b>	<b>369,494,101</b>
<b>Packing materials</b>		
Bottle amber 100ml	26,771,560	16,061,355
Vial clear glass	11,443,174	13,346,415
*Other packing material	72,182,691	50,851,077
	<b>110,397,425</b>	<b>80,258,847</b>

#### Notes:

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

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

(Amount in ₹)

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	301,213,454	47.99	271,179,666	60.30
Indigenous	326,432,801	52.01	178,573,282	39.70
	<b>627,646,255</b>	<b>100.00</b>	<b>449,752,948</b>	<b>100.00</b>

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

(Amount in ₹)

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	-	-	-	-
Indigenous	37,603,836	100.00	27,832,043	100.00
	<b>37,603,836</b>	<b>100.00</b>	<b>27,832,043</b>	<b>100.00</b>

AstraZeneca Pharma India Limited  
Notes to Financial Statements (Continued)

2.29 Related parties

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

Holding company	AstraZeneca Pharmaceuticals AB, Sweden
Holding company of AstraZeneca Pharmaceuticals AB, Sweden	AstraZeneca AB, Sweden
Holding company of AstraZeneca AB, Sweden	AstraZeneca Treasury Limited, United Kingdom
Ultimate holding company	AstraZeneca Plc, United Kingdom
Fellow subsidiaries	AstraZeneca SDN Bhd, Malaysia; AstraZeneca Singapore Pte Ltd, Singapore; AstraZeneca Philippines; AstraZeneca Belgium; AstraZeneca India Private Limited; PT AstraZeneca Indonesia; AstraZeneca Pty Ltd, Australia; AstraZeneca China; AstraZeneca Pharmaceuticals LP USA; AstraZeneca Thailand; and IPR Pharmaceuticals Inc AstraZeneca Pharmaceuticals LP; AstraZeneca KK, Japan; AstraZeneca Korea; AstraZeneca Vietnam
<b>Key management personnel</b>	
- Managing Director	Sanjay Murdeshwar (appointed w.e.f May 2, 2013) Anandh Balasundaram (resigned w.e.f August 31, 2012)
- Whole-time director	Robert Ian Haxton (appointed w.e.f February 6, 2013) Ruby Lau (resigned w.e.f February 27, 2013)
- Directors	Ian Brimicombe Justin Ooi (appointed w.e.f May 2, 2013) Luigi Felice La Corte (resigned w.e.f April 15, 2013)

AstraZeneca Pharma India Limited  
Notes to Financial Statements (Continued)

(ii) Related party transactions

(Amount in ₹)		
Nature of transactions	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Purchase of materials and traded goods</b>		
AstraZeneca Plc, United Kingdom	630,949,621	659,419,552
AstraZeneca AB, Sweden	137,631,395	115,253,025
IPR Pharmaceuticals Inc	149,081,277	142,020,134
AstraZeneca Pty Ltd, Australia	-	4,053,933
	<b>917,662,293</b>	<b>920,746,644</b>
<b>Payment towards reimbursement of expenses</b>		
AstraZeneca Plc, United Kingdom	65,998,080	10,998,841
AstraZeneca AB, Sweden	55,705,206	920,671
AstraZeneca Pharmaceuticals LP	21,362,936	-
AstraZeneca India Private Limited	9,482,371	8,651,773
AstraZeneca Pty Ltd, Australia	802,371	-
AstraZeneca Singapore Pte Ltd	449,831	8,966,553
	<b>153,800,795</b>	<b>29,537,838</b>
<b>Receipt towards reimbursement of expenses</b>		
AstraZeneca AB, Sweden	125,807,392	-
AstraZeneca Plc, United Kingdom	80,327,777	65,740,101
AstraZeneca Philippines	12,377,971	-
AstraZeneca Pharmaceuticals LP USA	6,252,755	-
AstraZeneca Singapore Pte Ltd	5,028,402	5,564,404
Others	11,188,227	19,475,264
	<b>240,982,524</b>	<b>90,779,769</b>



## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.29 Related parties (continued)

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

Nature of transactions	(Amount in ₹)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Rent expenses</b>		
AstraZeneca India Private Limited	22,062,466	20,927,151
<b>Sales of products</b>		
AstraZeneca AB, Sweden	241,291,495	112,317,074
AstraZeneca Singapore Pte Ltd	28,892,170	5,496,063
AstraZeneca SDN Bhd, Malaysia	-	15,913,868
AstraZeneca Philippines	-	13,107,034
	<b>270,183,665</b>	<b>146,834,039</b>
<b>Sale of services</b>		
AstraZeneca AB, Sweden	104,412,761	148,872,010
	<b>104,412,761</b>	<b>148,872,010</b>
<b>Rent deposit</b>		
AstraZeneca India Private Limited	-	3,475,906
<b>Dividend paid</b>		
AstraZeneca Pharmaceuticals AB, Sweden	-	78,749,825
<b>Rental income</b>		
AstraZeneca India Private Limited	2,898,537	4,657,650
<b>Director's remuneration</b>		
Sanjay Murdeshwar	19,297,040	-
Robert Ian Haxton	18,377,860	4,926,140
Anandh Balasundaram	-	11,874,867
Ruby Lau	-	6,670,492
	<b>37,674,900</b>	<b>23,471,499</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 2014	As at 31 March 2013
<b>Long-term loans and advances</b>		
AstraZeneca India Private Limited	18,639,600	18,639,600
<b>Other current assets</b>		
AstraZeneca AB, Sweden	8,971,417	43,639,371
<b>Short term loans and advances</b>		
AstraZeneca Plc, United Kingdom	15,223,308	6,452,460
AstraZeneca India Private Limited	3,336,077	5,086,856
AstraZeneca Pharmaceuticals LP USA	3,142,935	-
AstraZeneca China	2,938,584	-
Others	1,785,590	2,464,266
	<b>26,426,494</b>	<b>14,003,582</b>
<b>Trade receivables</b>		
AstraZeneca AB, Sweden	79,617,705	25,426,335
AstraZeneca SDN Bhd, Malaysia	-	867,531
	<b>79,617,705</b>	<b>26,293,866</b>
<b>Trade payables and other current liabilities</b>		
AstraZeneca Plc, United Kingdom	704,795,020	580,885,503
AstraZeneca AB, Sweden	194,252,114	114,223,594
IPR Pharmaceuticals Inc	125,198,360	77,546,794
AstraZeneca Pharmaceuticals LP	21,362,936	-
AstraZeneca Singapore Pte Ltd	449,831	4,925,208
AstraZeneca Pty Ltd, Australia	66,650	3,318,213
Others	32,219	14,961
	<b>1,046,157,130</b>	<b>780,914,273</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.30 Segment reporting

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

(i) **Healthcare** - The Company engages in the manufacture, trading and sale of pharmaceutical products.

(ii) **Clinical trial services** - The Company renders clinical trial services on pharmaceuticals products to its group companies.

(iii) **Co-promotional services** – The Company rendered co-promotion services for pharmaceuticals products to Bristol Myers Squibb India Private Limited (BMS) till January 31, 2014. Effective February 1, 2014, AstraZeneca Group Companies has acquired the Global Diabetic business of Bristol-Myers Squibb Company. Consequent to the aforesaid acquisition, the Company has entered into a consignment sale agreement with BMS and accordingly sale of diabetic products by BMS in India for the period February 1, 2014 to March 31, 2014 has been included as part of the sales of the Company.

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

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

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

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

#### Primary segment information

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Segment revenue</b>		
(a) Healthcare	4,417,843,520	3,558,681,488
(b) Others	321,866,192	345,529,162
	4,739,709,712	3,904,210,650
Less: Inter-segment revenue	-	-
<b>Net income from operations</b>	<b>4,739,709,712</b>	<b>3,904,210,650</b>
<b>Segment results</b>		
Profit before tax and interest		
(a) Healthcare	(311,379,919)	(847,782,492)
(b) Others	80,405,987	40,453,755
	<b>(230,973,932)</b>	<b>(807,328,737)</b>
Other un-allocable income, net of interest expenses	92,084,385	104,628,795
Exceptional item (refer note 2.23)	138,889,547	-
<b>Total profit before tax</b>	<b>-</b>	<b>(702,699,942)</b>
Less: Provision for taxation	5,089,176	192,623,035
<b>Profit after taxation</b>	<b>(5,089,176)</b>	<b>(895,322,977)</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.30 Segment reporting (continued)

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Segment assets</b>		
(a) Healthcare	3,010,609,721	2,505,644,226
(b) Others	9,192,417	98,822,859
(c) Unallocated assets	1,136,072,590	456,549,550
	<b>4,155,874,728</b>	<b>3,061,016,635</b>
<b>Segment liabilities</b>		
a) Healthcare	2,227,695,499	1,812,691,294
(b) Others	65,115,540	86,585,997
(c) Unallocated liability	147,113,269	164,210,201
	<b>2,439,924,308</b>	<b>2,063,487,492</b>
<b>Capital expenditure</b>		
(a) Healthcare	161,932,439	206,411,227
(b) Others	-	-
	<b>161,932,439</b>	<b>206,411,227</b>
<b>Depreciation</b>		
(a) Healthcare	101,248,699	122,781,722
(b) Others	-	-
	<b>101,248,699</b>	<b>122,781,722</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 2014	As at 31 March 2013
<b>Segment revenue</b>		
Segment revenue		
(a) Domestic	4,365,113,286	3,608,504,601
(b) Export	374,596,426	295,706,049
	<b>4,739,709,712</b>	<b>3,904,210,650</b>
<b>Segment assets</b>		
(a) Domestic	4,076,257,023	3,022,336,921
(b) Export	79,617,705	38,679,714
	<b>4,155,874,728</b>	<b>3,061,016,635</b>
<b>Capital expenditure</b>		
(a) Domestic	161,932,439	206,411,227
(b) Export	-	-
	<b>161,932,439</b>	<b>206,411,227</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.31 Details of deferred tax asset

(Amount in ₹)		
Particulars	As at 31 March 2014	As at 31 March 2013
<b>Deferred tax liabilities</b>		
Depreciation on fixed assets	21,250,058	-
	21,250,058	-
<b>Deferred tax assets</b>		
Carry forward business loss and unabsorbed depreciation	21,250,058	-
	21,250,058	-
<b>Deferred tax assets, net</b>	-	-

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

#### 2.32 Value of imports on CIF basis

(Amount in ₹)		
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Raw and packing materials (net of returns)	270,261,466	276,560,896
Capital goods	36,049,122	1,240,585
	<b>306,310,588</b>	<b>277,801,481</b>

#### 2.33 Expenditure in foreign currency

(Amount in ₹)		
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Employee benefits	122,255,377	-
Legal and professional	29,102,591	32,604,733
Marketing	11,925,305	14,189,464
Others	561,375	3,017,921
	<b>163,844,648</b>	<b>49,812,118</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.34 Earnings in foreign currency

(Amount in ₹)		
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
F.O.B. value of exports	270,183,665	146,834,039
Sale of services (Gross)	104,412,761	148,872,010
	<b>374,596,426</b>	<b>295,706,049</b>

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

(Amount in ₹ except number of share)	
Year to which dividend relates	31 March 2012
Number of non-resident shareholders	1
Number of shares held of ₹ 2 each	22,499,950
Amount remitted	78,749,825
No dividend was declared for the year ended 31 March 2013	

#### 2.36 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 ₹ 17,970,905 (previous year: ₹ 16,563,098) for the year ended March 31, 2014.

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

(Amount in ₹)		
Period	As at 31 March 2014	As at 31 March 2013
Not later than 1 year	14,951,706	13,672,505
Later than 1 year and not later than 5 years	11,857,500	7,571,707
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 ₹ 60,908,400 (previous year: ₹ 49,378,022) for the year ended March 31, 2014.

Further the Company is obligated under operating lease agreements for vehicles. Total lease rental expense under the said agreement amounted to ₹ 2,077,881 (previous year: ₹ 1,227,418) for the year ended March 31, 2014.



# AstraZeneca Pharma India Limited

## Notes to Financial Statements (Continued)

**2.37** Forward contracts entered for the hedging purpose, which were outstanding as on March 31, 2014 amounted to ₹ Nil (previous year: ₹ Nil). Foreign currency exposure as on March 31, 2014, which was not hedged, are as follows:

Un-hedged foreign currency exposure					
Underlying asset / liability		As at 31 March 2014		As at 31 March 2013	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Short term loans and advances	USD	480,253	29,529,358	229,780	12,385,848
	AUD	-	-	300	12,925
	SGD	100	3,575	100	3,575
Trade receivables	USD	1,281,346	79,617,705	485,065	26,293,866
Trade payables and other current liabilities	USD	489,299	29,995,279	654,405	35,904,592
	SEK	283,560	2,550,720	828,196	6,480,489
	JPY	637,376	401,923	-	-
	GBP	419,406	42,218,537		
	EUR	16,377	1,132,340	16,377	1,066,778
	AUD	-	-	185	7,514
			<b>185,449,437</b>		<b>82,155,587</b>

### 2.38 Dues to micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 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 March 31, 2014 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 2014	As at 31 March 2013
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period	-	-
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; and The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

### 2.39 Gratuity plan

The Company has the following defined Gratuity plan.

#### Leaving service benefit:

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

#### For Management staff:

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

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

#### 2.39 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 2014	As at 31 March 2013
<b>Obligations at year beginning</b>	205,586,550	193,583,573
Current service cost	19,692,519	17,048,432
Interest cost	16,903,115	15,596,418
Benefits settled	(27,980,390)	(64,774,588)
Actuarial (gain)/loss	13,575,984	44,132,715
<b>Obligations at year end</b>	<b>227,777,778</b>	<b>205,586,550</b>

##### Change in plan assets

Plan assets at beginning of the year, at fair value	201,073,129	232,271,890
Expected return on plan assets	16,701,143	17,769,478
Actuarial gain/(loss)	(162,016)	(2,529,814)
Contributions	18,802,204	18,336,163
Benefits settled	(27,980,390)	(64,774,588)
<b>Plans assets at year end, at fair value</b>	<b>208,434,070</b>	<b>201,073,129</b>

#### 2.39 Gratuity plan (continued)

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

Fair value of plan assets at the end of the year	208,434,070	201,073,129
Present value of the defined benefit obligations at the end of the year	227,777,778	205,586,550
<b>Liability (-)/assets (+) recognised in balance sheet</b>	<b>(19,343,708)</b>	<b>(4,513,421)</b>

##### Gratuity cost for the year

Service cost	19,692,519	17,048,432
Interest cost	16,903,115	15,596,418
Expected return on plan assets	(16,701,143)	(17,769,478)
Actuarial (gain)/loss	13,738,000	46,662,529
<b>Net gratuity cost</b>	<b>33,632,491</b>	<b>61,537,901</b>

## AstraZeneca Pharma India Limited

### Notes to Financial Statements (Continued)

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Investment details of plan assets</b>		
Equity instruments	12.62%	12.52%
Debt instruments	87.38%	87.48%
<b>Assumptions</b>		
Interest rate	8.00%	8.00%
Discount factor	9.00%	8.00%
Estimated rate of return on plan assets	8.50%	9.00%
Salary increase	1st 2 years 9% and thereafter 8%	1st 2 years 9% and thereafter 6%
Attrition rate	5% to 13% based on the employee designation	5% to 13% based on the employee designation
Retirement age	60 Years	60 Years

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

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

Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010
Fair value of Plan Asset	208,434,070	201,073,129	232,271,890	129,048,752	101,936,579
Project benefit Obligation, End of period	227,777,847	205,586,619	193,583,642	175,373,598	112,899,635
(Surplus)/Deficit in the plan	19,343,777	4,513,490	(38,688,248)	46,324,846	10,963,056
Experience adjustment on Plan Assets	(162,016)	(2,529,814)	(2,465,531)	(23,991)	837,461
(Gain)/Losses due to change in assumption	8,944,397	28,232,652	(5,330,180)	7,297,260	(11,619,245)
Experience (Gain)/ Losses on PBO	4,631,587	15,900,063	4,428,327	46,987,139	17,673,263
Total(Gain)/ Loss	13,575,984	44,132,715	(901,853)	54,284,399	6,054,018

AstraZeneca Pharma India Limited
Notes to Financial Statements (Continued)

2.40 Provident fund

The Company contributed ₹ 36,098,407 (previous year ₹ 33,143,402) towards provident fund during the year ended March 31, 2014.

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 March 31, 2014. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at March 31, 2014.

The details of fund plan assets as at March 31, 2014 is given below:

Table with 3 columns: Particulars, As at 31 March 2014, As at 31 March 2013. Rows include Plan assets at the year end, Present value of the defined benefit obligations, and Assets recognised in balance sheet.

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

Table with 3 columns: Particulars, As at 31 March 2014, As at 31 March 2013. Rows include Discount rate, Remaining term of maturity, and Expected guaranteed interest rate.

2.41 Management believes that the Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961.

2.42 During the current year, the Promoter Company (AstraZeneca Pharmaceuticals AB, Sweden), vide its letter dated March 1, 2014 has proposed voluntary delisting (the delisting proposal) offer to the public shareholders of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

2014 has approved circulation of postal ballots to the shareholders of the Company to obtain shareholders approval on the delisting proposal.

2.43 During the previous year, Mr. Robert Ian Haxton, a foreign national was appointed as Whole time Director of the Company and accordingly the Company on May 2, 2013 had filed an application with the Central Government under the Companies Act, 1956 seeking approval for his appointment.

2.44 Remuneration paid to Mr. Sanjay Murdeshwar (Managing Director effective May 2, 2013) and Mr. Robert Ian Haxton (Whole Time Director effective 6 February 2013) for the current year, and remuneration paid to Mr Robert Ian Haxton (Whole Time Director), Mr. Anandh Balasundaram (Managing Director until August 31, 2013) and Ms. Ruby Lau (Whole Time Director until February 27, 2013) for the financial year 2012-13 was in accordance with the approval of the Board of Directors and the Remuneration Committee.

2.45 During the financial year 2011-12, a First Information Report (FIR) was filed by the Central Bureau of Investigation ('CBI') against the Company on February 23, 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.

As per our report of even date attached for B S R & Co. LLP Chartered Accountants Firm registration number: 101248W

Sunil Gaggar Partner Membership number: 104315

Place: Bangalore Date: May 30, 2014

for and on behalf of the Board of Directors

D E Udawadia Chairman Sanjay Murdeshwar Managing Director Pawan Singhal Company Secretary Vimlesh Maheshwari Finance Controller

Place: Bangalore Date: May 30, 2014



## TEN YEAR SUMMARY

(₹ in Million)

Particulars	Unit	2004	2005	2006	2007	2008	2009	2010-11 (15 months)	2011-12	2012-13	2013-14
<b>Sales &amp; Earnings</b>											
Total income	₹	1,965.45	2,328.78	2,773.65	3,135.63	3,681.40	4,023.77	6,003.06	5,378.51	4,008.84	4,831.79
Profit before depn, int & tax	₹	481.36	700.25	806.82	1,011.89	1,261.15	946.06	1,097.98	365.93	(579.92)	(37.64)
Profit before int & tax	₹	437.21	648.31	749.51	953.49	1,192.39	885.29	1,009.85	292.55	(702.70)	-
Profit before tax	₹	436.89	647.76	749.51	953.49	1,143.76	883.92	1,009.85	292.55	(702.70)	-
Profit after tax	₹	257.50	430.58	487.36	614.59	738.35	576.17	641.30	197.65	(895.32)	(5.09)
Deferred Tax Liability for earlier years	₹	-	-	-	-	-	-	-	-	-	-
Balance Profit after Tax	₹	257.50	430.58	487.36	614.59	738.35	576.17	641.30	197.65	(895.32)	(5.09)
Dividend paid	₹	250.00	100.00	300.00	375.00	375.00	250.00	250.00	87.50	-	-
Retained earnings	₹	(25.17)	316.56	145.29	175.86	299.62	283.68	351.71	95.96	(895.32)	(5.09)
<b>Capital Employed</b>											
Fixed assets											
- Gross including Cwip & Cap Adv	₹	681.31	742.92	793.54	829.89	811.52	831.29	1,169.89	1,558.27	1,732.57	1,797.24
- Net	₹	293.07	312.16	332.77	332.34	304.50	303.44	513.88	901.82	982.41	1,035.31
Investments	₹	0.57	0.12	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.01
Deferred tax assets	₹	4.58	12.24	9.81	17.26	23.71	29.40	75.42	177.62	-	-
Net current assets (working capital)	₹	657.18	947.44	1,074.60	1,243.43	1,458.23	1,112.29	1,207.54	813.35	15.06	680.64
<b>Total</b>		<b>955.40</b>	<b>1,271.95</b>	<b>1,417.24</b>	<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>	<b>1,715.95</b>
<b>Represented by</b>											
Networth	₹	955.40	1,271.95	1,417.24	1,593.10	1,161.50	1,445.18	1,796.90	1,892.85	997.53	1,715.95
Share capital	₹	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Reserves	₹	905.40	1,221.95	1,367.24	1,543.10	1,111.50	1,395.18	1,746.90	1,842.85	947.53	1,665.95
Borrowings - secured	₹	-	-	-	-	625.00	-	-	-	-	-
Deferred tax Liability	₹	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>955.40</b>	<b>1,271.95</b>	<b>1,417.24</b>	<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>	<b>1,715.95</b>
<b>Ratios</b>											
<b>Measures of Performance</b>											
PBT to total income	%	22.23	27.82	27.02	30.41	31.07	21.97	16.82	5.44	(17.53)	-
PAT to total income	%	13.10	18.49	17.57	19.60	20.06	14.32	10.68	3.67	(22.33)	(0.11)
Material consumption to sales	%	35.39	33.85	34.66	31.67	29.29	31.38	31.21	35.76	43.05	37.62
Employee cost to sales	%	17.77	16.90	16.74	16.97	18.30	21.49	26.20	32.41	41.74	36.34
Net fixed assets to net worth	%	30.67	24.54	23.48	20.86	26.22	21.00	28.60	47.64	98.48	60.33
Fixed assets usage	Times	7.20	7.86	9.15	9.48	12.12	13.40	21.87	16.97	16.34	5.13
<b>Measures of Investments</b>											
Return on Networth	%	26.95	33.85	34.39	38.58	63.57	39.87	35.69	10.44	(89.75)	(0.30)
Earnings per share @	₹	10.30	17.22	19.49	24.58	29.53	23.05	25.65	7.91	(35.81)	(0.20)
Dividend payout ratio	%	485.43	116.12	61.56	61.02	50.79	43.39	38.98	44.27	-	-
Dividend coverage ratio	Times	1.03	4.31	1.62	1.64	1.97	2.30	2.57	2.26	-	-
<b>Measures of Financial Status</b>											
Current ratio	Unit	1.97	2.96	2.10	2.43	2.33	2.24	1.95	1.30	0.80	1.12
Quick ratio	Unit	1.59	2.44	1.75	2.16	2.02	1.85	1.50	0.80	0.39	0.73
Debt equity ratio	Unit	-	-	-	-	0.54	-	-	-	-	-
Inventory holding (on sales)	Days	49	41	47	29	37	33	45	55	88	79
<b>Other information</b>											
Contribution to exchequer *	₹	640.64	717.52	970.29	1,024.34	1,096.15	765.51	1,052.90	803.37	761.28	568.67
Employee											
- Cost	₹	338.55	375.95	442.65	502.03	621.73	828.29	1,504.98	1,619.12	1,484.60	1,604.60
- Numbers		942	902	895	937	1038	1464	1705	1674	1588	1559
Number of shareholders		4,340	5,026	6,981	7172	7375	7025	6058	8125	14571	13978
Dividend	%	500.00	200.00	600.00	750.00	750.00	500.00	500.00	175.00	-	-
Book value = net worth per share @	₹	38.22	50.88	56.69	63.72	46.46	57.81	71.88	75.71	39.90	68.64

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

# Milestones YHP INDIA



Began in

## Nov 2010



5 project sites (Badarpur, Madanpur Khadar, Mangolpuri, Holambi Kalan and Dwarka), 3 districts of Delhi.

10-24 years old.



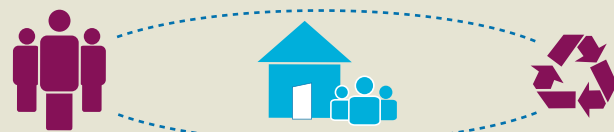
focuses on hygiene and sanitation, sexual reproductive health and wider health issues such as tobacco use and abuse of alcohol.



Establishment of special clinics with opening times for adolescents in all five project communities, resulting in a steady increase of adolescents accessing health services at Government health facilities, instead of remaining unsupported, or resorting to unqualified doctors known as quacks.

Influenced local government in the resettlement colonies to make small steps towards improving waste disposal and access to clean water.

## Sustainability



150 young people received training on street theatre which has enabled them to deliver YHP awareness messages through community drama, and also provided them with skills to support develop their livelihood opportunities.

Training of 295 Government health professionals including Anganwadi workers (family health), ASHA workers (community health) and ANMs (Auxiliary Nurse Midwives) on key YHP thematic areas.

## Nov 2011



### 4453

young people reached.

9794 population reached through street plays, puppet shows, video shows.  
5 health information centres (HIC) established.



1213 young people attended.

boys 696 girls 485 peer educators trained

## Nov 2012



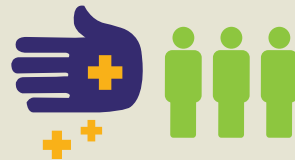
Total young people reached to date

### 65,250

young people. 60,988 wider community members total to date.

Total peer educators trained

1,403 Peer Educators.



Peer Educators and YHP staff have

referred 398 adolescents in need of medical advice or services to health facilities for issues such as TB, dengue, malaria and sexual reproductive health (SRH) issues.

## Youth voice



An editorial committee of children has been formed to support the development of YHP resources such as a programme newsletter, Information Education Communication (IEC) materials such as posters and wall writing (semi-permanent wall painting).

## Nov 2013



## Reach

Over the last 3 years, the project has benefited

### 89,493

young people (40,271 boys and

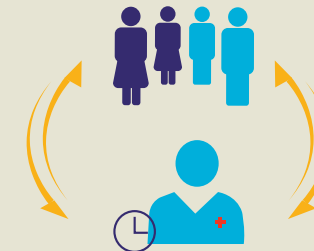
49,222 girls) which has exceeded the target of 30,000 by almost 3 times.

total of 84,387 wider community members have been reached by the YHP over the whole project period.

The programme has continued working with the 1,581 Peer Educators (PEs) (of which 814 are girls).

## Sustainability

Regular coordination meetings were carried out with government officials and community stakeholders to foster better coordination and to attempt to bridge the gap between demand and supply of health services for young people.

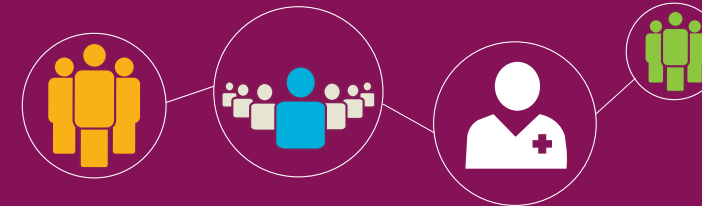


In addition to the specific clinic times for adolescents, doctors have been holding sensitisation talks with small groups of young people at their clinics on topics such as nutrition.



YHP has formed HIC committees (made up of parents, young people and local leaders) who meet to discuss local health issues. In the future these committees can take increasing responsibility for the running of the HIC.

## Youth voice



Throughout the project young people have taken ownership of and responsibility for championing YHP initiatives. The project has ensured their engagement at all stages of the project from planning to monitoring and evaluation.

For example self-defence training is one of the activities that have been included at the request of young people. For treatment and supporting the Municipal Corporation of Delhi (MCD) in carrying out awareness and awareness-raising on malaria and dengue.

1,581 PEs are continuing to lead a variety of interventions to bring about positive and healthy behaviour change amongst young people in their communities. This includes delivering outreach activities, referring young people to health services for treatment and supporting the Municipal Corporation of Delhi (MCD) in carrying out awareness and awareness-raising on malaria and dengue.

## Impact



15 severely anaemic girls were referred by YHP staff to the Integrated Child Development Scheme (ICDS) where they have been treated and are reporting a significant improvement in their health. These girls are now also facilitating sessions with other adolescent girls at the HIC.

1,300 young people received a personal sanitation kit are now reporting practicing good hygiene, for example the 6 steps of hand washing.

5 PEs have secured jobs in the government DOTS (tuberculosis) programme, citing the skills, knowledge and experience they gained through YHP as key to this success.

## Local advocacy



Due to combined advocacy efforts of the YHP team, Slum Health and Sanitation Team (SHAST), Member of the Legislative Assembly (MLA) and officer from the MCD, the non functional public toilet block in Holambi Kalan was renovated and it is now being maintained for public usage.



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



## AstraZeneca Pharma India Limited

Registered Office: 'Avishkar', Off Bellary Road, Hebbal, Bangalore 560 024, Karnataka

Tel: (080) 67748000, Fax: (080) 23622015, CIN: L24231KA1979PLC003563

Email: comp.secy@astrazeneca.com Website: www.astrazeneca/india.com

### ATTENDANCE SLIP - 35<sup>th</sup> ANNUAL GENERAL MEETING

Date: September 30, 2014, Time: 3.00 p.m.

Place: Vivanta by Taj Hotel, MG Road, Bangalore 560001

I / We hereby record my / our presence at the 35<sup>th</sup> ANNUAL GENERAL MEETING of the Company being held on September 30, 2014, at 3.00 p.m. at Vivanta by Taj Hotel, MG Road, Bangalore 560001.

**Signature of the members/ Proxy/ Autorised Representative\*** .....

\*Strike off whichever is not applicable

#### Notes:

1. The Company will accept only the Attendance Slip of a person personally attending the Meeting as a Member or a valid Proxy duly registered in time with the Company. The Company will not accept Attendance Slip from any other even if signed by a Member. Members are requested not to accompany non-Members or children.
2. Persons representing bodies corporate are required to submit with the Company original Resolution of the Board of Directors or other governing body of such Member, authorising such person to act as its representative under Section 113 of the Companies Act, 2013.
3. Shareholder/Proxy-holder attending the Meeting should bring his/her copy of the Annual Report for reference at the Meeting.
4. To facilitate Members, registration of attendance will commence at 2.30 p.m. on September 30, 2014.
5. E-voting particulars are set out below:

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD

Please refer Notice for instructions on e-voting.

E-voting facility will be open during the following period.

Commencement of E-voting	End of E-voting
September 23, 2014 (9.00 am IST)	September 25, 2014 (6.00 pm IST)

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### Proxy Form

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

Name of the Member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No. / Client ID: \_\_\_\_\_ DP ID: \_\_\_\_\_

I/ We, being the holder(s) of \_\_\_\_\_ Equity Shares of AstraZeneca Pharma India Limited, hereby appoint:

1. Name : \_\_\_\_\_ Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

2. Name : \_\_\_\_\_ Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

3. Name : \_\_\_\_\_ Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 35<sup>th</sup> Annual General Meeting of the Company being held on September 30, 2014, at 3.00 p.m. at Vivanta by Taj Hotel, MG Road, Bangalore 560001 and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

1.	Adoption of Accounts for the year ended March 31, 2014 and the Reports of the Auditor's and Directors thereon
2.	Re-appointment of Mr. Justin Ooi as Director, liable to retire by rotation
3.	Appointment of Auditors and fixing their remuneration
4.	Ratification of Cost Auditor's remuneration
5.	Appointment of Mr. D. E. Udawadia as an Independent Director
6.	Appointment of Mr. K. S. Shah as an Independent Director
7.	Appointment of Mr. Narayan K Seshadri as an Independent Director

Signed this.....day of .....2014.

Affix Re 1/-  
revenue stamp

\_\_\_\_\_  
Signature of Shareholder(s)

\_\_\_\_\_  
Signature of Proxy holder(s)

#### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members not exceeding Fifty Members and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.