

*Growth through
innovation*
40 years and beyond

AstraZeneca Pharma India Limited
Annual Report 2018-19

About AstraZeneca Pharma India Limited (AstraZeneca)

AstraZeneca was established in 1979 and is headquartered at Bengaluru, Karnataka. It is a listed operating Company and conducts manufacturing, sales and marketing activities in India.

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Among

Top 100

Best Companies for
Women, 2018 by Avatar &
Working Mothers



GPTW

AstraZeneca was certified as
'Great Place to Work' in 2018

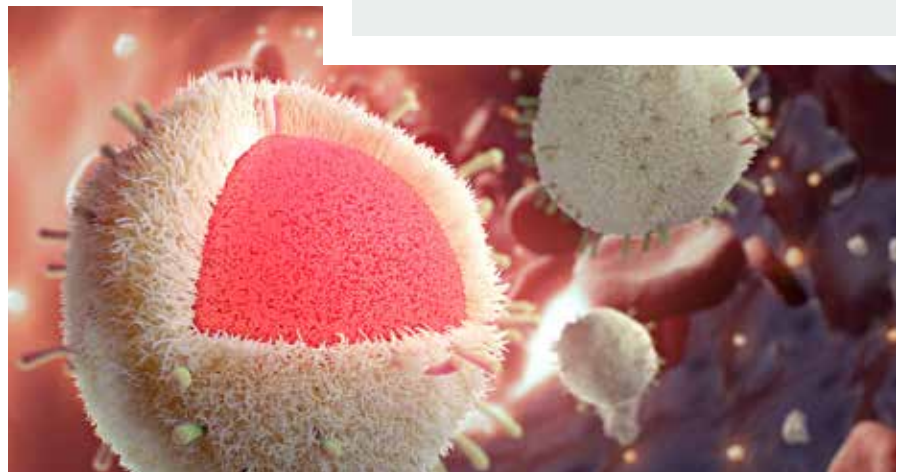


1,400+

Employees working
across the country



Celebrating 40 years of bringing science to patients in India.



AstraZeneca is celebrating its four-decade long commitment to India of delivering life-changing medicines to patients through innovative science. The Company today has over 1,400 employees, a unique portfolio of innovative healthcare products and a state-of-the-art manufacturing facility at Bengaluru, India, designed to meet the most stringent international standards, conforming to WHO cGMP (current Good Manufacturing Practices) norms.

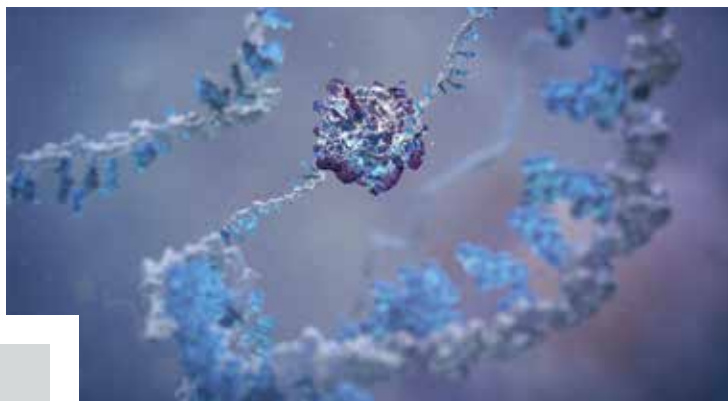
AstraZeneca through its flagship programmes – Young Health Programme, Early Action in Diabetes, Healthy Lung and Ganga Godavari Early Cancer Screening Programme – is at the forefront of addressing the unmet needs in Non-Communicable Diseases (NCDs) such as diabetes, heart diseases, asthma & COPD, and cancer. With its focus on growth through innovation, the Company is on track to become a leader in its chosen therapeutic areas by delivering growth, accelerating innovative science and being a great place to work.

Pushing the Boundaries of Science

“Our science-led strategy and our open and entrepreneurial culture are underpinning a resurgence in innovation that is fuelling sustainable product sales growth and delivering medicines that patients and society value and can access.

Pascal Soriot

Chief Executive Officer, AstraZeneca PLC
(Source: AstraZeneca PLC - Annual Report 2018)



Our Values Drive Us

Our values and behavioural statements have been updated to reflect that we innovate best when building networks across the enterprise, including differentiated thinking to challenge the status quo, while also generating ideas and solving problems together.



Our Strategic Priorities

As we look to the future, our strategic priorities have evolved to reflect what we need to deliver in the next phase of our journey.



**Delivering growth
and therapy area
leadership**



**Accelerate
innovative science**



**Be a great
place to work**

Our Core Therapy Areas



Cardiovascular, Renal and Metabolic diseases

We maintain an integrated patient approach to reduce cardiovascular morbidity and mortality.



Oncology

We are redefining the treatment paradigm to eliminate cancer as a cause of death.



Respiratory, Inflammation and Autoimmunity

We have immense potential to deliver scientific breakthroughs and transform the lives of people through our 40-year experience in respiratory science.

Key Brands



Forxiga®
(Dapagliflozin)



Brilinta®
(Ticagrelor)



Xigduo® XR
(Dapagliflozin + Metformin
HCl (Extended Release))



Crestor®
(Rosuvastatin)



Tagrisso™
(Osimertinib)



Lynparza®
(Olaparib)



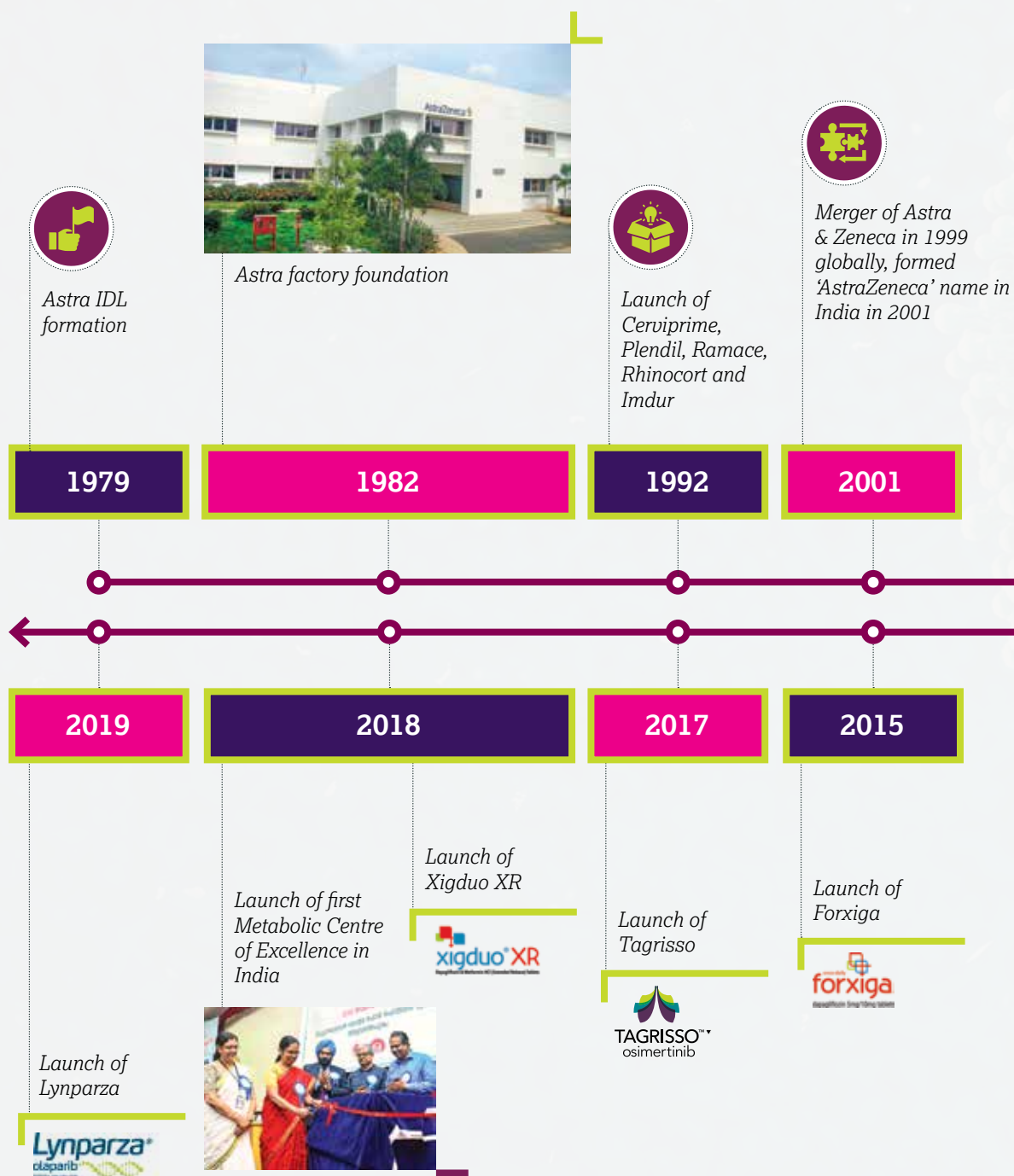
Zoladex®
(Goserelin Acetate
Depot Injection)



Symbicort®
(Budesonide/Formoterol Inhalation Powder)

Our Four-decade Journey

At AstraZeneca, we believe the best way we can help patients is to focus on breakthrough science in order to uncover disease mechanisms and develop novel, targeted therapies that interact with them. At the heart of our purpose as a Company is to push the boundaries of science to deliver life changing medicines.



Zoladex®

Launch of
Meronem and
Zoladex



Launch of
Seloken XL



FASLODEX®
fulvestrant 250 mg injection

Launch of Faslodex



Launch of
Symbicort

2002

2003

2007

2008

2014

2012

2010

2009

New Tablet
Production Facility



Launch of
Brilinta and
Kombiglyze



Launch of
Crestor



Launch of Onglyza
and introduction
of Young Health
Programme, India



Making Science Accessible

As a science-led biopharmaceutical company, we want to be valued and trusted by our stakeholders as a source of great medicines over the long term. We are committed to operating in a way that recognises the interconnection between business growth, the needs of society and the limitations of our planet.

What does making science accessible really mean to us?

Access to healthcare

- Connecting our business growth to positive impact for the society.
- Setting goals and building on systems that support people around the world towards a healthier future.

Environmental protection

- The health of the environment has a huge impact on human wellbeing.
- From climate change to consumption, we are all responsible for reducing our dependence on natural resources.

Ethics and transparency

- Putting our Values at the forefront of our decision-making.
- From sales and marketing to clinical trial transparency and bioethics, it's one way we meet stakeholder expectations.

Access to Healthcare

We are using our science to improve health. Non-communicable diseases (NCDs) account for seven out of ten deaths globally, making them the leading cause of death worldwide. Our access to healthcare strategy in India focusses on three areas - making our medicines available and affordable, supporting sustainable health systems and infrastructure and promoting disease awareness and prevention.

AstraZeneca has launched a number of flagship programmes to increase access to healthcare in India.

Ganga Godavari Early Cancer Screening Programme

Launched in February 2019 on World Cancer Day, AstraZeneca is proud to partner with the Indian Cancer Society and the Charities Aid Foundation India for the Early Cancer Screening and Awareness Programme for women, especially in areas where access to healthcare facilities are constrained. The key components of this programme include specialised cancer screening camps for females in defined population for oral, breast and cervical cancer, create awareness through health education activities in the community and robust follow up process to ensure referral for treatment at cancer hospitals.



2,000+

Beneficiaries in Phase 1

10+

States identified; focus on high priority districts

Focus

On women from underprivileged sections

The Young Health Programme (YHP)

The YHP India is funded and supported by AstraZeneca Global and was launched in India in 2010. AstraZeneca's contribution to YHP India include employee engagement and disease awareness initiatives among communities. YHP focuses on prevention of NCD's during adolescence by education on risk behaviours such as tobacco use, alcohol abuse and unhealthy eating through on-ground programmes, research and evidence generation and advocacy - empowering young people to make informed choices that protect their health, now and in the future.



350,000

Young people aged 10-24 directly benefitted

3,000+

Close to 3,000 young people have been trained to be educators in their local communities

15

Health Information Centers are providing preventive and promotive health and counselling services



“It was a great experience. I was so delighted to see the confidence and ability of these young people who had learnt and are able to teach other people on the importance of healthy lifestyle to combat Non-Communicable Diseases. It is hugely encouraging to see the impact and the reach of this programme.

Narayan K Seshadri

Chairman of the Board, AstraZeneca India, during the Board members' visit to YHP Communities at Delhi

Early Action in Diabetes

AstraZeneca partnered with the Department of Health and Family Welfare, Government of Kerala in 2018 to launch a 360° Metabolic Centre of Excellence that aims to provide comprehensive management of diabetes and associated metabolic conditions.



Healthy Lung India

The Healthy Lung Programme India aims to raise the profile of Asthma & COPD and transform the standard of care of these conditions. This includes capacity building of healthcare professionals, medical infrastructure and policy advocacy to better serve patients. In partnership with Employees State Insurance Corporation (ESIC), Government of India, AstraZeneca launched the first Healthy Lung Centres in ESIC Jamshedpur, Patna and Ranchi with a shared objective of improving the quality of care provided to the beneficiaries of ESIC.



iDREAM Hub

The iDREAM hub in India was established as part of the recent expansion of AstraZeneca's strategic collaborations to address the rising burden of NCDs in the country, building on the foundation of the bilateral innovation partnership between India and Sweden, signed in 2018. It will complement AstraZeneca's strategic partnership with the National Association of Software and Services Companies (NASSCOM), enabling the Company to run an accelerator for health start-ups in collaboration with NASSCOM's Centre of Excellence for Internet of Things, the largest platform for deep technology innovation in India. This iDREAM hub intends to support the thriving start-up culture in India, enabling the Company to mentor exciting new research and create affordable and accessible healthcare solutions.



“As a science-led organisation, AstraZeneca is committed to strengthen innovation in healthcare in India. We are pleased to collaborate with the government, start-up eco-system and industry partners to achieve the shared vision of making meaningful interventions in improving the lives of patients impacted by Non-Communicable diseases in India.”

Leif Johansson

Chairman of the Board, AstraZeneca PLC present at the Unnati Healthcare Day hosted by AstraZeneca, Business Sweden and Atal Innovation Mission- Niti Aayog in February 2019.

National Community Service Week to Mark 40 Years

In a one of a kind initiative to mark AstraZeneca's 40th business anniversary, AstraZeneca, in partnership with Plan International (India chapter), undertook a national scale programme to sensitise school children on NCD related risk behaviour such as tobacco use, alcohol abuse, lack of physical exercise and unhealthy eating. Under this programme, AstraZeneca partnered with over 25 government/community run schools across 12 cities in India. Engaging and fun ways such as street plays, drawing and quiz competitions, debates and counselling were used to convey the message to the children. More than 700 employees of the Company came forward to contribute their time for this programme.



Corporate Information

Board of Directors

Independent Directors

Mr. Narayan K Seshadri, Chairman
Ms. Revathy Ashok
Ms. Kimsuka Narsimhan

Non-Executive Directors

Mr. Ian John Parish
Ms. Weiyang Sarah Wang

Executive Directors

Mr. Gagandeep Singh Bedi, Managing Director
Mr. Rajesh Marwaha

Committees of Board

Audit Committee

Ms. Revathy Ashok, Chairman
Mr. Narayan K Seshadri
Ms. Weiyang Sarah Wang

Nomination and Remuneration Committee

Ms. Kimsuka Narsimhan, Chairman
Mr. Narayan K Seshadri
Mr. Ian John Parish
Ms. Weiyang Sarah Wang

Stakeholders' Relationship Committee

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

Corporate Social Responsibility Committee

Mr. Ian John Parish, Chairman
Ms. Revathy Ashok
Mr. Gagandeep Singh Bedi

Other Corporate Information

Corporate and Registered Office

Block N1, 12th Floor, Manyata Embassy Business Park,
Rachenahalli, Outer Ring Road, Bengaluru - 560 045

Factory

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

Sales Outlets

Ahmedabad, Bengaluru*, Chandigarh, Chennai, Cuttak,
Delhi*, Guwahati, Hyderabad, Indore, Kochi, Kolkata,
Lucknow, Mumbai, Ranchi
* Company outlets (Bengaluru and Delhi)

Auditors

Price Waterhouse & Co Chartered Accountants LLP

Bankers

The Hongkong and Shanghai Banking Corporation Limited

Chief Financial Officer

Mr. Rajesh Marwaha

Company Secretary & Legal Counsel

Mr. Pratap Rudra

Annual General Meeting

at 3:00 p.m. on Wednesday, August 7, 2019 at 'The Grand Ballroom',
Conrad Bengaluru, Kensington Road, Ulsoor, Bengaluru - 560 008

AstraZeneca Pharma India Limited

Registered Office: Block N1, 12th Floor, Manyata Embassy Business Park,
Rachenahalli, Outer Ring Road, Bengaluru - 560 045

CIN: L24231KA1979PLC003563, Web: www.astrazeneca.com/india

E-mail: comp.secy@astrazeneca.com, Tel: +91 80 67748000, Fax: +91 80 67748557

Notice

NOTICE is hereby given that the 40th Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held on Wednesday, August 7, 2019 at 3 p.m. at 'The Grand Ballroom', Conrad Bengaluru, Kensington Road, Ulsoor, Bengaluru – 560 008 to transact the following business:

ORDINARY BUSINESS

Item No. 1

To receive, consider and adopt the financial statements viz. the Audited Balance Sheet as at March 31, 2019, the Audited Profit & Loss Account and the Cash Flow Statement of the Company and Explanatory note annexed thereto or forming part of the above documents, for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.

Item No. 2

To appoint a Director in place of Mr. Gagandeep Singh Bedi (DIN: 07844333) who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

Item No. 3

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

RESOLVED THAT Ms. Weiying Sarah Wang (DIN: 08369289) who was appointed on March 13, 2019 as an Additional Director (Non-Executive) and who, in terms of Section 161 of the Companies Act, 2013 holds office up to the date of this Annual General Meeting and who is eligible for appointment, be and is hereby appointed as a Director of the Company (Non-Executive), liable to retire by rotation.

Item No. 4

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

RESOLVED THAT pursuant to the provisions of Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Narayan K Seshadri (DIN: 00053563), who was appointed as an Independent Director to hold office up to September 29, 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Company to hold the office for a second term of 5 years i.e. from September 30, 2019 to September 29, 2024, not liable to retire by rotation.

Item No. 5

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

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('the

Act') read with the Companies (Audit and Auditors) Rules, 2014, as amended to date, payment of remuneration of ₹ 1,75,000/- (Rupees one lakh seventy five thousand only) plus applicable service tax and reimbursement of out-of-pocket expenses, at actuals, to M/s. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (Firm Registration No.000065), appointed by the Board as Cost Auditors of the Company for conducting the cost audit of the cost records for the financial year ending March 31, 2020, be and is hereby confirmed, approved and ratified.

Item No. 6

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

RESOLVED THAT subject to the provisions of Regulation 23 (4) of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended to date, approval of the Members be and is hereby granted to the following Material Related Party Transactions entered into by the Company with AstraZeneca UK Limited, a Related Party as defined in Section 2(76) of the Act and in the Listing Regulations, during the financial year 2018-19:

Sl. No.	Nature of Material Related Party Transactions	Transaction Value in ₹ crore (2018-19)
1	Purchase of raw materials and traded goods by the Company from AstraZeneca UK Limited	185.89
2	Reimbursement by AstraZeneca UK Limited to the Company of the cost of employees deputed by the Company outside India	1.47
Total		187.36

RESOLVED FURTHER THAT the Managing Director and the Company Secretary, be and are hereby severally authorised to do or cause to be done all such acts, deeds, matters and things as may be necessary / desirable to give effect to the above resolution.

Item No. 7

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

RESOLVED THAT pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or amendments or re-enactment(s) thereof, approval of the Company be and is hereby accorded to the Board of Directors, to enter into contracts/ arrangements/ transactions with AstraZeneca UK Limited, a 'Related Party' as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of the Listing Regulations for purchase, transfer or receipt of products, goods, materials, services, reimbursement/recovery costs, reimbursement on account

of transfer price or other obligations, if any, on such terms and conditions as may be mutually agreed upon between the Company and AstraZeneca UK Limited, for an amount not exceeding in aggregate ₹ 500 crore for each year, during three (3) financial years (being April 1, 2019 to March 31, 2022).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters

and things and to finalise the terms and conditions as may be considered necessary, expedient or desirable, in order to give effect to this resolution.

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

Place: Bengaluru
Date: May 24, 2019

Pratap Rudra
Company Secretary & Legal Counsel

NOTES:

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

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

A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company. However, a single person may act as a Proxy for a member holding more than 10% 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 Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning items 3 to 7 of the Notice, being Special Business, is annexed hereto.
3. 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.
4. 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.
5. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred under Section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund, established under Section 125 of the Companies Act, 2013. Further, as required under the said Act/ Rules, the Shares that are unclaimed by members for seven consecutive years or more shall be transferred to the Investor Education and Protection Fund Authority. The Members / claimants whose unclaimed

dividends / shares have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by it from time to time.

6. Details as required under the Listing Regulations and Secretarial Standards in respect of the Director seeking appointment/ reappointment at the Annual General Meeting form an integral part of the Notice. The Directors have furnished requisite declarations for their appointment.
7. Electronic copy of the Annual Report for 2018-19 is being sent to all the members whose e-mail 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 e-mail address, physical copies of the Annual Report for 2018-19 is being sent in the permitted mode.
8. Electronic copy of the Notice of the 40th 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 e-mail 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 e-mail address, physical copy of the Notice of the 40th 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 40th Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website 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 Bengaluru for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the Members may also send requests to the Company's investor e-mail ID: comp.secy@astrazeneca.com.
10. Voting Through Electronic Means

In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations, the Company is pleased to provide members facility to exercise their right to

vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The facility for voting through polling paper will be made available at the AGM and the members attending the meeting who have not cast their vote through remote e-voting shall be able to exercise their right at the meeting through polling paper.

The instructions for e-voting are as under:

A. Step- 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

- (i) Open internet browser by typing the URL:
<https://www.evoting.nsdl.com/>
- (ii) Click on 'Shareholder / Member' - 'Login'.
- (iii) Type in your User ID, your password and a verification code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- (iv) Your User ID details are given below

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
(a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
(b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
(c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- (v) Your password details are given below:
 - (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- (c) How to retrieve your 'initial password'?

- If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- If your e-mail ID is not registered, your 'initial password' is communicated to you on your postal address.

- (vi) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - (a) Click on 'Forgot User Details/Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - (b) Click on 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- (vii) After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
- (viii) Now, you will have to click on 'Login' button.
- (ix) After you click on the 'Login' button, Home page of e-Voting will open.

B. Step-2: Cast your vote electronically on NSDL e-Voting System

- (i) After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- (ii) After click on Active Voting Cycles, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle is in active status.
- (iii) Select 'EVEN' of company for which you wish to cast your vote.
- (iv) Now you are ready for e-Voting as the Voting page opens.
- (v) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

- (vi) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (vii) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (viii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

C. Other instructions:

- (i) 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 authorised to vote, to the Scrutiniser through e-mail on vijaykt@vjkt.in with a copy marked to evoting@nsdl.co.in.
- (ii) It is strongly recommended that you do not share your new password and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.
- (iii) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and remote E-voting User Manual for Members available at the 'Downloads' section of www.evoting.nsdl.com or contact NSDL on toll free no. 1800-222-990 or send a request at evoting@nsdl.co.in.
- (iv) A member may participate in the meeting even after exercising his right through remote e-voting, but he / she will not be allowed to vote again at the meeting.
- (v) 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).
- (vi) The remote e-voting period commences on August 3, 2019 (9.00 a.m. IST) and ends on August 6, 2019 (5.00 p.m. IST) for four days. During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) July 31, 2019 may cast their vote through remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (vii) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) of July 31, 2019.
- (viii) Any person, who acquires shares of the Company and become member of the Company after despatch of the notice and holding shares as of the cut-off date i.e. July 31,

2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or giri@integratedindia.in.

However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using 'Forgot User Details/Password' option available on www.evoting.nsdl.com or contact NSDL at toll free no. 1800-222-990.

- (ix) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 - (x) The Board of Directors has appointed Mr. K. T. Vijayakrishna, Practising Company Secretary, (Membership No. FCS 1788) as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner. Mr. Vijayakrishna has conveyed to the Company his willingness to act as such.
 - (xi) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutiniser, by use of 'Poling Paper' for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 - (xii) The Scrutiniser shall, immediately after the conclusion of voting at the meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than two (2) days of conclusion of the meeting, a consolidated Scrutiniser's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the resolution of the voting, forthwith.
 - (xiii) The Results declared along with the Scrutiniser's Report shall be placed on the Company's website www.astrazeneca.com/india and on the website of NSDL, immediately after the result is declared by the Chairman and communicated to the stock exchanges, where the equity shares of the Company are listed.
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.
 12. Members are requested to bring their personal copy of the Annual Report to the Meeting.

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

Item No. 3

Based on the recommendation of the Nomination and Remuneration Committee, Ms. Weiyang Sarah Wang was appointed as Non-Executive Director on the Board of the Company with effect from March 13, 2019. As an Additional Director, Ms. Wang holds office till the date of the Annual General Meeting and is eligible for being appointed as a Director. Considering her vast experience, her presence on the Board will be of immense value to the Company. The Company has received notice in writing from a member under Section 160 of the Act proposing the appointment of Ms. Wang as a Non-Executive Director of the Company.

Ms. Wang is not related to any Director or Key Managerial Personnel of the Company. None of the Directors, Key Managerial Personnel and their relatives except Ms. Wang and her relatives, are concerned or interested in the above resolution. The Board recommends the Resolution as set out at Item No. 3 of this Notice for the approval of the Members.

Item No. 4

Mr. Narayan K Seshadri was appointed as a Non-Executive Independent Director of the Company by the members at the 35th Annual General Meeting of the Company for a period of 5 years from September 30, 2014 to September 29, 2019.

As per Section 149 of the Companies Act, 2013 ('the Act'), an Independent Director shall hold office for a term of up to 5 consecutive years on the Board of a Company but is eligible for re-appointment on passing a special resolution by the Company for another term of up to 5 consecutive years on the Board of the Company.

Based on recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), Mr. Narayan K Seshadri, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of 5 consecutive years from September 30, 2019 to September 29, 2024.

The Company has received declaration from Mr. Narayan K Seshadri stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members. The Company has received notice in writing from a member under Section 160 of the Act proposing the appointment of Mr. Narayan Seshadri an Independent Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Narayan K Seshadri as an Independent Director. In the opinion of the Board, he fulfils the conditions of independence for re-appointment to the second term of 5 years.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Narayan K Seshadri as an Independent Director for another term of 5 consecutive years with effect September 30, 2019 to September 29, 2024, for the approval by the shareholders of the Company.

Mr. Narayan K Seshadri is not related to any Director or Key Managerial Personnel of the Company. None of the Directors, Key Managerial Personnel and their relatives except Mr. Seshadri and his relatives, are concerned or interested in the above resolution. The Board recommends the Resolution as set out at Item No. 4 of this Notice for the approval of the Members.

Item No. 5

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 000065) to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

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

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

Item No. 6

The Company is part of AstraZeneca Group, which is one of the world's leading pharmaceutical companies, with a broad range of medicines designed to fight disease in important areas of healthcare. The Company is engaged in the manufacture and marketing of pharmaceutical products in the country, with certain pharmaceutical products imported from AstraZeneca Group Companies.

AstraZeneca UK Limited ('AZ UK'), with whom the Company has entered into the material related party transaction set out in the resolution at Item No. 6 of the accompanying Notice, is a related party as defined in Section 2(76) of the Act and in the Listing Regulations.

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

The transactions entered into by the Company with AZ UK, related party during the financial year 2018-19 constitute material transactions as defined in the Listing Regulations. They will accordingly require to be approved by the Members at the ensuing Annual General Meeting by an ordinary resolution. Hence the resolution at Item No. 6 of the Notice. The Related Party viz. AZ UK is not a member of the Company.

The following information is placed before the members:

Sl. No.	Particulars	Information
1	Name of the Related Party	AstraZeneca UK Limited ('AZ UK')
2	Nature of relationship	AZ UK is the Parent Company of AstraZeneca Treasury Limited, United Kingdom, which is the Holding Company of AstraZeneca AB, Sweden, which in turn is the Holding Company of AstraZeneca Pharmaceuticals AB, Sweden and which in turn is the Holding Company of AstraZeneca Pharma India Limited
3	Name of Director(s) or Key Managerial Personnel who is related, if any	Mr. Ian John Parish Ms. Weiying Sarah Wang (being representatives of AstraZeneca Group on the Board of the Company)
4	Nature, material terms, monetary value and particulars of the transactions	Nature of the Transactions: Formulation, packaging and resale by the Company of the Related Party's products as defined therein pursuant to the Formulation, Packaging and Distribution Agreement dated June 20, 2005 entered into by the Company with AZ UK. Material Terms: Credit period: 120 days. Transactions to take place at agreed transfer pricing. Termination of Agreement by 6 months written Notice by either party. Monetary Value of the transactions during 2018-19 is ₹ 185.89 crore. Other Particulars (a) Either party can terminate the Agreement with immediate effect by giving notice to the other, in the event of breach of any of the provisions of the Agreement, not remedied within 30 days of receiving written notice from the other. (b) AZ UK is entitled to cancel or suspend further delivery of Products to the Company, if the payment by the Company for the invoice amount is delayed by 30 days beyond the time stipulated for payment. The Company had sent its personnel to the Related Party viz. AZ UK, on deputation. The Related Party has reimbursed the Company the cost of deputation of such personnel. The aggregate reimbursement made by the Related Party to the Company is ₹ 1.47 crore as indicated in the text of the resolution at Item no. 6 of the Notice. The aggregate value of all of the material transactions with AZ UK shown in the text of the resolution at Item No. 6 of the Notice during the financial year 2018-19 was ₹ 187.36 crore.
5	Any other relevant or important information for the members	The above Formulation, Packaging and Distribution Agreement dated June 20, 2005 was approved by the Members at the 36 th Annual General Meeting held on September 2, 2015.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Ian John Parish and Ms. Weiying Sarah Wang, Non-Executive Directors, being representatives of AstraZeneca group on the Board of the Company may be deemed to be concerned or interested in the resolution.

The Board recommends the Resolution at Item No. 6 of the Notice for approval of the Members.

Item No. 7

The Company is engaged in the business of manufacturing and marketing of pharmaceutical products. The Company in its ordinary course of business and on arms' length basis, enters contracts/ agreements/ arrangements for purchase, transfer or receipt of products, goods, materials, services, reimbursement/recovery costs, reimbursement on account of transfer price or other obligations with AstraZeneca UK Limited.

The above activities have been essential for the Company to carry out its business operations and maximise its growth and performance. Since the aggregate value of these transactions in a year has been exceeding 10% of the Company's turnover, the Company has been seeking Shareholders' approval at the end

of the financial year by way of a resolution for ratification of the transactions entered into during the year, pursuant to Regulation 23 of the Listing Regulations.

AstraZeneca UK Limited is a 'Related Party' within the meaning of Section 2 (76) of the Companies Act, 2013 and Regulation 2 (zc) of the Listing Regulations.

The Company estimates that the transactions of above nature will be recurrent in each year in the future course of Company's business and are estimated to exceed the materiality threshold of 10% of turnover in the future, pursuant to Regulation 23 (1) of the Listing Regulations. Considering the historical levels of such transactions, anticipated business transactions and business environment, it is proposed to seek shareholders' approval by way of an ordinary resolution for related party transactions for an aggregate value of an amount not exceeding ₹ 500 crore for purchase, transfer or receipt of products, goods, materials, services, reimbursements, recovery costs, reimbursement on account of transfer price or other obligations, for each financial year, during 3 financial years (being April 1, 2019 to March 31, 2022).

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Ian John Parish and Ms. Weiying Sarah

Wang, Non-Executive Directors, being representatives of AstraZeneca group on the Board of the Company may be deemed to be concerned or interested in the resolution.

The Board recommends the Resolution at Item No. 7 of the Notice for approval of the Members.

The particulars of the contracts/arrangements/transactions are as under:-

Sl. No.	Particulars	Information
1.	Name of the Related Party	AstraZeneca UK Limited
2.	Names of Directors or KMP who is related	Mr. Ian John Parish Ms. Weiyang Sarah Wang (being representatives of AstraZeneca Group on the Board of the Company)
3.	Nature of Relationship	AstraZeneca UK Limited is the Parent Company of AstraZeneca Treasury Limited, United Kingdom, which is the Holding Company of AstraZeneca AB, Sweden, which in turn is the Holding Company of AstraZeneca Pharmaceuticals AB, Sweden and which in turn is the Holding Company of AstraZeneca Pharma India Limited
4.	Nature, material terms, monetary value and particulars of the transactions	Purchase, transfer or receipt of products, goods, materials, services, reimbursement/recovery costs, reimbursement on account of transfer price or other obligations on arm's length basis, not exceeding ₹ 500 crore in each financial year, during 3 financial years (being April 1, 2019 to March 31, 2022)
5.	Any other information relevant or important for the members	None

Annexure to Notice

Additional information on director(s) recommended for appointment/reappointment as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings

Particulars	Mr. Narayan K Seshadri	Ms. Weiying Sarah Wang	Mr. Gagandeep Singh Bedi
Date of Birth	April 13, 1957	December 17, 1975	December 26, 1971
Date of Appointment / Re-appointment	September 30, 2014	March 13, 2019	July 1, 2017
Qualification(s)	Graduate of Science and a Chartered Accountant	LL.B, LL.M and J.D	Degree in Economics
Brief profile and nature of their expertise in specific functional areas	Mr. Narayan K Seshadri was the founder of Halcyon Group and now CEO of Tranzmute Capital and Management Private 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 K 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. Mr. Narayan K Seshadri chairs the boards of several listed entities in diverse businesses and is also an independent director on the boards of several other listed and unlisted entities.	Ms. Weiying Sarah Wang is the Deputy General Counsel, International & Japan for AstraZeneca global and has the responsibility for managing legal matters with a focus on major risk control, litigation, external investigation, business transactions and IP matters. Her geographic responsibility includes Asia area, Mid-east Africa, LATAM, Russia/Eurasia, China, Australia and Japan. Prior to her current role, Ms. Wang was the Vice President (Legal) for AstraZeneca Greater China region and prior to that was the Vice President (Legal) for Essilor Greater China region. She holds a LL.B from East China University of Politics and Law, Shanghai, China and an LL.M and a J.D in legal studies from Northwestern University School of Law, Chicago, Illinois.	Mr. Gagandeep Singh Bedi joined the Company in February 2006. He held various roles as a Business Director and later as Director Strategic Planning. He also held the position of Vice President-Sales & Marketing – Cardiac and Diabetes. In 2012, he was appointed as the Country President for AstraZeneca Philippines. Post a successful stint in this role, he moved to the United Kingdom as Global Head of Established Brands and Global Medical Lead – Gastrointestinal / Cardio Vascular. Prior to joining AstraZeneca, he had worked with Baxter India and Eli Lilly.
Terms and conditions of Appointment / Reappointment	As set out in item no. 4 of the accompanying Notice read with Explanatory Statement	As set out in item no. 3 of the accompanying Notice read with Explanatory Statement	As per the resolution passed by the shareholders at the Annual General Meeting held on September 13, 2017, Mr. Gagandeep Singh was appointed as a Managing Director, liable to retire by rotation.
Remuneration last drawn	NIL	NIL	As disclosed in the Corporate Governance Report.
Number of meetings of Board attended during the year	As disclosed in the Corporate Governance Report.	N.A.	
Remuneration proposed to be paid	NIL	N.A.	As per existing terms and conditions as approved by shareholders in the Annual General Meeting of the Company held on September 13, 2017.
Directorships held in other listed companies	- PI Industries Limited - Kalpataru Power Transmission Limited - Wabco India Limited - Magma Fincorp Limited - CG Power and Industrial Solutions Limited	NIL	NIL

Particulars	Mr. Narayan K Seshadri	Ms. Weiying Sarah Wang	Mr. Gagandeep Singh Bedi
Membership/ Chairmanships of Committees of other listed companies	- PI Industries Limited (as Audit Committee -Chairman) - Kalpataru Power Transmission Limited (as Audit Committee- Member) - Wabco India Limited (as Audit Committee- Chairman) - Magma Fincorp Limited (as Audit Committee- Chairman)	NIL	NIL
Shareholding in the Company (No. of shares)	NIL	NIL	NIL
Relationship between Directors, inter-se	None	None	None

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

Place: Bengaluru
Date: May 24, 2019

Pratap Rudra
Company Secretary & Legal Counsel

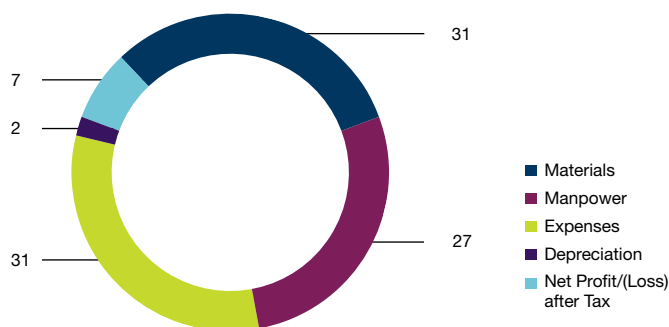
Board's Report

Your Directors are pleased to present the 40th Annual Report together with the Audited Financial Statements of the Company for the financial year ended March 31, 2019.

Financial Results

(₹ in million)		
Particulars	2018- 19	2017- 18
Sales and Other Income	7,446	5,842
Profit/(Loss) Before Tax	727	438
Provision for Taxation		
- Income Tax	167	90
- Adjustment for Deferred Tax	15	89
Total Tax	182	179
Profit/(Loss) after Taxation	545	259
Surplus brought forward from the previous year	1,177	918
Total amount available for appropriation	1,721	1,177
Appropriation made by Directors		
Transfer to General Reserve	-	-
Appropriation recommended by Directors		
Dividend	-	-
Tax on proposed Dividend	-	-
Surplus carried over	1,721	1,177

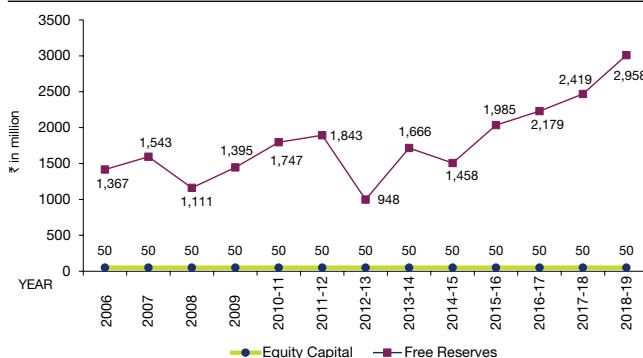
Distribution of Total Revenue (%)



Dividend

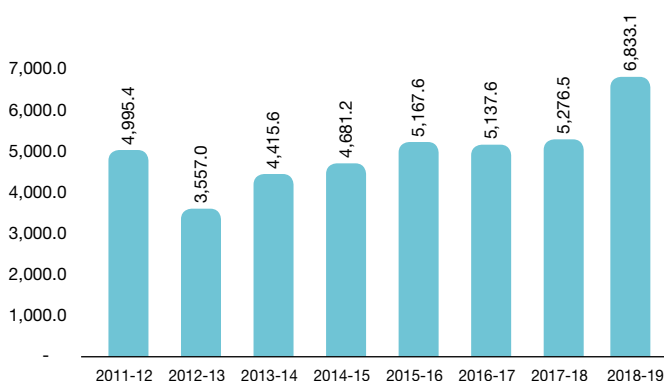
Though the Company made significant progress during the year in terms of its business performance, considering its overall financial position, the Directors have not recommended any dividend for the year 2018-19.

Net worth



Sales and Marketing

Sales Performance* (₹ in million)



* including Exports

Business

The Company registered sales of ₹ 6,833 million with a growth of 30% achieving a Net Profit of ₹ 545 million, during the financial year. The current year growth for the Company comes from the focussed therapeutic areas Cardio-Metabolism, Oncology and Respiratory.

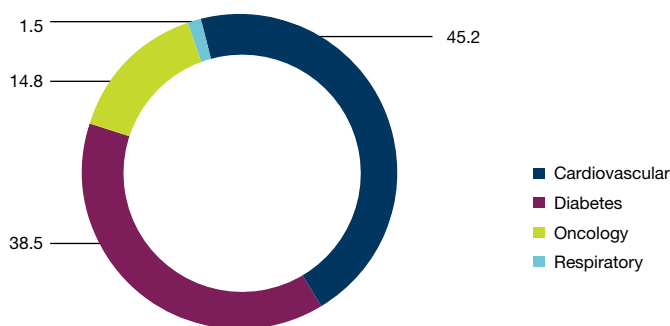
The Growth Platform of the Company keeps performing well with innovative molecules like Brilinta, Forxiga, Xigduo, Symbicort, Onglyza, Kombiglyze. The newer launches of innovative molecules like Tagrisso and Lynparza has helped the Company to make an impact on the lives of cancer patients and cater to the unmet need.

Brilinta (Ticagrelor) is approved for treatment in Acute Coronary Syndrome & High Risk Post MI patients and continued to register rapid growth. The existing partnership with Sun Pharma has helped boost the reach of the drug to more patients. This franchise has become the market leader by value share in Oral Anti Platelets as per IQVIA Health. Ticagrelor franchise enjoyed 34% value market share (MAT March 2018) while the Oral Anti-Platelets value market grew by 11%, proving the success of the drug.

Forxiga & Xigduo in the dapagliflozin franchise, as part of the SGLT2 class of drug (Sodium Glucose Cotransporter Inhibitors), also experienced robust growth. The partnerships with Sun Pharma Laboratories Limited and Abott Healthcare Private Limited has helped boosting the sales of the franchise, the efficacy and wide acceptance among physicians and benefiting numerous diabetic patients.

Tagrisso (Osimertinib), is used to treat non-small cell lung cancer carcinomas with specific mutation. Tagrisso is a new standard of care for EGFR positive lung cancer patients and offers superior efficacy and safety in comparison to 1st gen TKIs. Tagrisso has been showing a significant growth in the current year while touching many patient lives and improving their treatment outcomes.

Therapeutic Area-wise Sales contribution (%)



Manufacturing

The manufacturing operations continue to focus on continuous improvements. Lean manufacturing continues to gather pace with progress being made across key manufacturing processes enabling the operations to improve efficiency and eliminating waste.

The manufacturing operations is supporting the markets with technology transfers and have successfully launched Xigduo IR, Oxramet IR and Gledapa for the India market. The manufacturing operations continue to explore more technology transfer opportunities for local packing.

The manufacturing facility's excellent safety performance continues. The factory operations received a 3-star certificate of excellence from the Confederation of Indian Industries for Safety Health and Environment performance.

The manufacturing facility remained focussed on sustainability. The facility is currently sourcing 70% of energy through solar power which enables to be more cost effective and significantly reduce carbon footprint.

The operations continued to deliver excellent quality performance, resulting in no critical observations in both internal and external audits.

People capability uplift is one of the priority and the factory management team is striving across the enterprise to enhance the skill of the people as the operations adopt newer technology and automation.

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

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

Deposits

During the year under review, the Company has neither accepted nor renewed any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

Safety, Health and Environment

Safety as well as Health and Well-being of employees is an important issue for the Company. New initiatives were introduced on building a safe working environment for women employees. Many health awareness activities too were carried out throughout the year.

Human Resources and Employee Relations

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

The Company continued to provide career development and learning opportunities for its employees. During the year, the India Development Week was conducted to enable employees to develop capabilities to further their development within AstraZeneca to enable them to be ready for the focus on newer challenges and portfolio. The Company also continued to focus on building a diverse organisation with employees from different backgrounds and cultures.

Number of Employees

The total number of employees of the Company as on March 31, 2019 was 1,452 as against 1,356 as on March 31, 2018.

Legal Matters

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

- (a) Arbitration proceedings initiated by National Highway Authority of India (NHAI) before Arbitrator at Bengaluru in relation to first acquisition of land made by NHAI in 2004 and the arbitration proceedings invoked by the Company seeking, *inter-alia*, enhancement of compensation from NHAI in respect of second acquisition of land made by NHAI in 2011.
- (b) Writ Petition filed by the Company before the Hon'ble High Court of Karnataka challenging demand notice received from Bruhat Bengaluru Mahanagar Palike dated August 7, 2014 demanding improvement charges from the Company and the interim stay granted by the Hon'ble High Court of Karnataka.
- (c) Appeal filed by two shareholders of the Company before Securities Appellate Tribunal against part of the Order of Securities and Exchange Board of India (SEBI) dated June 24, 2014, in relation to delisting proposal of AstraZeneca Pharmaceuticals AB, Sweden.

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

Transfer to Investor Education and Protection Fund

As required under the Companies Act, 1956/ 2013, the unclaimed dividend amount aggregating ₹ 1,980,900 lying with the Company for a period of 7 years pertaining to the financial year ended March 31, 2011 was transferred during September 2018 to the Investor Education and Protection Fund, established by the Central Government. Further, as required under Section 124 of the Act/ IEPF Rules, 28,435 equity shares held by 56 shareholders, in respect of which dividend has not been claimed by the members for 7 consecutive years or more, have been transferred by the Company to the Investor Education and Protection Fund Authority during the financial year 2018-19.

Directors' Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors state in terms of Section 134 (5) of the Companies Act, 2013 (the Act):

- (a) that in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (b) that they had selected such accounting policies and applied them consistently and made 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 March 31, 2019 and of the profit of the Company for the year ended on that date.
- (c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) that they had prepared the annual financial statements on a going concern basis.

- (e) that they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

- (f) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

The details in respect of internal financial controls and their adequacy are included in the Management Discussion & Analysis Report, which forms part of this Report.

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

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

During the financial year under review, there were 3 complaints received by the Internal Complaints Committee, out of which 2 complaints have been resolved and 1 complaint is under review currently.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Board Meetings

During the financial year, 4 meetings of the Board were held. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), performance evaluation exercise was carried out for evaluation of the performance of the Board as a Whole, the Chairman, Independent Directors and the non-independent Directors. The Company had formulated a questionnaire to carry out the evaluation exercise. The questionnaire has been structured to embed various parameters based on identified criteria such as Composition, functioning of board / committees, process, individual roles/obligations etc., and framework to carry out the evaluation effectively.

As required under Listing Regulations, the Independent Directors held a separate meeting on February 6, 2019. All Independent Directors attended this meeting. The Independent Directors discussed / reviewed the matters specified in Regulation 25(4) of the Listing Regulations.

Nomination and Remuneration Policy of the Company

The Company has adopted a Nomination and Remuneration Policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Senior Executives of the Company, which *inter alia* govern the selection / nomination of Board members, appointment to Senior Management levels, review and approval of their remuneration etc. The policy is available on the Company's website www.astrazeneca.com/india.

Vigil Mechanism / Whistle Blower Policy

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

Dividend Distribution Policy

The Company has adopted a Dividend Distribution Policy which is annexed herewith as Annexure – I, which forms part of this Report. The Dividend Distribution Policy is also available on the Company's website www.astrazeneca.com/india.

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

The information on Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed as Annexure – II, which forms part of this Report.

Related Party Transactions

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

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

The Company has adopted a Policy for dealing with Related Party Transactions. The Policy as approved by the Board is available on the Company's website at www.astrazeneca.com/india.

The related party transactions which are of material nature, as defined in the Listing Regulations, are required to be approved by the Members by way of an Ordinary Resolution. In this connection, the material related party transactions requiring Members' approval are dealt with at Item No. 6 of the Notice, read with the relative Explanatory Statement.

Details of the related party transactions as required under Section 134(3)(h) read with Rule 8 of the Companies (Accounts) Rules, 2014, are attached as Annexure – III, which forms part of this Report.

Risk Management

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

The details of Risk Management Committee and its terms of reference are set out in the Corporate Governance Report which forms part of this report.

Corporate Social Responsibility

During the year the Company launched the 'Early cancer awareness and screening programme for Women' on World Cancer Day in partnership with Indian Cancer Society and Charities Aid

Foundation. Under this programme, specialised check-up camps for screenable cancers such as oral, cervical and breast cancer for women in defined population is being organised. In the first phase of the programme, the Company aims to reach over 4,000 direct women beneficiaries from underprivileged sections of the society in identified districts across states such as Karnataka, Tamil Nadu, Kerala and Maharashtra.

During the year, the Company also marked its 40th business anniversary in India through an employee-led community service programme. In partnership with Plan India, employees sensitised school children from underprivileged sections of the society on Non-communicable Diseases related risk behaviours such as tobacco use, alcohol abuse, lack of physical exercise and unhealthy eating. Through this programme, the Company partnered with over 25 government/ community run schools across cities including Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Lucknow, Jaipur, Pune and Hyderabad. More than 700 employees contributed their time and efforts for this programme and reached out to over 3,000 young people.

The Company also continues to make a difference through its signature global community initiative, the Young Health Programme (YHP). Founded in partnership with John Hopkins School of Public Health and Plan International, AstraZeneca global had introduced YHP in the year 2010-11 in 5 resettlement colonies in Delhi with an aim to improving the health outcomes of vulnerable youth, aged 10 – 24 by focussing on NCDs related health awareness activities. These activities are delivered through Peer Educators at Health Information Centres established by the programme and through community outreach activities. These are further supported by advocacy efforts with local stakeholders and municipal leaders. The programme has reached 10 communities, over 350,000 youth with health information, 3,500 Peer Educators have been trained and 25 Health Information Centres have been opened in the communities.

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

The Corporate Social Responsibility Policy is available on the Company's website at www.astrazeneca.com/india

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

Extract of Annual Return

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

Details of remuneration of Directors / Key Managerial Personnel

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

Particulars of Employees

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

However, the said Annexure shall be provided to Members on a specific request made in writing to the Company. The said information is available for inspection by the Members at the Registered Office of the Company on any working day of the Company up to the date of the 40th Annual General Meeting.

Management Discussion and Analysis Report

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

Corporate Governance

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

Reporting of Frauds

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

Particulars of Loans, Guarantees or Investments

During the year under review, the Company has not granted any Loan, Guarantees or made Investments within the meaning of Section 186 of the Companies Act, 2013.

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

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

Committees

Pursuant to Section 178 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors at its meeting held on May 30, 2014, had constituted the Nomination & Remuneration Committee and the Stakeholders' Relationship Committee. Further, pursuant to Section 135 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors at its meeting held on August 12, 2014 had constituted the Corporate Social Responsibility Committee. Further, pursuant to Regulation 21 of the Listing Regulations, the Board of Directors at its meeting held on February 6, 2019 had constituted the Risk Management Committee. Details of these Committees including the Audit Committee are given in the Corporate Governance Report.

Directors and Key Managerial Personnel

The Companies Act, 2013 provides for appointment of Independent Directors, who shall hold office for a term of up to 5 consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of a special resolution by the Company. Further, the provisions of retirement by rotation as envisaged under Section 152 of the Companies Act, 2013, shall not apply to such Independent Directors. The Independent Directors of the Company Mr. Narayan K Seshadri, Ms. Revathy Ashok and

Ms. Kimsuka Narsimhan, have furnished the required declaration under the provisions of Section 149 of the Companies Act, 2013, affirming that they meet the criteria of independence.

Changes to the Board of Directors

During the year under review:

- (a) Mr. Gregory David Emil Mueller (Non-executive Director) resigned w.e.f. February 6, 2019.
- (b) Ms. Weiyang Sarah Wang (Non-executive Director) was appointed as an Additional Director of the Company w.e.f. March 13, 2019 by the Board of Directors. A proposal is placed before the members for the appointment of Ms. Wang as a Director of the Company at the Annual General Meeting. The Board recommends her appointment to the members.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Gagandeep Singh Bedi, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. A resolution in this behalf is set out at Item No.2 of the Notice of the Annual General Meeting.

Pursuant to Section 149(10) of the Companies Act, 2013, Mr. Narayan K Seshadri who, at the 35th Annual General Meeting of the Company held on September 30, 2014, was appointed as an Independent Director to hold office for a term of 5 consecutive years i.e. up to September 29, 2019 is eligible for re-appointment as Independent Director for another term of 5 consecutive years. A resolution in this behalf is set out at Item No. 4 of the Notice of the Annual General Meeting. The Nomination and Remuneration Committee recommends the appointment of Mr. Narayan K Seshadri, as an Independent Director, by duly considering the requirement of Schedule IV of the Companies Act, 2013.

The details of familiarisation programme and annual board evaluation process for Directors have been provided in the Corporate Governance Report.

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

Auditors

Statutory Auditors:

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

The Ministry of Corporate Affairs vide its Notification dated May 7, 2018, has dispensed with the requirement of ratification of Auditor's appointment by the shareholders, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the Annual General Meeting.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments made thereto, the Company engaged the services of Mr. Vijayakrishna KT, Practicing Company Secretary to conduct the Secretarial

Audit of the Company for the financial year ended March 31, 2019. The Secretarial Audit Report in Form MR-3 is annexed as Annexure – X, which forms part of this Report.

Cost Auditors:

The Board of Directors of the Company, based on recommendation of the Audit Committee, has appointed M/s. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (holding Registration No.000065), as Cost Auditor of the Company, for conducting the Cost Audit for the financial year 2019-20, on a remuneration as mentioned in the Notice convening the 40th Annual General Meeting.

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

Cost Audit Report for the year 2017-18 was filed with the Ministry of Corporate Affairs on September 5, 2018.

The Company maintains the cost records as specified by the Central Government under Section 148 (1) of the Act.

Acknowledgements

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

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

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

For and on behalf of the Board of Directors

Place: Bengaluru
Date: May 24, 2019

Narayan K Seshadri
CHAIRMAN

Annexure I to Board's Report

DIVIDEND DISTRIBUTION POLICY

Background

The Securities and Exchange Board of India ('SEBI') has, vide its notification dated July 8, 2016 amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') by inserting a new Regulation 43A which mandates the top 500 listed companies based on market capitalisation calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

AstraZeneca Pharma India Limited ('the Company') being one of such top 500 listed companies is accordingly required to formulate a Dividend Distribution Policy ('the Policy').

This Policy has been approved by the Board of Directors of the Company ('the Board') at its meeting held on November 11, 2016. The Policy will be applicable from Company's Financial Year 2016-17.

(a) Objective

The objective of the Policy is to reward the Company's shareholders by sharing profits earned by the Company through payment of dividend, after ensuring that adequate funds are retained for sustaining its operations, needed capital expenditure and future growth of the Company.

The Policy is aimed at striking the right balance between the quantum of dividend paid to its shareholders and the amount of profits retained for its business requirements, present and future.

The Company will make dividend payments in line with this Policy.

(b) Types of Dividend

There are two types of dividend that may be paid by the Company to its Shareholders:-

(i) Final Dividend

The Board shall have the power at its meeting to recommend to the Shareholders for their approval at an Annual General Meeting, the declaration of dividend and the quantum of final dividend payable. The Board's recommendation shall be based on the Company's profits arrived at in accordance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder (Collectively, "the Act"), as per its annual audited financial statement and in line with this Policy. Upon the Shareholders approving at the Annual General Meeting the final dividend recommended by the Board, the Dividend shall be paid to all the Shareholders entitled to receive the same as on the Record Date/Book Closure Date determined by the Board in accordance with the applicable provisions of the Act.

(ii) Interim Dividend

The Board has the power to declare, at its complete discretion, one or more Interim dividends to the

Shareholders during any Financial Year based on the Company's financial position as per its quarterly/half yearly financial statements, in line with this Policy.

The Company shall pay applicable Dividend Distribution Tax on dividends declared and paid.

The Board may at its sole discretion declare a Special dividend under certain circumstances such as extraordinary profits from sale of investments or on the Company attaining a significant milestone in its journey.

(iii) Declaration and Payment of Dividend (including Interim Dividend)

The declaration and payment of Dividend to the Shareholders shall be in accordance with the applicable provisions of the Act and the Rules framed thereunder for the time being and from time to time in force and in line with this Policy.

(c) Factors to be considered when declaring/paying Dividend

The decision regarding dividend pay-out is a crucial one, as it determines the amount of profit to be distributed amongst the Shareholders and the amount of profit to be retained in the Company's business.

The dividend pay-out decision would depend upon the following external and internal factors:-

External Factors

- (a) **State of Indian Economy** – in case of uncertain or recessionary economic and business conditions, the Board will endeavour to retain larger part of profits to build up reserves for the future.
- (b) **Capital Markets** – when the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable market conditions, the Board may resort to a conservative dividend pay-out in order to conserve cash outflows.
- (c) **Statutory Restrictions** – The Board will keep in view the restrictions imposed by the Act and the Rules made thereunder in force from time to time and any other applicable statutory restrictions, obligations or impositions with regard to declaration of dividend.
- (d) **Corporate Tax** – The rate of Corporate Tax on dividend could be also a determining factor in deciding whether or not to declare dividend and/or its quantum.

Internal Factors

Apart from various external factors above mentioned, the Board will take into account various internal factors when declaring dividend such as the following:-

- (i) Profits earned during the financial year;
- (ii) Present and future capital requirements of the existing businesses;

- (iii) Brand/Business Acquisitions;
- (iv) Expansion/Modernisation of existing businesses;
- (v) Additional investments of the Company;
- (vi) Obligations to creditors;
- (vii) Capital adequacy and liquidity maintenance;
- (viii) Any other factor as deemed fit by the Board.

(d) How retained earnings to be utilised by the Company

The profits earned by the Company may as per the Board's assessment in the light of the above factors, may be retained in business or utilised for projected expansion/diversification, brand/business acquisitions, capital expenditure and for the growth of the business and the balance shall be distributed amongst the Shareholders by way of dividend in line with this Policy.

(e) Types of Capital

The Company has only equity share capital as on date. If in future, the Company issues preference share capital and if dividend is declared by the Board, the preference share capital will have priority to receive dividend in accordance with the terms of its issue before any dividend is paid in respect of equity capital in accordance with the applicable provisions of the Act, and the Articles of Association of the Company.

(f) Disclosure of this Policy

The Company shall disclose this Policy on its website and in its Annual Report.

(g) Amendment

The Board may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall be amended as needed due to business and economic conditions or regulatory changes from time to time.

(h) Review

This Policy shall be reviewed periodically by the Board.

Annexure II to Board's Report

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

A. Conservation of Energy-

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

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

Through a Power purchasing agreement entered during 2018 the facility has sourced 4984000 kWh Solar energy during this year.

(ii) The steps taken by the Company for utilising alternate sources of energy:

The Company is using renewable energy concepts like:

- Sourcing solar power catering to approximately 70% of site power requirements
- Usage of Agro husk boilers for steam generation
- Rainwater harvesting
- Condensate water recovery system
- Recycled materials for construction
- Usage of transparent roofing in engineering stores and other areas to conserve lighting load.

(iii) The capital investment on energy conservation equipment:

- The Company's investment into the existing Tablet Facility includes investments made on energy conservation equipment and systems.
- Usage of power saving LED fixtures for lighting production, Central warehouse facility and street lighting.

- Usage of motion sensors and variable air flow dampers in office and production areas to conserve lighting and air-conditioning load.
- Project for reuse of high Total Dissolved Solids (TDS) water for cooling tower is under progress.

B. Technology Absorption

- | | |
|--|------|
| 1. The efforts made towards technology absorption | N.A. |
| 2. The benefits derived like product improvement, cost reduction, product development or import substitution | N.A. |
| 3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | N.A. |
| a) The details of technology imported | |
| b) The year of import | |
| c) Whether the technology has been fully absorbed | |
| d) If not fully absorbed, areas where absorption has not taken place and reasons thereof | |
| 4. The expenditure incurred on Research and Development | N.A. |

C. Foreign exchange earnings and outgo

- | | |
|---|-------------------|
| a) Foreign Exchange earned in terms of actual inflows | ₹ 236.2 million |
| b) Foreign exchange outgo in term of actual outflows | ₹ 1,963.3 million |

On behalf of the Board of Directors

Place: Bengaluru
Date: May 24, 2019

Narayan K Seshadri
CHAIRMAN

Annexure III to Board's Report

Form No. AOC-2

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

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

During the financial year 2018-19, there was no contract or arrangement or transaction with the related parties, which was not at arm's length and in the ordinary course of business.

2. Details of material contracts or arrangement or transactions at arm's length basis

- A) Name of the related party: AstraZeneca UK Limited ('AZ UK')
- B) Nature of relationship: AstraZeneca UK Limited, is the Parent Company of AstraZeneca Treasury Limited, United Kingdom which is the Holding Company of AstraZeneca AB, Sweden, which in turn is the Holding Company of AstraZeneca Pharmaceuticals AB, Sweden and which in turn is the Holding Company of AstraZeneca Pharma India Limited
- C) Nature of contracts / arrangements / transactions: Purchase of raw materials and traded goods by the Company from AZ UK and Reimbursement by AZ UK, the cost of employees deputed by the Company outside India
- D) Duration of the contracts / arrangements / transactions:
 - (i) Agreement dated June 20, 2005 entered into by the Company with AZ UK, is ongoing

E) Salient terms of the contract including value if any:

- (i) Formulation, Packaging and Distribution Agreement dated June 20, 2005:

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

Credit Period: 120 days

Transactions to take place at agreed transfer pricing

Termination of Agreement by 6 months written notice by either party

Monetary value of transaction(s) during 2018-19 is ₹ 185.89 crore

- (ii) The Company had sent its personnel to the Related Party viz. AZ UK, on deputation. The Related Party has reimbursed the Company, cost of deputation of such personnel. The aggregate reimbursement made by the Related Party to the Company is ₹ 1.47 crore.

The aggregate value of transactions with AZ UK, a Related Party during the financial year 2018-19 was ₹ 187.36 crore.

- F) Date of approval by the Board: Not applicable, as the transactions referred to above are in the ordinary course of business and on arm's length basis.
- G) Amount paid as advances, if any: Nil

On behalf of the Board of Directors

Place: Bengaluru
Date: May 24, 2019

Narayan K Seshadri
CHAIRMAN

Annexure IV to Board's Report

ANNUAL REPORT ON CSR ACTIVITIES

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

The Company launched the 'Early cancer awareness and screening programme for Women' on World Cancer Day in partnership with Indian Cancer Society and Charities Aid Foundation. Under this programme, specialised check-up camps for screenable cancers such as oral, cervical and breast cancer for women in defined population is being organised. In the first phase of the programme, the Company aims to reach over 4,000 direct women beneficiaries from underprivileged sections of the society in identified districts across states such as Karnataka, Tamil Nadu, Kerala and Maharashtra.

During the year, the Company also marked its 40th business anniversary in India through an employee-led community service programme. In partnership with Plan International (India Chapter), employees sensitised school children from underprivileged sections of the society on Non-Communicable Diseases (NCDs) related risk behaviours such as tobacco use, alcohol abuse, lack of physical exercise and unhealthy eating. Through this programme, the Company partnered with over 25 government/ community run schools across cities including Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Lucknow, Jaipur, Pune and Hyderabad. More than 700 employees contributed their time and efforts for this programme and reached out to over 3000 young people.

The Company also continues to make a difference through its signature global community investment initiative, the Young Health Programme (YHP). Founded in partnership with John Hopkins School of Public Health and Plan International, AstraZeneca global had introduced YHP in the year 2010-11 in 5 resettlement colonies in Delhi with an aim to improving the health outcomes of vulnerable youth, aged 10 – 24 by focusing on NCDs related health awareness activities. These activities are delivered through Peer Educators at Health Information Centres established by the programme and through community outreach activities. These are further supported by advocacy efforts with local stakeholders and municipal leaders. The programme has reached 10 communities, over 350,000 youth with health information, 3,500 Peer Educators have been trained and 25 Health Information Centres have been opened in the communities.

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

2. The Composition of the CSR Committee.

Mr. Ian John Parish – Chairman

Ms. Revathy Ashok

Mr. Gagandeep Singh Bedi

3. Average net profit of the Company for last three financial years: ₹ 243.5 million

4. Prescribed CSR expenditure: ₹ 4.8 million

5. Details of CSR spent during the financial year:

a) The Company spent more than the prescribed CSR expenditure in the interest of rolling out an impactful programme with active involvement of over 700 employees of the Company in the community activities. Total amount spent for the financial year was ₹ 5.5 million.

b) Amount unspent, if any: N.A.

c. Manner in which the amount spent during the financial year is detailed below:

CSR Project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where project or programmes was undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programmes sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
Project 1: Early Cancer Screening Programme for Women in partnership with Indian Cancer Society & Charities Aid Foundation India: The objective of this programme is to conduct specialised check-up of cancer for females in defined population and create awareness and early screening of screenable cancer such as oral, cervical and breast cancer in women. The beneficiaries for the project will be under-privileged population with family income less than ₹ 5 lakhs (USD 8,000) per year residing in slums and resettlement areas in urban population and workers in Industries and other organizations. In the first phase of the programme, the Company aims to reach 4,000 direct women beneficiaries.	Healthcare	Maharashtra – Parel, Govandi, Kamothe, Ghatkopar, Satara, Pune, Nagpur Karnataka – Bengaluru	₹ 3.89 million	Direct Expenditure – ₹ 3.50 million Overheads- ₹ 0.39 million	₹ 3.89 million	Through Implementing Agency – Charities Aid Foundation India
Project 2: Health education among school children with focus on NCD prevention: In partnership with Plan International (India Chapter), the Company undertook a programme to sensitise school children from underprivileged sections of the society on NCD related risk behaviour such as tobacco use, alcohol abuse, lack of physical exercise and unhealthy eating. Under this programme, the Company partnered with over 25 government/ community run schools across cities such Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Lucknow, Jaipur, Pune and Hyderabad. Engaging and fun ways such as street plays, drawing & quiz competitions, debates and counselling were used to convey the message to the children. More than 700 employees of the Company came forward to contribute their time for this programme.	Healthcare	Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Pune, Bengaluru Chennai	₹ 0.22 million	Direct Expenditure – ₹ 1.50 million Overheads: ₹ 0.12 million	1.62 million	Plan International (India Chapter)

6. In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report – Not Applicable

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

Gagandeep Singh Bedi
Managing Director

Ian John Parish
Chairman of CSR Committee

Place: Bengaluru
Date : May 24, 2019
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Annexure V to Board's Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

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

1. Registration and Other Details

CIN	L24231KA1979PLC003563
Registration Details	July 11, 1979
Name of the Company	AstraZeneca Pharma India Limited
Category/Sub-Category	Public Company
Address of registered office and contact details	Block N1, 12 th Floor, Manyata Embassy Business Park, Rachenahalli, Outer Ring Road, Bengaluru Tel : 080-67748000 Fax : 080-67748557 E-mail : comp.secy@astrazeneca.com
Whether listed or not	Listed
Name, Address and Contact details of Registrar and Transfer Agent if any	Integrated Registry Management Services Private Limited 30, Ramana Residency, 4 th cross, Sampige Road, Malleswaram, Bengaluru - 560 003 Tel : 080 - 23460815-8 Fax: 080 - 23460819 Email: giri@integratedindia.in

2. Principal Business Activities of the Company

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product/Service	% of total turnover of the Company
1.	Brilinta / Axcer	21001	29.41%
2.	Forxiga / Oxra	21001	24.03%

3. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of Holding Company	CIN	Holding/Subsidiary	% of shares held	Applicable section
1.	AstraZeneca Pharmaceuticals AB, Sweden SE- 151 85 Södertälje, Sweden	Not applicable	Holding Company	75%	2(46)

4. Shareholding Pattern (Equity Share Capital break-up as percentage of total equity)**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 1, 2018				No. of Shares held at the end of the year i.e. March 31, 2019				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 1, 2018				No. of Shares held at the end of the year i.e. March 31, 2019				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(2) Foreign									
(a) NRI-Individuals	-	-	-	-	-	-	-	-	-
(b) Other-Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds/UTI	1,928,461	-	1,928,461	7.71	1,056,458	-	1,056,458	4.23	-3.48
(b) Banks/FI	18,818	125	18,943	0.08	8,450	125	8,575	0.03	-0.05
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	31,747	-	31,747	0.13	423,099	-	423,099	1.69	1.56
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others - Alternative Investment Funds	-	-	-	-	91,927	-	91,927	0.37	0.37
Sub-Total (B)(1)	1,979,026	125	1,979,151	7.92	1,579,934	125	1,580,059	6.32	-1.6
(2) Non-Institutions									
(a) Bodies Corporate									
i. Indian	612,146	625	612,771	2.45	766,104	125	766,229	3.06	0.61
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	1,950,353	299,822	2,250,175	9.00	2,030,707	234,830	2,265,537	9.06	0.06
ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	1,205,283	-	1,205,283	4.82	1,401,767	-	1,401,767	5.61	0.79
(c) Others									
i. Foreign Bodies	-	-	-	-	-	-	-	-	-
ii. NRI/OCBs	54,642	500	55,142	0.22	80,673	500	81,173	0.32	0.1
iii. Clearing Members/Clearing House	47,713	-	47,713	0.19	31,185	-	31,185	0.12	0.07
iv. Trusts	25	-	25	-	125	-	125	-	-
v. Unclaimed Suspense Account	-	32,440	32,440	0.13	-	28,190	28,190	0.11	-0.02
vi. IEPF Authority	67,300	-	67,300	0.27	95,735	-	95,735	0.38	0.11
vii. Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
viii. Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	3,937,462	333,387	4,270,849	17.08	4,406,296	263,645	4,669,941	18.68	1.6
Total Public Shareholding (B)=(B)(1)+(B)(2)	5,916,488	333,512	6,250,000	25	5,986,230	263,770	6,250,000	25	-
C. Shares held by Custodian for GDRs & ADRs									
GRAND TOTAL(A+B+C)	24,666,488	333,512	25,000,000	100.00	24,736,230	263,770	25,000,000	100	-

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 1, 2018			Shareholding at the end of the year i.e. March 31, 2019			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / Encumbered to total shares	
1	AstraZeneca Pharmaceuticals AB	18,750,000	75.00	Nil	18,750,000	75.00	Nil	Nil
	Total	18,750,000	75.00	Nil	18,750,000	75.00	Nil	Nil

iii) Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 1, 2018		Cumulative Shareholding at the end of the year i.e. March 31, 2019	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
	Date wise				
	Increase / Decrease in Promoters				
	Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):				
	At the end of the year				

There is no change in Promoters' Shareholding between April 1, 2018 to March 31, 2019

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

Sl. No.	Top 10 Shareholders (*)	Shareholding at the beginning of the year i.e. April 1, 2018		Cumulative Shareholding at the end of the year i.e. March 31, 2019	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	ICICI Prudential Mutual Fund (Various Schemes)	1,645,657	6.58	773,654	3.09
2.	Minaxi Bhalchandra Trivedi	428,959	1.72	460,720	1.84
3.	Shivani Tejas Trivedi	427,176	1.71	429,520	1.72
4.	Tejas Bhalchandra Trivedi	170,656	0.68	351,420	1.41
5.	Reliance Capital Trustee Co. Ltd.	282,804	1.13	282,804	1.13
6.	Gagandeep Credit Capital Pvt. Ltd.	213,088	0.85	213,088	0.85
7.	Finquest Securities Pvt. Ltd.	-	-	153,189	0.61
8.	Kashish Jain	55,852	0.22	100,212	0.40
9.	Al Mehwar Commercial Investments LLC - (Whiting)	-	-	85,400	0.34
10.	India Acorn Fund Ltd	-	-	83,490	0.33

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

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 1, 2018		Cumulative Shareholding at the end of the year i.e. March 31, 2019	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus / sweat equity etc)				
	At the end of the year				

None of the Directors and Key Managerial Personnel hold shares in the equity share capital of the Company.

5. INDEBTEDNESS

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

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

6. Remuneration of Directors and Key Managerial Personnel

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

Sl. No.	Particulars of Remuneration	Names of MD/ WTD/ Manager		(In ₹)
		Gagandeep Singh Bedi (Managing Director)	Rajesh Marwaha (Chief Financial Officer & Director)	Total Amount
1.	Gross Salary as per Section 17(1) of Income tax Act, 1961	28,589,461	16,678,679	45,268,140
	Value of perquisites as per Section 17(2) of Income Tax Act, 1961	6,689,514	2,072,853	8,762,367
	Profits in lieu of salary as per Section 17(3) of Income Tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as a % of others	-	-	-
5.	Others if any (PF/Retiral Fund)	2,847,408	969,001	3,816,409
	Total	38,126,383	19,720,533	57,846,916
	Ceiling as per the Act	The remuneration paid to executive directors during the year is within the limits approved by the Nomination and Remuneration Committee, the Board of Directors and the shareholders of the Company.		

(B) Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Narayan K Seshadri	Revathy Ashok	Kimsuka Narsimhan	
1.	Independent Directors				
	• Fee for attending Board and Committee meetings	1,000,000	1,000,000	600,000	2,600,000
	• Commission	-	-	-	-
	• Others	-	-	-	-
	Total(1)	1,000,000	1,000,000	600,000	2,600,000
2.	Other Non-Executive Directors				
	• Fee for attending Board and Committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others	-	-	-	-
	Total(2)	-	-	-	-
	Total (B) = (1+2)	1,000,000	1,000,000	600,000	2,600,000
	Total Managerial Remuneration(A+B)				60,446,916
	Overall Ceiling as per the Act	The remuneration paid to executive directors during the year is within the limits approved by the Nomination and Remuneration Committee, the Board of Directors and the shareholders of the Company.			
		Further, the sitting fees paid to the Non-Executive Independent Directors is within the limits prescribed under the Companies Act, 2013.			

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

(in ₹)

Sl. No.	Particulars of Remuneration	Names of Key Managerial Personnel
		Pratap Rudra (Company Secretary & Legal Counsel)
1.	Gross Salary as per Section 17(1) of Income Tax Act 1961	2,928,466
	Value of perquisites as per Section 17(2) of Income Tax Act, 1961	-
	Profits in lieu of salary as per Section 17(3) of Income Tax Act, 1961	-
2.	Stock option	-
3.	Sweat Equity	-
4.	Commission as a % of others	-
5.	Others if any (PF/ Retiral Fund)	185,219
	Total	3,113,685

7. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors

Place: Bengaluru
Date: May 24, 2019

Narayan K Seshadri
CHAIRMAN

Annexure VI to Board's Report

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

1. The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year	Ratio
(a) Mr. Gagandeep Singh Bedi, Managing Director	43:1
(b) Mr. Rajesh Marwaha, Whole-time Director	22:1

The Independent Directors of the Company were entitled to sitting fee as per the statutory provisions. The ratio remuneration and percentage increase for Independent Directors' remuneration is therefore not considered for the above purpose. Non-Executive Directors who are employees of the AstraZeneca group do not receive any sitting fee.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	
(a) Gagandeep Singh Bedi, Managing Director	12%
(b) Rajesh Marwaha, Chief Financial Officer & Director	13%
(c) Pratap Rudra, Company Secretary & Legal Counsel	14%

- Percentage increase in the median remuneration of employees in the financial year: 11%.
- Number of permanent employees on rolls of the Company as on March 31, 2019: 1,452
- Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and to point out if there are any exceptional circumstances for increase in the managerial remuneration: The Average increase is 11%. No exceptional circumstances in increase of remuneration. The increase is as per Company's increment guidelines.
- Affirmation that the remuneration is as per remuneration policy of the Company: It is affirmed that the remuneration is as per remuneration policy of the Company.

On behalf of the Board of Directors

Place: Bengaluru
Date: May 24, 2019

Narayan K Seshadri
CHAIRMAN

Annexure VIII to Board's Report

Management Discussion & Analysis Report

Indian Economy

India is the 7th largest economy in terms of GDP rankings, with a 2018 GDP of USD 2.7 trillion. When adjusted for Purchasing Power, it is ranked third - only behind China, and United States⁽¹⁾. It is currently the fastest growing major economy with a GDP growth of 7.1% for the fiscal year ending March 31, 2019⁽¹⁾. As per current projections, India will continue to remain as the fastest growing major economy in the coming years with a projected real GDP growth averaging at 7.5% a year in fiscal years 2018/19 - 2022/23⁽²⁾.

Increase in private consumption and gross fixed investments will drive growth amidst an improving business environment⁽²⁾. India has gained 23 spots in terms of ease of doing business and is currently ranked 77⁽³⁾. Key structural reforms such as resolution of bankruptcy, GST implementation, bank recapitalisation, and increased digitisation of government to business services have exerted a positive influence and will continue to take shape this year⁽⁴⁾.

Indian Healthcare Environment

The Healthcare sector comprises of healthcare delivery, pharmaceuticals, medical devices, clinical trials, and health insurance segments. The industry is forecasted to grow at 22% annually, and touch \$ 372 bn by 2022⁽⁵⁾.

Notable trends contributing to increasing healthcare expenditure include: rising incomes, growing elderly population, increased disease awareness, and diagnosis rates, the rise of Non-Communicable Diseases (NCDs), increase in diagnostic requirements and hospitalisation due to NCDs, expansion of healthcare services to Tier II and Tier III cities, increasing health insurance coverage, investment in home healthcare, rise in luxury offerings, and services by hospitals, increasing penetration of telemedicine, and overall higher proliferation of technology in healthcare delivery⁽⁵⁾.

Out of pocket expenditure accounts for the major share of healthcare expenditure; around 65% of national healthcare costs are paid directly from the patient's pocket, according to the WHO figures. India ranks 145th among 195 countries in terms of quality and accessibility of healthcare⁽⁷⁾. There remains an immense scope for enhancing the penetration of healthcare services in India, thus presenting ample opportunity for development of the healthcare industry.

The healthcare expenditure in the country is still considered low by global standards. Last published WHO figures mention the total healthcare expenditure in 2015 to be 3.9 % of GDP. Public healthcare expenditure during 2017-2018 stood at 1.28% of GDP, significantly lower than the world average of 6%. Nonetheless, National Health Policy (NHP) 2017 envisages raising it to 2.5% by 2025⁽⁶⁾.

Budget allocation towards healthcare in the current fiscal year has increased by 16% from ₹ 54,667 crore in FY 2018-19 to ₹ 63,538 crore in FY 2019-20⁽⁸⁾.

₹ 6400 crore has been allotted towards the Ayushman Bharath Scheme (PMJAY) - the government's flagship health initiative⁽⁹⁾. This represents a sizeable increase of 167% over last year's allocation. 10 lac people have been estimated to have availed free treatment under the scheme thus far⁽⁴⁾. 1.5 lakh sub-centres and primary health centres will be transformed as health and wellness centres by 2022. These centres will be equipped to provide treatment for diabetes, cancer and other illnesses⁽⁶⁾.

The allocation for the National Health Mission (NHM) for 2019-20 was raised to ₹ 32,251 crore from the last budget's allocation of ₹ 30,634 crore⁽⁸⁾.

Other healthcare initiatives which saw an increase in budget allocation include the National AIDs, and STD Control Programme, The National Program for Health Care for the Elderly, The National Program for prevention and control of Cancer, Diabetes⁽⁹⁾.

Indian Pharmaceutical Market (IPM)¹⁰

The USD 18.98 billion (₹ 134,780 crore) Indian Pharmaceutical industry experienced a value growth of 10.5 % in FY 2018-19 over FY 2017-18. This is an increase over FY 2017-2018 growth rate of 6.3%.

Domestic Indian companies account for 80% share of IPM and had a value growth of 10.8% in FY 2018-2019, while the MNCs grew at 9.4%; This represents a significant increase in growth rate from 4.3% in FY 2017-18. While the Indian companies registered a volume growth of 3.4 % in FY 18-19 against 3.7% in FY 2017-18, the MNCs experienced a 3.1% decline in volumes.

All the therapeutic areas in which AstraZeneca India is actively operating has recorded growth higher than the market. These comprise of the therapeutic areas of Anti-diabetic, Inhaled Respiratory, Cardiovascular, and Oncology, all of which have registered higher growth than the overall market growth of 10.5% for FY 2018-19.

Pharmaceutical Business Environment - Outlook

The Indian pharmaceutical market is forecasted to grow at a CAGR of 10.2% (±3.0%) between 2018-2023, and touch ₹ 225,550 crore by 2023⁽⁶⁾. Increasing incidence and diagnosis of NCDs, initiatives to improve access to healthcare and medicines, a positive outlook of the regulatory environment, and associated new drug launches, expansion of healthcare infrastructure, increased proliferation of e-pharmacies, and increasing health insurance coverage are some of the factors that will drive growth in the sector⁽⁶⁾.

Key factors that could serve as a dampener for growth include continuing downward pressure on prices, and effects of ban on irrational Fixed Dose Combinations (FDCs)⁽⁶⁾. Uncertainties in policies, especially surrounding drug prices such as those mentioned in the junked draft pharma policy continue to pose a risk. However, the recent ruling by the Department of Pharmaceuticals

has exempted new patented drugs in India from price control for a period of five years and has been well received by the industry⁽¹¹⁾.

The Uniform Code of Pharmaceutical Marketing Practices (UCPMP), which currently remains voluntary, but is expected to become mandatory in the near future, will help in instituting a uniform code of ethics governing drug promotional activity, and HCP-industry interactions⁽⁶⁾. This would result in rewriting of the current rules of engagement, which will ultimately favor players who can engage in patient centric, and science driven engagements with HCPs rather than those merely centered around pushing pills.

Growth and Demand Drivers:

1. Increasing incidence and diagnosis of NCDs: India harbours a high NCD burden. After China, India has the largest diabetic population. According to the statistics published by the International Diabetes Foundation (IDF) around 72 million people in the country are afflicted with diabetes. This number is expected to rise to 151 million by 2045. It is estimated that only 50% of the diabetes cases are currently diagnosed⁽⁶⁾. The prevalence of cancer has been increasing rapidly: Close to 1.59 million new cases were reported in 2018, according to the National Cancer Registry Program, up from 1.52 million in 2017 and 1.45 million in 2016. The incidence of new cases of cancer is expected to increase to 1.7 million in 2020. With the increased burden of NCDs, government and the pharmaceutical companies have been implementing well thought measures to improve the diagnosis rate. The NHP 2017 targets a 25% decrease in premature mortality from cardiovascular diseases, cancer, diabetes and chronic respiratory diseases by 2025⁽¹²⁾. Initiatives such as the National Programme for the Prevention and Control of Cancer, Diabetes, Cardiovascular Disease and Stroke (NPCDCS), and India Hypertension Management Initiative have helped in the early screening, diagnosis, and management of NCDs. Pharmaceutical companies too have been active in raising awareness and helping in management of NCDs.
2. Initiatives to improve access to healthcare and medicines: Several initiatives have been implemented by the government to help realize the NHP 2017 goals of increasing healthcare coverage and reducing the burden of healthcare costs on the patient. Ayushman Bharath, the government's flagship healthcare initiative from last year, continued to gain traction. There's been a 167% increase in the budget allocation toward the scheme in the fiscal year ending March 2020, over last year's budget. It comprises of 2 components: the Pradhan Mantri Jan Arogya Yojana (PMJAY) health insurance scheme, a national health protection scheme that promises insurance for around 500 million people for secondary and tertiary care, including pre- and post-hospitalization expenses. Under the second component, 150,000 primary health, community health centres and sub-centres are to be transformed into Health and Wellness Centres (HWCs) by 2022, providing primary care services close to communities. Medical college, and Tertiary care infrastructure is being targeted through the establishment of newer AIIMS. The Jan Aushadi Scheme, and the AMRIT scheme aimed at providing access to low cost medicines, continues to be emphasised and has been gaining traction. An additional 1,000 Jan Aushadi stores are planned to be opened in FY 2019-20⁽⁶⁾. The government has also opened the doors to private players for expansion of AMRIT scheme under a franchise operating model⁽⁶⁾.
3. A positive outlook of the regulatory environment and associated new drug launches⁽⁶⁾: Following a period of slump in new product approvals between 2012 to 2014, the regulatory environment seems to have picked pace. Since 2015, several drugs have been granted waivers, and accelerated approvals for products addressing unmet medical needs, and/or where Indian patients were included in the global clinical trials. According to the CDSCO, 28 new drugs were approved within the first 6 months of 2018, which was higher than the total number of drugs approved in 2016. The new drugs and clinical rules 2019, has certain provisions that facilitates the waiver of clinical trials in India for new drugs. Clinical trial may be waived if it is approved and marketed in any of the preferred countries specified by the Drugs Controller General, and in cases where Indian patients are already included in the global study. However, this is still subject to approval and will be granted on a case-to-case basis.
4. Expansion of healthcare infrastructure⁽⁶⁾: Several key private chains have plans of expansion. Apollo plans to add 765 beds over the next five years, and expand its network in India to 73 hospitals, while Narayana Hrudayalaya, another leading chain, has said it will spend ₹ 5 billion on hospital projects in India and abroad⁽⁶⁾. They are also increasing the reach into smaller cities, and towns by setting up clinic chains comprising of a mix of both completely owned and franchise models. There is also growing foreign investment in the sector: Malaysia's Columbia Asia hospital group, IHH Healthcare, and investors from the Gulf states, including Aster DM Healthcare, are all operating several hospitals in India. IHH Healthcare acquired a 31.1% stake in Fortis Healthcare in November 2018, while Aster DM Healthcare plans to expand its 4,000-bed capacity by a third over the next four years. The growth in medical tourism and integration of private capacity into state run initiatives such as PMJAY will further help in improving the healthcare infrastructure.
5. Increased proliferation of e-pharmacies⁽⁶⁾: While the sector still remains largely unorganised, the organised chains have been growing rapidly over past couple of years. Apollo, the private hospital group, owns India's biggest pharmacy chain, with close to 3,200 pharmacies spread across 400 cities in 20 states and four union territories, as of late 2018. The company is striving to establish a network of 5,000 outlets in the next four to five years. MedPlus has emerged as the second biggest player in the sector, with around 1,500 stores. E-pharmacy is emerging as a new source of competition to existing retail pharmacies in major cities. There have been more than 280 e-pharmacy start-ups. Market leaders include 1mg, PharmEasy, Netmeds, Medlife, Myra, EasyMedico and mChemist. The market leaders have enlarged their footprint rapidly: as of mid-2018, Netmeds delivered to over 850 cities, 1mg to over 800, and PharmEasy to over 700. E-pharmacies currently account for 1% of the retail pharmaceutical market, but have the potential to capture 5-15% of total sales, by some estimates.
6. Increasing health insurance coverage: The biggest impetus is expected to come from the launch of PMJAY's health insurance

scheme (Ayushman Bharath Scheme). The scheme targets coverage of underprivileged households, which is around 40% of the population or 500 million people⁽⁶⁾. As of February 2019, around 10 lakh people were estimated to have benefited from the scheme⁽⁴⁾. In parallel, the private health insurance sector will also continue to grow, helped by economic expansion, tax breaks on private health insurance premiums, and an increase in the range and sophistication of plans offered in the private health insurance market⁽⁶⁾.

Risks/Threats

1. Continuing downward pressure on prices⁽⁶⁾: The National Pharmaceutical Pricing Authority (NPPA) fixed the ceiling prices of 851 scheduled medicines between March 2016 and March 2018, yielding overall savings of around ₹ 26.4 billion. Changes to the National List of Essential Medicines (NLEM) system made in July 2018 will entail more frequent revisions and additions to the NLEM - which would directly act to lower the drug prices. Uncertainty around changes to the pricing system used for determining the annual price increases, and the possible introduction of international reference pricing system for patented products is likely to impact prices negatively. Despite the January 2019 ruling of no price controls for patented products for a period of 5 years, risk of trade margin capping under extraordinary circumstances, as in the case of 42 cancer drugs in February, continues to remain.
2. Effects of ban on irrational Fixed Dose Combinations (FDCs)⁽⁶⁾: Post the ban of 328 FDCs in September 2018, FDCs continue to remain in the spotlight. An additional 80 FDCs were banned by the MOHFW in February 2019 at the advice of the Drugs Technical Advisory Board (DTAB). The prospect of further bans cannot be ruled out.

Business model

The Company is engaged in the business of manufacture, distribution and marketing of pharmaceutical products and co-ordinates clinical trial services with an overseas group company.

During the year under review, total revenue from operations is amounting to ₹ 7,282.9 million out of which sales of pharmaceutical products is ₹ 6,833.1 million (93.8%), income from grant of exclusive distribution rights is ₹ 213.1 million (2.9%) and sale of services to related parties- clinical trials is ₹ 236.2 million (3.2%).

Since all the Company's activities fall within a single business segment, separate segment-wise disclosures are not provided in the financials.

Outlook

In FY 2019-20, AstraZeneca will continue to prioritise investments in its focus areas in-line with its global growth platforms. Accelerating new products remains a key priority and the Company is committed to maintaining timelines of key regulatory milestones to align with the global pipeline, subject to conduct of clinical trials, regulatory approvals and reasonable commercial viability.

All the therapeutic areas in which the Company is currently active has recorded above average market growth during FY 2018-19. These comprise of the therapeutic areas of Anti-diabetic, Inhaled Respiratory, Cardiovascular, and Oncology.

Anti-diabetic therapy valued at ₹ 12,858 crore (FY2018-19) is third largest category of the Indian pharmaceutical market, and at 14.9% growth (FY2018-19) it is amongst the fastest growing therapeutic areas. The Oral Antidiabetic segment (OAD) constitutes 73 % of the total Anti-Diabetic segment and is valued at ₹ 9382 crore⁽¹⁰⁾. AstraZeneca has a strong portfolio of oral antidiabetic products with presence in 2 key drug classes: namely, in SGLT2i inhibitors, and in DPP-4 inhibitors. SGLT2 inhibitors has been the fastest growing class of OAD in recent years and continues to be category leader in terms of growth, with a growth rate of 62.9 % for FY 2018-19⁽¹⁰⁾. It is the third largest class of OAD, accounting for 7% of the OAD market. DPP-4 Inhibitors continues to be the second largest class of OAD, accounting for over 30% of the total OAD market⁽¹⁰⁾.

AstraZeneca's Dapagliflozin franchise has been instrumental in driving the growth of the SGLT2i class. The landmark Declare readout - establishing relevance of Dapagliflozin in achieving beneficial cardiovascular related outcomes should further bolster the franchise, and help drive positive treatment outcomes for the diabetic patients. The Saxagliptin franchise products are well differentiated and enjoy a good acceptance by the medical community. According to the statistics published by the International Diabetes Foundation (IDF) around 72 million people in the country are afflicted with diabetes, which translates to 17% of the world's diabetic patient burden. This number is expected to rise to 151 million by 2045. The company with its strong anti-diabetic offerings would continue to help in alleviating the high burden of illness imposed by the disease.

Brilinta, the Company's innovative Oral Antiplatelet (OAP) drug has emerged as the market leader in terms of value, surpassing Clopidogrel (erstwhile category leader) in sales, and continues to be the fastest growing class of OAP⁽¹⁰⁾. AstraZeneca along with its Ticagrelor partner brands will strive to reach, and benefit maximum eligible patients, and sustain its market leadership.

The Company's respiratory business has presence in two key indications: asthma and COPD. The current respiratory portfolio comprises of inhalers which is growing at upwards of 18% (FY 2018-19)⁽¹⁰⁾. The high current burden of illness coupled with worsening air quality in some of our major cities will only contribute to the increase in prevalence of chronic respiratory diseases. A strong product pipeline in respiratory is expected to drive significant growth in the coming years, subject to successful clinical trials, regulatory approvals and reasonable commercial viability.

Finally, cancer is becoming a major cause of mortality in India. Every year, nearly 1 million new patients are diagnosed with cancer. The Company's current Oncology portfolio is active in the areas of women's cancer, prostate, and lung cancer. The recent launch of Lynparza- the first, and only therapy of its kind, approved in first line maintenance of the pertinent Indication, will further strengthen the Company's Oncology portfolio. Tagrisso, launched in FY 2017-18, continues to set new benchmarks. The Company hopes to tap into the robust global oncology pipeline and expand its offerings in the country subject to successful clinical trials, regulatory approvals and reasonable commercial viability.

The Company will continue to emphasise on high standards of sales and marketing practices and maintain a strong focus on

patient needs and safety. The Company will remain committed to high product quality, which underpins the safety and efficacy of its medicines.

The Company will maintain a strong focus on cost optimisation and controls. The Company is undertaking measures to reduce unproductive discretionary and non-customer facing spends. It also continues to develop simple and more efficient processes to encourage accountability and improve decision-making and communication.

The Company would also continue to support AstraZeneca's global outreach initiatives like Healthy Lung, Young Health Program and Early action in Diabetes programmes. The market access initiatives will continue to remain a key driver for increasing patient access to our therapies.

Internal control systems and their adequacy

The Company has internal control systems comprising of authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. During the last year, Company's Internal Finance Control was independently tested and validated by external auditors through the AstraZeneca Financial Control Framework (FCF). The Company ensures that the internal control system is reviewed and updated on an on-going basis through FCF and use of external management assurance services. The Company monitors and manages risks in its interactions with third parties (Vendors and Distributors) through its Third-Party Risk Management (3PRM) framework. This framework provides methodology, guidance and tools for managing third party risks related to Anti-Bribery and Anti-Corruption, Data Privacy, Confidentiality, Trade Control and Competition, Product Communication and Product Security. Internal audits for the Financial Year 2018-19 were carried out by independent auditors, based on an audit plan approved by the Audit Committee. The plan included audit of the depots of the Company, key processes within Operations and Marketing units including enabling functions. The Audit Committee and the Management have reviewed the recommendations of the Internal Auditors and appropriate remediation steps are being taken to implement their recommendations.

Discussion on financial performance with respect to operational performance

During the year ended March 31, 2019, the Company's total income was at ₹ 7,282.9 million as against ₹ 5,719.9 million reported in the corresponding previous year.

The total cost was at ₹ 6719.1 million during the year as compared to ₹ 5,404.4 million in the previous year. The profit after tax was ₹ 544.5 million during the year compared to ₹ 259.1 million in the previous year.

Significant changes in financial ratios

During the year, the significant changes in the financial ratios of the Company, which are more than 25% as compared to the previous year are summarised below:

Financial Ratio	2018-19	2017-18	Change	Reason for change
Operating Profit Margin (%)	10%	7%	30%	Increase is on account of growth in Revenue
Net Profit Margin (%) or sector-specific equivalent ratios	7%	4%	65%	Increase is on account of growth in Revenue and reversal of tax provision
Return on Net Worth	18%	10%	73%	Increase is on account of growth in Revenue and reversal of tax provision

Development in Human Resources / Industrial Relations

We continue to provide career development and learning opportunities for our employees (1,452 as on March 31, 2019). During the year, the India Development Week was conducted to enable employees to understand how to build careers and gain experiences across functions and businesses. Training programmes to strengthen scientific and technical knowledge of the employees were extensively implemented across the businesses. There continues to be a focus on building gender diversity in the workforce and building a supportive eco-system for women employees. Additionally, women safety initiatives were also rolled out in the last year. Also, our focus on developing simple and more efficient processes to encourage accountability and improve decision-making/communication process continues across the organisation.

CAUTIONARY STATEMENT

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

References:

- IMF World economic outlook database 2019
- EIU Macroeconomic statistics from IQVIA prognosis report
- Ease of doing business rankings-2018 World Bank
- Budget Speech FY 2019-2020
- India Brand Equity Foundation Healthcare sector report - January 2019
- IQVIA Prognosis report - March 2019
- Lancet Healthcare quality and Access Rankings:- May 2018 report
- Union Budget published reports accessed from <https://www.indiabudget.gov.in/ebmain.asp> (accessed April 23, 2019)
- Budget analysis news reports: economic times, NDTV
- IMS March 2019 Sales Database
- DOP order - Amendment of Paragraph 9 and 32 of DPCO 2013, retrieved from DOP website
- NHP 2017 policy document as accessed from cdsco website

Annexure IX to the Boards' Report

Report on Corporate Governance

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's philosophy on Corporate Governance is sustained growth, increase in stakeholder value, transparency, disclosure, internal controls and risk management, internal and external communications and high standards of safety, health, environment management, accounting fidelity, product and service quality. The Company also complies with the listing requirements mandated by Securities and Exchange Board of India. The Senior Management Team headed by the Managing Director is responsible for implementing board policies and guidelines and has set up adequate review processes.

The Company believes in and has been practising, high standards of Corporate Governance since its inception. The risk management and internal control functions are being geared up to meet progressive governance standards.

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

2. Board of Directors

- (i) The Board presently consists of 7 Directors of which 5 are Non-Executive Directors, 3 of whom are Independent. 2 of the 5 Non-Executive Directors represent the parent

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

- (ii) The Company has not had any material pecuniary relationship/ transaction with any of the Non-Executive Directors.
- (iii) None of the Directors holds shares in the Equity Share Capital of the Company.
- (iv) 4 Board Meetings were held during the financial year and the gap between 2 Meetings did not exceed 120 days. The dates on which the said Meetings were held are: May 21, 2018, August 13, 2018, November 13, 2018 and February 6, 2019.
- (v) The names and categories of Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Memberships/ Chairmanships held by them in other public companies as on March 31, 2019 are furnished herein below:

Name of the Director	Category	Number of Board Meetings attended during the year 2018-19	Whether attended last AGM	Number of Directorships and Committee Memberships/ Chairmanships excluding AstraZeneca Pharma India Limited as at March 31, 2019		
				Other Directorships #	Committee Memberships \$	Committee Chairmanships \$
Mr. Narayan K Seshadri Chairman	Non-Executive Independent Director	4	Yes	8	5	4
Ms. Revathy Ashok	Non-Executive Independent Director	4	Yes	8	5	2
Ms. Kimsuka Narsimhan	Non-Executive Independent Director	4	No	2	1	-
Mr. Ian John Parish	Non-Executive Director	3	No	-	-	-
Ms. Weiyang Sarah Wang ⁽¹⁾	Non-Executive Director	N.A.	N.A.	-	-	-
Mr. Gagandeep Singh Bedi	Managing Director	4	Yes	-	-	-
Mr. Rajesh Marwaha	Whole-time Director	4	Yes	-	-	-
Mr. Gregory David Emil Mueller ⁽²⁾	Non-Executive Director	4	Yes	-	-	-

⁽¹⁾ Ms. Weiyang Sarah Wang was appointed as Additional Director w.e.f. March 13, 2019

⁽²⁾ Mr. Gregory David Emil Mueller ceased to be a Director w.e.f. February 6, 2019

* Since Mr. Gregory David Emil Mueller was not Director as at March 31, 2019, the details about his Directorship, Committee memberships & Chairmanships are not reflected in the above table

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

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

(vi) Name of other listed entities where Directors of the Company are Directors and their category of Directorship:

Sl. No.	Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
1.	Mr. Narayan K Seshadri	CG Power and Industrial Solutions Limited	Non-Executive Independent Director
		Kalpataru Power Transmission Limited	Non-Executive Independent Director
		Magma Fincorp Limited	Non-Executive Independent Director
		PI Industries Limited	Non-Executive Independent Director
		Wabco India Limited	Non-Executive Independent Director
2.	Ms. Revathy Ashok	ADC India Communications Limited	Non-Executive Independent Director
		Quess Corp Limited	Non-Executive Independent Director
		Welspun Corp Limited	Non-Executive Independent Director
3.	Ms. Kimsuka Narsimhan	Akzo Nobel India Limited	Non-Executive Independent Director
		Bharti Airtel Limited	Non-Executive Independent Director
4.	Mr. Ian John Parish	-	-
5.	Ms. Weiying Sarah Wang	-	-
6.	Mr. Gagandeep Singh Bedi	-	-
7.	Mr. Rajesh Marwaha	-	-
8.	Mr. Gregory David Emil Mueller ⁽¹⁾	-	-

⁽¹⁾ Mr. Gregory David Emil Mueller ceased to be a Director w.e.f. February 6, 2019

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

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

(ix) During the year, a separate Meeting of the Independent Directors was held inter-alia to review the performance of Non-independent Directors and the Board as a whole.

(x) The Board confirms that the Independent Directors fulfils the conditions of Independence as specified in the Act and the Listing Regulations and are Independent of the management.

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

(xii) Skills/ Expertise/ Competencies of Board Members:

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and skills that are available with the Board Members is set out as under:

(a) **Healthcare Industry experience** i.e. relevant to an industry understanding and review of the business and strategy

(b) **Leadership** i.e. in specific to successfully advise and oversee the Company's business performance and represent shareholder interests.

(c) **Corporate Governance and Public Company Board** i.e. having relevant background and knowledge to perform oversight and governance roles.

(d) **Finance and Accounting** i.e. analysing the financial statement and consider financial transactions.

(e) **Government and regulatory** i.e. an understanding of the regulatory and governmental environment in which the business operates.

3. Audit Committee

(i) Brief description of terms of reference

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

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

- (b) Changes, if any, in accounting policies and practices and reasons for the same
 - (c) Major accounting entries involving estimates based on the exercise of judgement by management
 - (d) Significant adjustments made in the financial statements arising out of audit findings
 - (e) Compliance with listing and other legal requirements relating to financial statements
 - (f) Disclosure of any related party transactions
 - (g) Modified opinion(s) in the draft audit report.
5. Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
 8. Approval or any subsequent modification of transactions of the Company with related parties.
 9. Scrutiny of inter-corporate loans and investments.
 10. Valuation of undertakings or assets of the Company, wherever it is necessary.
 11. Evaluation of internal financial controls and risk management systems.
 12. Reviewing with the Management, the performance of statutory and internal auditors, adequacy of internal control systems.
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 14. Discussion with internal auditors of any significant findings and follow up thereon.
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 18. To review the functioning of the whistle blower mechanism.
 19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee
 21. To carry out such other functions as may be entrusted to by the Board of Directors, from time to time.
- (ii) The Managing Director, Chief Financial Officer / representatives of Internal Auditors and Statutory Auditors are invitees to all the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.
 - (iii) Ms. Revathy Ashok is the Chairman of the Audit Committee and was present at the previous Annual General Meeting of the Company held on September 10, 2018.
 - (iv) 4 Meetings of the Audit Committee were held during the year and the gap between two meetings did not exceed 120 days. The dates on which the said meetings were held are:
May 21, 2018, August 13, 2018, November 13, 2018 and February 6, 2019.

(v) The composition of the Audit Committee and the details of meetings attended by its members are furnished below:

Name of the Member	Category	Number of meetings attended during the financial year 2018-19
Ms. Revathy Ashok, Chairman	Non-Executive Independent Director	4
Mr. Narayan K Seshadri	Non-Executive Independent Director	4
Ms. Weiying Sarah Wang ⁽¹⁾	Non-Executive Director	N.A.
Mr. Gregory David Emil Mueller ⁽²⁾	Non-Executive Director	4

⁽¹⁾ Ms. Weiying Sarah Wang was appointed as a member of the Committee w.e.f. March 13, 2019

⁽²⁾ Mr. Gregory David Emil Mueller ceased to be a member of the Committee w.e.f. February 6, 2019

4. Nomination and Remuneration Committee

(i) Terms of reference:

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

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
- Policy shall ensure the following:**
- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- (b) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and to carry out evaluation of every Directors' performance;
- (c) Devising a policy on Board diversity;
- (d) Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- (e) To carry out such other functions as may be entrusted to by the Board of Directors, from time to time;
- (ii) During the year ended March 31, 2019, 2 meetings of the Nomination and Remuneration Committee of the Board were held i.e. on May 21, 2018 and February 6, 2019.
- (iii) The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are furnished below:

Name of the Member	Category	Number of meetings attended during the financial year 2018-19
Ms. Kimsuka Narsimhan, Chairman	Non-Executive Independent Director	2
Mr. Narayan K Seshadri	Non-Executive Independent Director	2
Mr. Ian John Parish	Non-Executive Director	1
Ms. Weiyang Sarah Wang ⁽¹⁾	Non-Executive Director	N.A.
Mr. Gregory David Emil Mueller ⁽²⁾	Non-Executive Director	2

⁽¹⁾ Ms. Weiyang Sarah Wang was appointed as the member of the Committee w.e.f. March 13, 2019

⁽²⁾ Mr. Gregory David Emil Mueller ceased to be a member of the Committee w.e.f. February 6, 2019

(iv) Remuneration to Directors during financial year 2018-19:

- a) Details of remuneration paid to the Non-Executive Directors during the year ended March 31, 2019:

Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Narayan K Seshadri	1,000,000	-	1,000,000
Ms. Revathy Ashok	1,000,000	-	1,000,000
Ms. Kimsuka Narsimhan	600,000	-	600,000
Mr. Ian John Parish	-	-	-
Ms. Weiyang Sarah Wang ⁽¹⁾	-	-	-
Mr. Gregory David Emil Mueller ⁽²⁾	-	-	-

⁽¹⁾ Ms. Weiyang Sarah Wang was appointed as Director w.e.f. March 13, 2019

⁽²⁾ Mr. Gregory David Emil Mueller ceased to be a Director w.e.f. February 6, 2019

The Non-Executive Independent Directors are paid sitting fees of ₹ 100,000/- for attending each meeting of the Board and Committees of the Board.

- b) Details of remuneration paid to the Executive Directors during the year ended March 31, 2019:

Managing Director

Name of the Director	Salary (₹)	Perquisites (₹)	P.F and other Funds (₹)	Total (₹)
Mr. Gagandeep Singh Bedi	28,589,461	6,689,514	2,847,408	38,126,383

Whole-time Director

Name of the Director	Salary (₹)	Perquisites (₹)	P.F and other Funds (₹)	Total (₹)
Mr. Rajesh Marwaha	16,678,679	2,072,853	969,001	19,720,533

Fixed Component / Performance Linked Incentive / Criteria

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

Service Contract / Notice Period / Severance Fees

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

Terms of Reference

- (a) Review of measures taken for effective exercise of voting rights by shareholders.
- (b) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (c) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.

The Committee is chaired by Ms. Revathy Ashok – Non-Executive Independent Director. Mr. Pratap Rudra, Company Secretary & Legal Counsel is the Compliance Officer.

5. Shareholders' Committees**(a) Stakeholders' Relationship Committee**

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

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

Name of the Member	Category
Ms. Revathy Ashok, Chairman	Non-Executive Independent Director
Mr. Gagandeep Singh Bedi	Managing Director
Mr. Rajesh Marwaha	Chief Financial Officer and Director

During the year, 1 meeting of the said Committee was held on November 13, 2018.

(b) Details of Shareholders'/Investors' complaints

The Committee attends inter-alia to complaints from Shareholders/Investors and for their redressal. All complaints/grievances were also placed before the Board for information. Based on information provided by the Company's Registrar & Share Transfer Agents, the status of investor's grievances for the year ended March 31, 2019 is as follows:

Particulars	Non-receipt of Dividend Warrant(s)/ interest	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	-	-	-	-	-	-
Through Stock Exchange/SEBI	-	-	-	-	-	-

(c) Share Transfer Committee

The Board also has constituted a Share Transfer Committee comprising of Mr. Gagandeep Singh Bedi, Managing Director, Mr. Rajesh Marwaha, Chief Financial Officer and Director and Mr. Pratap Rudra, Company Secretary & Legal Counsel. The Chairman is elected at each meeting.

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

During the year, 16 meetings of the said Committee were held. The Minutes of the Share Transfer Committee Meetings were tabled and noted at the Board Meetings.

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

6. Risk Management Committee

The Board of Directors at its meeting held on February 6, 2019, constituted a Risk Management Committee. The terms of reference of the Committee include overseeing the Company's risk management process and controls, setting strategic plans and objectives for risk management, risk philosophy and risk minimisation including cyber security, reviewing compliance with policies implemented by the Company, reviewing risk assessment of the Company annually and exercising oversight of various risks.

The Risk Management Committee comprises of 3 Directors and 2 other members from the Senior Management team.

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

Date	Year	Venue	Time
September 10, 2018	2017-18	ITC Gardenia, Bengaluru	3.00 P.M.
September 13, 2017	2016-17	ITC Gardenia, Bengaluru	3.00 P.M.
August 11, 2016	2015-16	ITC Gardenia, Bengaluru	3.00 P.M.

(b) Whether any Special Resolutions passed in the last three Annual General Meetings

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

Date of AGM	Particulars of Special Resolution(s) passed
September 10, 2018	None
September 13, 2017	a) Consent of Members for the appointment of Mr. Gagandeep Singh Bedi as Managing Director and payment of remuneration to him b) Consent of Members for the appointment of Mr. Rajesh Marwaha as a Whole-time Director and payment of remuneration to him
August 11, 2016	a) Consent of Members for the appointment of Mr. Sanjay Murdeshwar as Managing Director and payment of remuneration to him.

(c) Whether any Special Resolution passed last year through Postal Ballot, details of the voting pattern, person who conducted the Postal Ballot exercise, whether any Special Resolution proposed to be conducted through Postal Ballot and procedure for Postal Ballot:

No Special Resolution was passed through Postal Ballot during the year under report.

Currently, no resolution is proposed to be passed through postal ballot. However, if required, the same shall be passed in compliance of provisions of Companies Act, 2013, Listing Regulations or other applicable laws.

8. Disclosures

(i) Related Party Transactions

Transactions with related parties, as per the requirements of Ind AS 24 are disclosed in the notes to accounts annexed to the financial statements.

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

The Company has adopted a Policy for dealing with Related Party Transactions. The Policy, as approved by the Board, has been uploaded on the Company's website and can be accessed at www.astrazeneca.com/india.

Materially significant related party transactions during the financial year ended March 31, 2019:

Name of the Entity	Relationship	Nature of transaction	Amount (₹ in crore)
AstraZeneca UK Limited	AstraZeneca UK Limited (AZ UK) is the Parent Company of AstraZeneca Treasury Limited, United Kingdom, which is the Holding Company of AstraZeneca AB, Sweden, which in turn is the Holding Company of AstraZeneca Pharmaceuticals AB, Sweden and which in turn is the Holding Company of AstraZeneca Pharma India Limited	i) Purchase of raw materials and traded goods by the Company from AZ UK	185.89
		ii) Reimbursement by AZ UK, the cost of employees deputed by the Company outside India.	1.47
	Total		187.36

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

(iii) The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides for adequate safeguards from victimisation of Director(s) / Employee(s) who avail of the mechanism. In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee. No personnel of the Company have been denied access to the Chairman of the Audit Committee, for making complaint on any integrity issue. The Whistle Blowing Policy is available on the Company's website www.astrazeneca.com/india.

(iv) Details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

(a) Number of complaints filed during the financial year: 3

(b) Number of complaints disposed of during the financial year: 2

(c) Number of complaints pending as on end of the financial year: 1

(v) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

The Company has complied with all the mandatory requirements of the Listing Regulations. The Company has also fulfilled the following discretionary requirements:

(a) The Auditor's opinion on the financial statements is unmodified.

(b) The positions of Chairman and Managing Director are separate.

(c) The Internal Auditor reports directly to the Audit Committee.

- (vi) Code of Conduct – The Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Board Members. Both these Codes are available on the Company's website. All the Members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code applicable to them, for the financial year ended March 31, 2019. A declaration to this effect, duly signed by the Managing Director is annexed to this report.
- (vii) As the Company has no subsidiary as on date, the requirement of formulating a specific policy on dealing with material subsidiaries does not arise.
- (viii) The Company follows Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / the Companies Act, 1956. The Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- (ix) Commodity Price Risk and Commodity hedging activities: The Company is not exposed to material foreign exchange risk on account of import and export transactions entered, as import of goods is happening in Indian Rupees. Also, it is not a sizable user of various commodities, hence not exposed to the price risk on account of procurement of commodities.

9. Means of Communication

- (i) The quarterly, half yearly and annual financial results of the Company are sent to the Stock Exchanges immediately after the Board's approval, by uploading the same on NEAPS portal and BSE Listing Centre portal, from time to time. The same are published in 'The Business Standard' (English) and 'Udayavani' (Kannada) newspapers.
- (ii) The financial results and such other information that are required to be displayed on the Company's website pursuant to Listing Regulations/ Companies Act are displayed on the website of the Company at www.astrazeneca.com/india.
- (iii) The website also displays official news releases and the presentation made by the Company to the institutional investors, if any.

(vi) Monthly High/Low of market price of the Company's shares traded on BSE and NSE for the financial year ended March 31, 2019:

Period	BSE		BSE Sensex Index		NSE		NSE Nifty Index	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-18	1,084.00	930.00	35,213.30	32,972.56	1,083.80	930.05	10,759.00	10,111.30
May-18	1,244.00	1,040.00	35,993.53	34,302.89	1,245.00	1,035.00	10,929.20	10,417.80
Jun-18	1,528.00	1,106.00	35,877.41	34,784.68	1,528.80	1,108.85	10,893.25	10,550.90
Jul-18	1,598.00	1,318.00	37,644.59	35,106.57	1,574.95	1,370.10	11,366.00	10,604.65
Aug-18	1,960.00	1,536.00	38,989.65	37,128.99	1,960.00	1,528.95	11,760.20	11,234.95
Sep-18	1,936.00	1,550.00	38,934.35	35,985.63	1,935.00	1,525.10	11,751.80	10,850.30
Oct-18	1,784.95	1,455.05	36,616.64	33,291.58	1,785.50	1,490.10	11,035.65	10,004.55
Nov-18	1,744.25	1,370.50	36,389.22	34,303.38	1,748.85	1,365.15	10,922.45	10,341.90
Dec-18	1,528.60	1,306.80	36,554.99	34,426.29	1,531.50	1,306.05	10,985.15	10,333.85
Jan-19	1,679.80	1,400.10	36,701.03	35,375.51	1,677.00	1,397.60	10,987.45	10,583.65
Feb-19	2,048.20	1,560.25	37,172.18	35,287.16	2,039.90	1,570.00	11,118.10	10,585.65
Mar-19	2,137.50	1,915.80	38,748.54	35,926.94	2,135.00	1,920.30	11,630.35	10,817.00

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

10. Shareholder Information

(i) Annual General Meeting

Date & Time of AGM	August 7, 2019, (3 P.M.)
Venue	Conrad Bengaluru, Kensington Road, Ulsoor, Bengaluru
Financial Year	2018-19
Dividend Payment Date	Not Applicable

(ii) Financial Calendar and announcement of financial results

The financial accounts and annual report are drawn out from April to March next.

The announcement of financial results during 2019-20 shall be as follows:

First Quarter Results	On or before August 14, 2019
Second Quarter Results	On or before November 14, 2019
Third Quarter Results	On or before February 14, 2020
Fourth Quarter and Annual Results	On or before May 30, 2020

(iii) Listing on Stock Exchanges

The Company's Equity Shares are listed on:

BSE Limited, (BSE)

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

National Stock Exchange of India Limited (NSE)

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

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

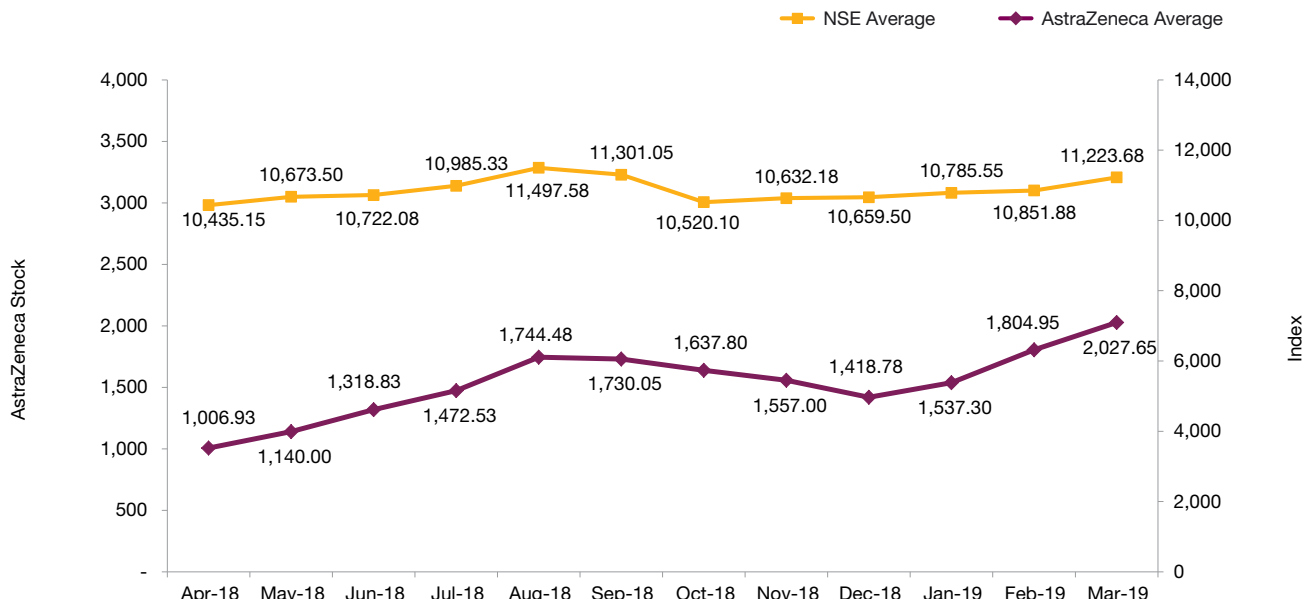
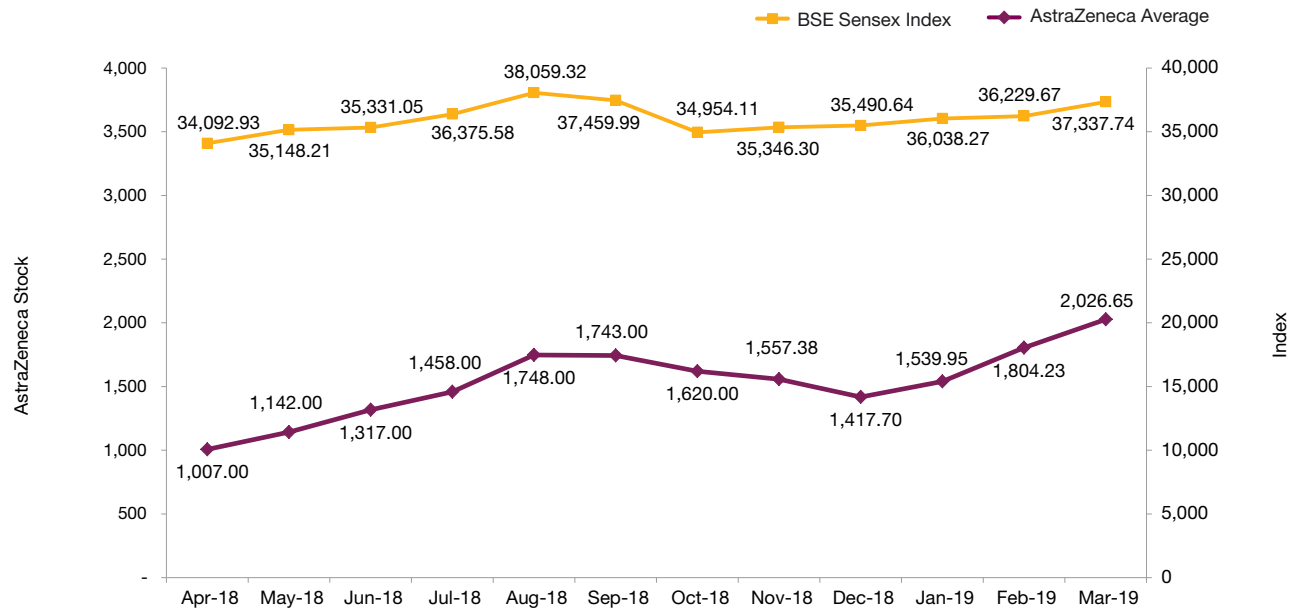
(iv) Unclaimed Suspense Account

As on March 31, 2019, there are 78 shareholders in respect of whom the outstanding shares aggregating 28,190 shares are lying in the AstraZeneca Pharma India Limited- Unclaimed Suspense Account. In March 2019 there was a claim in respect of 750 shares in the said account. Further, 3,500 shares were transferred to the Investor Education and Protection Fund Authority as these shares pertain to the dividend which remained unclaimed for 7 consecutive years. The voting rights in respect of such 28,190 shares remain frozen till the shares are claimed by the rightful owners.

(v) Stock Code

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

(vii) Performance of the Company's equity shares in comparison to BSE Sensex and NSE Nifty during the financial year 2018-19



(viii) Registrar & Transfer Agent

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

(ix) Share Transfer System

All the transfers received in physical form are processed and approved by the Share Transfer Committee of the Board. The Company's Registrar & Transfer Agents - Integrated Registry Management Services Private Limited

has adequate infrastructure to process the share transfers.

The Committee meets to approve the transfers etc., as required from time to time.

Reconciliation of Share Capital Audit:

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

(x) Distribution of Shareholding as on March 31, 2019

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	2,032,648	8.13	14,507	99.42
5,001 to 10,000	225,723	0.90	32	0.22
10,001 to 20,000	344,812	1.38	23	0.16
20,001 to 30,000	109,813	0.44	4	0.03
30,001 to 40,000	173,252	0.69	5	0.03
40,001 to 50,000	93,369	0.37	2	0.01
50,001 to 100,000	605,774	2.42	8	0.05
100,001 and above	21,414,609	85.66	10	0.07
Total	25,000,000	100.00	14,591	100.00

(xi) Shareholding Pattern as on March 31, 2019

Particulars	Physical Holdings	Electronic Holdings	Total Holdings	%
AstraZeneca Pharmaceuticals AB	0	18,750,000	18,750,000	75.00
Banks	125	8,450	8,575	0.03
Trusts	0	125	125	0.00
Mutual Funds	0	1,056,458	1,056,458	4.23
Alternative Investment Funds	0	91,927	91,927	0.37
FII's	0	423,099	423,099	1.69
Non-Resident Indians	500	80,673	81,173	0.32
Clearing Member	0	31,185	31,185	0.12
Indian Corporate Bodies	125	766,104	766,229	3.06
Investor Education and Protection Fund Authority	0	95,735	95,735	0.38
Others - Public	263,020	3,432,474	3,695,494	14.78
Total	263,770	24,736,230	25,000,000	100.00
Percentage :	1.06	98.94	100.00	100.00

(xii) Dematerialisation of shares and liquidity

The Company's equity shares are compulsorily traded in the dematerialised form. As on March 31, 2019, out of 25,000,000 equity shares of the Company, 24,736,230 equity shares representing 98.94% of the total equity share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Securities (India) Limited.

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

None

(xiv) Plant location

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

(xv) Company's Address for correspondence

Company Secretary/Compliance Officer
AstraZeneca Pharma India Limited
Block N1, 12th Floor, Manyata Embassy Business Park,
Rachenahalli, Outer Ring Road, Bengaluru - 560 045
Tel: (080) 67748000
Fax: (080) 67748557
Email: comp.secy@astrazeneca.com

(xvi) Dividend declared in earlier years

Dividend for Financial year	%
2013-14	Nil
2014-15	Nil
2015-16	Nil
2016-17	Nil
2017-18	Nil

(xvii) Nomination Facility

Section 72 of the Companies Act, 2013, offers the facility of nomination. Members are advised to avail of this facility, to avoid the lengthy process of transmission formalities.

The nomination form may be obtained from the Company / Registrar & Transfer Agent. However, if the shares are held in dematerialised form, the nomination has to be conveyed by the Members to their respective Depository Participant directly, as per the format prescribed by them.

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

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for the Board of Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2019, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

On behalf of the Board of Directors

Place: Bengaluru
Date: May 24, 2019

Gagandeep Singh Bedi
Managing Director

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

To,
The Members
AstraZeneca Pharma India Limited
Bengaluru

I have examined all the relevant records of AstraZeneca Pharma India Limited ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company, for the year ended March 31, 2019 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

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

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

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

Place: Bengaluru
Date: May 24, 2019

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

CERTIFICATE AS REQUIRED UNDER SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members
AstraZeneca Pharma India Limited
Bengaluru

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of AstraZeneca Pharma India Limited having CIN- L24231KA1979PLC003563 and having registered office at Block N1, 12th Floor, Manyata Embassy Business Park, Rachenahalli, Outer Ring Road Bengaluru - 560 045 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1	Narayan Keelveedhi Seshadri	0000053563	06/12/2012
2	Revathy Ashok	0000057539	02/12/2016
3	Ian John Parish	0000391534	08/08/2017
4	Rajesh Marwaha	0001458768	02/12/2016
5	Kimsuka Narsimhan	0002102783	02/02/2017
6	Gagandeep Singh Bedi	0007844333	01/07/2017
7	Weiyang Sarah Wang	0008369289	13/03/2019

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru
Date: May 24, 2019

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

Annexure X to Board's Report

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2019

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,
The Members,
ASTRAZENECA PHARMA INDIA LIMITED
(CIN: L24231KA1979PLC003563)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AstraZeneca Pharma India Limited (CIN: L24231KA1979PLC003563) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by AstraZeneca Pharma India Limited for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
- (j) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- (k) Circulars/Guidelines issued thereunder;
- (vi) The other following laws as may be applicable specifically to the Company:
 - (a) Pharmacy Act, 1948
 - (b) Drugs and Cosmetics Act, 1940
 - (c) The Indian Copyright Act, 1957
 - (d) The Patents Act, 1970
 - (e) The Trade Marks Act, 1999
- (vii) The other following general laws as may be applicable to the Company during the audit:
 - (1) Employer/Employee Related Laws & Rules:**
 - (i) Industries (Development & Regulation) Act, 1951
 - (ii) The Factories Act, 1948
 - (iii) The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
 - (iv) The Apprentices Act, 1961
 - (v) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
 - (vi) The Employees State Insurance Act, 1948
 - (vii) The Workmen's Compensation Act, 1923
 - (viii) The Maternity Benefits Act, 1961
 - (ix) The Payment of Gratuity Act, 1972

- (x) The Payment of Bonus Act, 1965
- (xi) The Industrial Disputes Act, 1947
- (xii) The Trade Unions Act, 1926
- (xiii) The Payment of Wages Act, 1936
- (xiv) The Minimum Wages Act, 1948
- (xv) The Child Labour (Regulation & Abolition) Act, 1970
- (xvi) The Contract Labour (Regulation & Abolition) Act, 1970
- (xvii) The Industrial Employment (Standing Orders) Act, 1946
- (xviii) Equal Remuneration Act, 1976
- (xix) Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- (xx) The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- (xxi) Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- (xxii) Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- (xxiii) Dangerous Machines (Regulation) Act, 1983
- (xxiv) Indian Boilers Act, 1923
- (xxv) The Industrial Establishments (National and Festival Holidays) Act, 1963
- (xxvi) The Labour Welfare Fund Act, 1965
- (xxvii) The Karnataka Daily Wage Employees Welfare Act, 2012

(2) Environment Related Acts & Rules:

- (i) The Environment Protection Act, 1986
- (ii) The Water (Prevention & Control of Pollution) Act, 1974
- (iii) The Water (Prevention & Control of Pollution) Cess Act, 1977
- (iv) The Air (Prevention & Control of Pollution) Act, 1981
- (v) The Government Order Under Environment (Protection) Act, 1986
- (vi) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- (vii) The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

(3) Economic/Commercial Laws & Rules:

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

I have also examined compliances with the applicable clauses of Secretarial Standards on Board and General Meetings (SS – 1 and SS – 2) issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the Company had passed the resolution for voluntary delisting of the shares from all the Stock Exchanges on June 20, 2014 (date of announcement by the Chairman) through Postal Ballot undertaken vide Notice dated May 5, 2014. The Company has also received in-principle approvals from these Stock Exchanges.

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

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

Place: Bengaluru

Date: May 24, 2019

Vijayakrishna K. T.

FCS No.: 1788

C P No.: 980

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

‘Annexure’

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

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

Place: Bengaluru
Date: May 24, 2019

Vijayakrishna K. T.
FCS: 1788
CP: 980

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sl. No.	Particulars	Details
1	Corporate Identity Number (CIN) of the Company	L24231KA1979PLC003563
2	Name of the Company	AstraZeneca Pharma India Limited
3	Registered address	Bock N1, 12 th Floor, Manyata Embassy Business Park, Rachenahalli, Outer Ring Road, Bengaluru – 560 045
4	Website	www.astrazeneca.com/india
5	E-mail ID	comp.secy@astrazeneca.com
6	Financial Year reported	March 31, 2019
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	21001 (Manufacture of Pharmaceuticals)
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Brilinta/Axcer Forxiga/ Oxra Tagrisso
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	Nil The Company has 1 plant situated at Bengaluru. The Company has 2 Depots (Bengaluru & Delhi), 1 Central Warehouse and 12 Carrying & Forwarding Agents across the country (Mumbai, Kolkata, Chennai, Lucknow, Guwahati, Ahmedabad, Kochi, Indore, Hyderabad, Cuttack, Ranchi and Chandigarh).
10	Markets served by the Company – Local/ State/ National/ International	India & Nepal

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sl. No.	Particulars	Details (₹ million)
1	Paid-up Capital	50
2	Total Turnover	7,446
3	Total profit after taxes	545
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.01%
5	List of activities in which expenditure in 4 above has been incurred	- Specialised cancer screening camps for women from underprivileged sections of the society - Awareness & Sensitisation sessions for young people on Non-Communicable Diseases related risk behaviours

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?**
No
- Do the Subsidiary Company/Companies participate in the Business Responsibility Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**
N.A.
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
The Company's Code of Conduct is applicable to all the business entities who do business with the Company. The Business associate do not directly participate in Business Responsibility Initiative of the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN: 01458768
2. Name: Rajesh Marwaha
3. Designation: Chief Financial Officer & Director

b) Details of the BR head

Sl. No.	Particulars	Details
1	DIN	01458768
2	Name	Rajesh Marwaha
3	Designation	Chief Financial Officer and Director
4	Telephone number	080 - 67748000
5	E-mail ID	Rajesh.Marwaha@astrazeneca.com

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

(a) Details of compliance (Reply in Y/N)

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

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

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

3. Governance related to BR

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

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

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

The Company has published a BR Report for the financial year ended March 31, 2017 as per the applicability of SEBI Circular CIR/CFD/CMD/10/2015 dated 04.11.2015 to the Company. The Company publishes the Business Responsibility Report in its Annual Report. The current report can be found in the link www.astrazeneca.com/india

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

Stakeholder complaints, if any, are investigated in terms of Whistle Blowing Policy as approved by the Board. AstraZeneca is committed to appropriate review of inquiries raised in good faith through available reporting channels. During the financial year, 5 significant complaints were investigated of which 2 were closed consequently and 3 are under review as per the Whistle Blowing Policy as approved by the Board.

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

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

The Company manufactures and packs at its state-of-the-art facility at Bengaluru, India, products which have been developed taking environmental aspects into perspective.

The products are: Betaloc, Imdur, Forxiga, Crestor and Seloken.

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

The Company has a standard operating procedure for the selection of its suppliers for sourcing of materials. There is a system for assessing critical and major suppliers through risk management process for Quality, Compliance and EHS.

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

The Company follows a strict sourcing code of conduct with respect to the compliance and quality. The Company procures goods and services from local vendors in the vicinity of the manufacturing location in compliance to the code.

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

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

Principle 3: Businesses should promote the well-being of all employees

1. Please indicate:

Sl. No.	Particulars	Details
1	Total number of employees	1,452
2	Total number of employees hired on temporary/ contractual/ casual basis.	302
3	Number of permanent women employees	217
4	Number of permanent employees with disabilities	2
5	Do you have an employee association that is recognized by management	Yes
6	What percentage of your permanent employees is members of this recognized employee association?	Professional Sales representatives Union: 7.85% Factory Union: 5.03%

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

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

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

- Permanent Employees
- Permanent Women Employees
- Casual/ Temporary/ Contractual Employees
- Employees with Disabilities

100% of employees are covered for Skill Upgradation Intervention aligned to their skill needs and AstraZeneca Talent & Development Framework. Also 100% of all our employees are imparted safety training at the time they join the Company. Procedural Safety trainings are imparted at scheduled intervals based on employee roles. The Company makes no

discrimination while imparting training to women employees. No discrimination while imparting training to employees with disabilities. All our contractual employees are imparted with safety trainings and other skill based training basis their role and field of work.

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

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders.

Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders

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

- The Young Health Programme:** Founded in partnership with John Hopkins School of Public Health and Plan International, AstraZeneca introduced its global community initiative 'the Young Health Programme' (YHP) in the year 2010-11 in 5 marginalised communities in Delhi. YHP focuses on prevention of NCD's during adolescence by risk behaviours such as tobacco use, alcohol abuse and unhealthy eating through on-ground programmes, research and evidence generation and advocacy. In 2015, we expanded the programme to 5 additional marginalised communities in North West Delhi. YHP has directly impacted more than 350,000 young people and has influenced community members, including health professionals, educators and policy makers. Close to 3,000 young people have been trained to be educators in their local communities. 15 Health Information Centres are providing preventive and promotive health and counselling services and special health clinics for adolescents have been initiated across these project communities.

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

YHP India is funded and supported by AstraZeneca global. The Company's contribution to YHP India include

employee engagement and disease awareness initiatives in the communities.

- (b) **Early Cancer Screening Programme for Women in partnership with Indian Cancer Society & Charities Aid Foundation India:** The objective of this programme is to conduct specialised check-up of cancer for females in defined population and create awareness and early screening of screenable cancer such as oral, cervical and breast cancer in women.

The beneficiaries for the project will be under-privileged population with family income less than ₹ 5 lakhs (USD 8,000) per year residing in slums and resettlement areas in urban population and workers in Industries and other organizations. In the first phase of the programme, the Company aims to reach 4,000 direct women beneficiaries.

- (c) **Health education among school children with focus on NCD prevention:** In partnership with Plan International (India Chapter), the Company undertook a programme to sensitise school children from underprivileged sections of the society on NCD related risk behaviour such as tobacco use, alcohol abuse, lack of physical exercise and unhealthy eating. Under this programme, the Company partnered with over 25 government/ community run schools across cities such as Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Lucknow, Jaipur, Pune and Hyderabad. Engaging and fun ways such as street plays, drawing and quiz competitions, debates and counselling were used to convey the message to the children. More than 700 employees of the Company came forward to contribute their time for this programme.

Principle 5: Businesses should respect and promote human rights

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

AstraZeneca's Code of Conduct supports the principles set out in the UN Declaration of Human Rights and our policies detail our high standards of employment practice. These include respecting diversity and as a minimum, complying with national legal requirements regarding wages and working hours. We also support the International Labour Organisation's standards regarding child labour and minimum age.

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

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

Stakeholder complaints, if any, are investigated in terms of Whistle Blowing Policy as approved by the Board. AstraZeneca is committed to appropriate review of inquiries raised in good faith through available reporting channels. During the financial year, 5 significant complaints were investigated of which 2 instances (i.e. 40%) were resolved

and 3 are under review as per the Whistle Blowing Policy approved by the Board.

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

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

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

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

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

Our long term SHE strategy / commitments include:

- Energy: we are sourcing 70% of our energy needs through Solar Power
- Carbon: limit our extended operational footprint
- Waste: work towards a reduction against identified baselines
- Water: work towards reduction in usage of water in all operations
- Ensure effective environmental management of our products from pre-launch through to product end-of-life.

Webpage link:

<https://www.astrazeneca.com/sustainability/environmental-sustainability.html>

3. **Does the Company identify and assess potential environmental risks? Y/N**

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

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

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

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

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

Conservation of Energy:

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

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

(ii) the steps taken by the Company for utilising alternate sources of energy:

The Company is using renewable energy concepts like Solar power for factory energy requirement, usage of agro husk boilers for steam generation, rainwater harvesting, condensate water recovery system, recycled materials for construction, usage of transparent roofing in engineering stores and other areas to conserve lighting load.

(iii) The capital investment on energy conservation equipment:

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

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

Yes, and the same are monitored by both internal and approved external agencies and reports are submitted to local statutory body.

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

There is no show- cause notice pending at the end of the financial year.

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

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

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

- a) Organisation of Pharmaceutical Producers of India
- b) Karnataka Drug Manufacturing Association

c) Indian Society of Clinical Research

d) UK India Trade Investment Council

e) Business Sweden – The Swedish Trade & Invest Council

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

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

Principle 8: Businesses should support inclusive growth and equitable development

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

Non-communicable diseases (NCDs) such as diabetes, cancer, heart diseases and respiratory diseases are the leading causes of death globally and are among the top public health challenges globally and in India. WHO estimates that NCDs now account for 60% of the disease burden and are being diagnosed with increasing frequency. Further, India is experiencing rapid demographic and epidemiological transition with NCDs causing significant disability, morbidity and mortality both in urban and rural populations and across all socio-economic strata. Every year, roughly 5.8 million Indians die from heart and lung diseases, stroke, cancer and diabetes. In other words, 1 in 4 Indians risks dying from an NCD before they reach the age of 70s(WHO). The share of NCDs in morbidity and mortality will continue to increase (WHO, IDF, IMS Market Prognosis 2010-14, GLOBOCAN 2012), thereby presenting the need for early prevention, detection, control and management of NCDs.

The Company is uniquely positioned in India to address the rising burden of NCDs through its scientific expertise in the areas of diabetes, cardiovascular diseases, cancer and respiratory disorders. As part of the Company's business strategy in India, the Company is also committed to bring innovative solutions to address the gaps in the healthcare system and strengthen healthcare capabilities required for addressing the growing burden of NCDs in India. This strategy aligns well with the government's health agenda as outlined in the National Health Policy 2017. The Company has undertaken programmes to address the issues of NCDs in India especially targeted at the underprivileged sections of the society, where access to healthcare is a concern. The details of these programmes are provided at point no. 3 of Principle 4 in this report.

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

Yes. The Young Health Programme is being implemented by Plan International (India Chapter) (NGO) in partnership with local partners: Nav Srishti and Dr. A.V. Baliga Memorial Trust.

The Early Cancer Screening Initiative is being implemented in partnership with Indian Cancer Society and Charities Aid Foundation India.

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

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

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

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

The YHP India has also been a catalyst to improve the government's flagship programme on adolescent health Rashtriya Kishor Swasthye Karyakram by leveraging support from the YHP Peer Educators. This will also strengthen the sustainability and legacy of the YHP India.

The Early Cancer Screening Programme is currently in its early phases and evaluations are under progress.

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

The contribution made is as follows:

- Early Cancer Screening Programme for women: ₹ 3.89 million
- Health education among school children with focus on NCD prevention: ₹ 1.62 million
- Young Health Programme in India is a globally funded programme.

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

Yes.

- YHP implementing partners have taken ownership of running 8 of the 15 Health Information Centres through their institutional resources.
- YHP organised several interface meetings with government officials (Delhi Jal Board, Municipal Corporation of Delhi, health department, malaria department, Delhi police, education department) and community stakeholders (community leaders, parents) to facilitate open communication, and mutually resolve the issues pertaining to health such as provision of services for young people.
- The Peer Educators, who are the ambassadors of the YHP, are recognised for their continuous and untiring contribution and support. Many are motivated and ambitious to continue to reach out to their peers and community.

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

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

As of March 31, 2019, 5 significant complaints were investigated of which 2 were closed consequently and 3 (i.e. 60%) are under review as per the Whistle Blowing Policy as approved by the Board.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A./ Remarks

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

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last 5 years and pending as on end of financial year. If so, provide details thereof.

There is no pending case as on March 31, 2019.

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

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

Rajesh Marwaha

DIN: 01458768

Place: Bengaluru

Date: May 24, 2019

Chief Financial Officer & Director

AstraZeneca Pharma India Limited

Independent Auditor's Report

To the members of AstraZeneca Pharma India Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of AstraZeneca Pharma India Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Appropriateness of Provisions recognised and contingent liabilities disclosed in respect of certain direct and indirect tax matters

(Refer to the note 18 – "Provisions", note 19- "Current tax liabilities" and note 30(b) – "Contingent liabilities" to the financial statements).

There are certain direct and indirect tax cases pending against the Company mainly on transfer pricing adjustments relating to arms' length pricing and other disallowances and service tax matters such as service tax demand on expenditure in foreign currency and disallowance of input tax credit.

As at March 31, 2019, the Company has tax demands aggregating ₹ 319.4 million of which ₹ 65.4 million has been provided for and ₹ 254.0 million has been disclosed as contingent liabilities, both of which are significant to the financial statements. The Company has filed appeals with the various appellate authorities against such demands.

Management judgement is involved in evaluation of the likelihood of ultimate outcome of the tax disputes and the probable amount of the liability supported by advice obtained from external tax consultants, where applicable, and is hence determined to be a key audit matter.

How our audit addressed the key audit matter

Our procedures included the following:

- Understood, evaluated and tested the design and operating effectiveness of controls in respect of identifying tax exposures, its accounting and disclosures thereof.
- Obtained a listing of the various tax cases and, read the correspondence with tax authorities and the advice received by the management, where relevant, from its external tax consultant.
- Evaluated the objectivity, competence and capabilities of the management's external tax consultant.
- Along with auditors' tax experts:
 - a. Gained an understanding of the current status of tax assessments through our discussion with management and determined impact, if any, based on recent rulings and latest developments in tax laws.
 - b. Evaluated provisions for uncertain tax exposures based on case history and other available evidence to challenge the valuation and completeness of the provisions recognised by the Management.
 - c. Examined the confirmation obtained from the Company's internal legal counsel to confirm our understanding of outstanding cases.
 - d. Evaluated the adequacy of disclosures made in the financial statements.

Based on the above procedures, we found the judgements made by the Management in recognising provisions and in disclosing contingent liabilities in respect of the aforesaid tax matters, to be reasonable.

AstraZeneca Pharma India Limited

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis Report, Board's Report including Annexures to Board's Report, Business Responsibility Report and Report on Corporate Governance, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and

AstraZeneca Pharma India Limited

whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer notes 18, 19 and 30(b) to the financial statements;
 - ii. The Company has long-term contracts for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2019.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

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

Pradip Kanakia

Partner

Membership Number: 039985

Place: Bengaluru

Date: May 24, 2019

AstraZeneca Pharma India Limited

Annexure A to Independent Auditors' Report

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of AstraZeneca Pharma India Limited on the financial statements as of and for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Section 143(3)(i) of the Act

1. We have audited the internal financial controls with reference to financial statements of AstraZeneca Pharma India Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Pradip Kanakia
Partner

Place: Bengaluru
Date: May 24, 2019

Membership Number: 039985

AstraZeneca Pharma India Limited

Annexure B to Independent Auditors' Report

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of AstraZeneca Pharma India Limited on the financial statements as of and for the year ended March 31, 2019

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and material discrepancies have been noticed on such verification, which have not been properly dealt with in the books of account.
(c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory (excluding inventory lying with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and including management's assessment in respect of provident fund as referred to in note 44 to the Financial Statements and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, goods and service tax, and other material statutory dues, as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, duty of excise and value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax, service tax and duty of customs as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Gross Amount (₹)	Amount paid under protest (₹)	Net Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	5,077,460	5,077,460	-	2009-10	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax*	6,159,181	6,159,181	-	2010-11	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax**	197,905,800	155,845,335	42,060,465	2013-14	Income Tax Appellate Tribunal
Punjab Value Added Tax Act, 2005	Value Added Tax (VAT)	1,771,199	190,482	1,580,717	2006-07	The Honourable High court of Punjab and Deputy Excise and Taxation Commissioner, Patiala Division, Patiala
Customs Act, 1962	Custom duty	21,248,482	-	21,248,482	2005-06	Customs, Excise & Service Tax Appellate Tribunal, Mumbai
The Finance Act, 1994	Service tax	25,648,174	1,764,842	23,883,332	2006-07 to 2011-12	Central Excise and Service Tax Appellate Tribunal, Bengaluru
The Finance Act, 1994	Service tax	4,883,896	243,700	4,640,196	2012-13	Central Excise and Service Tax Appellate Tribunal, Bengaluru
The Finance Act, 1994	Service tax	2,130,238	440,625	1,689,613	2010-11 to 2011-12	Commissioner of Central Excise (Appeals), Bengaluru
The Finance Act, 1994	Service tax	3,422,026	114,577	3,307,449	2013-14 to 2015-16	Commissioner of Central Excise (Appeals), Bengaluru
The Finance Act, 1994	Service tax	1,228,515	969,227	259,288	2013-14 to 2015-16	Central Excise and Service Tax Appellate Tribunal, Bengaluru
The Finance Act, 1994	Service tax	3,432,772	192,133	3,240,639	2015-16	Commissioner of Central Excise (Appeals), Bengaluru

* The Company has adjusted ₹ 6,159,181 against refund of previous assessment years.

** The Company has paid ₹ 40,000,000 under protest and has adjusted ₹ 115,845,335 against refund of previous assessment year.

AstraZeneca Pharma India Limited

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration Number: 304026E/ E-300009

Pradip Kanakia

Partner

Place: Bengaluru

Date: May 24, 2019

Membership Number: 039985

AstraZeneca Pharma India Limited

Balance Sheet

(All amounts in ₹ million, except per share and share data)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	748.3	754.6
Capital work-in progress	3	69.0	35.7
Financial assets			
Loans	4	28.6	26.4
Current tax assets	6	464.4	235.6
Deferred tax assets	7	233.6	325.5
Other non-current assets	8	26.9	18.4
Total non-current assets		1,570.8	1,396.2
Current assets			
Inventories	9	1,181.0	1,131.5
Financial assets			
Trade receivables	10	797.5	546.3
Cash and cash equivalents	11	1,732.4	1,139.8
Bank balances other than cash and cash equivalents	12	0.6	119.4
Loans	4	8.1	12.4
Other financial assets	5	55.6	35.4
Other current assets	8	272.0	224.4
Total current assets		4,047.2	3,209.2
Total assets		5,618.0	4,605.4
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	50.0	50.0
Other equity	14	2,958.0	2,419.3
Total equity		3,008.0	2,469.3
Liabilities			
Non-current liabilities			
Provisions	18	20.2	66.6
Total non-current liabilities		20.2	66.6
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	15	4.5	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	15	1,677.5	1,272.0
Other financial liabilities	16	400.0	318.5
Other current liabilities	17	143.8	75.6
Provisions	18	345.7	349.8
Current tax liabilities	19	18.3	53.6
Total current liabilities		2,589.8	2,069.5
Total liabilities		2,610.0	2,136.1
Total equity and liabilities		5,618.0	4,605.4

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

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

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

Pradip Kanakia
Partner
Membership number: 039985

Place: Bengaluru
Date: May 24, 2019

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

Narayan K Seshadri
Chairman

Pratap Rudra B
Company Secretary

Place: Bengaluru
Date: May 24, 2019

Gagandeep Singh Bedi
Managing Director

Rajesh Marwaha
Director & Chief Financial Officer

AstraZeneca Pharma India Limited

Statement of Profit and Loss

(All amounts in ₹ million, except per share and share data)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	21	7,282.9	5,719.9
Other income	22	162.9	122.5
Total income		7,445.8	5,842.4
Expenses			
Cost of materials consumed	23	626.7	273.1
Purchase of traded goods	24	1,698.4	2,042.1
Changes in inventories of finished goods, work-in-progress and traded goods	25	(13.8)	(510.0)
Excise duty		-	9.9
Employee benefits expense	26	1,974.0	1,503.9
Depreciation expense	3	149.2	147.4
Other expenses	27	2,284.6	1,938.0
Total expenses		6,719.1	5,404.4
Profit before tax		726.7	438.0
Tax expense			
Current tax expense	20	166.8	90.0
Deferred tax charge	20	15.4	88.9
Total tax expense		182.2	178.9
Profit for the year		544.5	259.1
Other comprehensive income/ (loss)			
Items that will not be reclassified to profit and loss			
Re-measurement gains/(losses) on post employment benefit obligations	33 (iii)(C)(e)	(9.2)	(35.0)
Income tax effect	7	3.2	12.2
Total other comprehensive income/ (loss) for the year		(6.0)	(22.8)
Total comprehensive income for the year		538.5	236.3
Earnings per equity share (equity shares, par value of ₹ 2 each)			
- Basic and diluted	28	21.8	10.4

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

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

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

Pradip Kanakia

Partner

Membership number: 039985

Place: Bengaluru

Date: May 24, 2019

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

Narayan K Seshadri

Chairman

Pratap Rudra B

Company Secretary

Place: Bengaluru

Date: May 24, 2019

Gagandeep Singh Bedi

Managing Director

Rajesh Marwaha

Director & Chief Financial Officer

AstraZeneca Pharma India Limited

Statement of Changes in Equity

(All amounts in ₹ million, except per share and share data)

A) Equity Share Capital

	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid	
As at April 1, 2017	50.0
Changes in equity share capital	-
As at March 31, 2018	50.0
Changes in equity share capital	-
As at March 31, 2019	50.0

B) Other Equity

	Note	Retained earnings	General Reserve	Capital reserve	Employee share compensation reserve	Total Other equity
Balance as on March 31, 2017		907.4	531.3	723.5	16.5	2,178.7
Profit for the year		259.1	-	-	-	259.1
Other comprehensive income		(22.8)	-	-	-	(22.8)
Total comprehensive income for the year		236.3	-	-	-	236.3
Employee share compensation expense	26	-	-	-	8.6	8.6
Recharge from an overseas related party	31	-	-	-	(4.3)	(4.3)
Balance as on March 31, 2018		1,143.7	531.3	723.5	20.8	2,419.3
Profit for the year		544.5	-	-	-	544.5
Other comprehensive income		(6.0)	-	-	-	(6.0)
Total comprehensive income for the year		538.5	-	-	-	538.5
Employee share compensation expense	26	-	-	-	9.5	9.5
Recharge from an overseas related party	31	-	-	-	(9.3)	(9.3)
Balance as on March 31, 2019		1,682.2	531.3	723.5	21.0	2,958.0

This is the Statement of changes in equity referred to in our report of even date.

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

Pradip Kanakia
Partner
Membership number: 039985

Place: Bengaluru
Date: May 24, 2019

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

Narayan K Seshadri
Chairman

Pratap Rudra B
Company Secretary

Place: Bengaluru
Date: May 24, 2019

Gagandeep Singh Bedi
Managing Director

Rajesh Marwaha
Director & Chief Financial Officer

AstraZeneca Pharma India Limited

Statement of Cash Flows

(All amounts in ₹ million, except per share and share data)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
A) Cash flow from operating activities			
Profit before tax		726.7	438.0
Non-cash adjustments for :			
Depreciation and amortisation	3	149.2	147.4
(Profit) on sale of Property, plant and equipment (net)	22	(0.6)	(0.1)
Impairment of capital work-in progress	27	-	22.4
Interest income on deposits carried at amortised cost	22	(114.5)	(86.6)
Employee stock compensation expense	26	9.5	8.6
Unrealised foreign exchange gain (net)		(1.9)	(0.7)
Loss allowance as per Expected Credit Loss model	27	34.5	5.9
Income from grant of exclusive distribution rights	21	-	(63.0)
Operating profit before working capital changes		802.9	471.9
Changes in working capital:			
(Increase) / Decrease in trade receivables		(283.5)	(122.9)
(Increase) / Decrease in inventories		(49.6)	(554.4)
(Increase) / Decrease in loans		2.2	6.9
(Increase) / Decrease in other financial assets		(16.4)	9.0
(Increase) / Decrease in other assets		(47.6)	70.1
Increase / (Decrease) in trade payables		410.4	395.4
Increase / (Decrease) in provisions		(59.7)	107.8
Increase / (Decrease) in other financial liabilities		74.1	(250.2)
Increase / (Decrease) in other liabilities		68.2	(4.2)
Cash generated from operations		901.0	129.4
Income taxes paid (net of refund)		(351.2)	(41.5)
Net cash generated from operating activities (A)		549.8	87.9
B) Cash flows from investing activities			
Interest income on bank deposits		110.2	79.7
Investment in bank deposits		(330.0)	(110.8)
Proceeds from maturity of bank deposits		446.8	-
Purchase of property, plant and equipment		(186.9)	(62.8)
Proceeds from sale of property, plant and equipment		2.7	0.3
Net cash generated/ (used in) from investing activities (B)		42.8	(93.6)
C) Net (decrease)/ increase in cash and cash equivalents (A+B)		592.6	(5.7)
D) Cash and cash equivalents at the beginning of the year		1,139.8	1,145.5
E) Cash and cash equivalents at the end of the year		1,732.4	1,139.8
Components of cash and cash equivalents as at the end of the year		As at March 31, 2019	As at March 31, 2018
Balance with banks :			
Current accounts	11	48.8	45.3
Demand deposit with original maturity of less than 3 months	11	1,683.6	1,094.5
Total cash and cash equivalents		1,732.4	1,139.8

(a) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7 on Statement of Cash Flows as notified under Companies (Accounts) Rules, 2015.

(b) Figures in brackets indicate cash outflow.

(c) Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year classification.

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

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

Pradip Kanakia
Partner
Membership number: 039985

Place: Bengaluru
Date: May 24, 2019

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

Narayan K Seshadri
Chairman

Pratap Rudra B
Company Secretary

Place: Bengaluru
Date: May 24, 2019

Gagandeep Singh Bedi
Managing Director

Rajesh Marwaha
Director & Chief Financial Officer

AstraZeneca Pharma India Limited

Notes to the Financial Statements

1. General Information

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

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

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

(a) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements are authorised for issue by the Board of Directors as on 24 May, 2019.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following -

- certain financial assets and liabilities measured at fair value;
- defined benefit plans- plan assets measured at fair value; and
- share-based payments- measured at fair value.

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

Amounts included in the financial statements are reported in millions of Indian rupees except share and per share data, as per the requirement of Schedule III, unless otherwise stated. The sign '0.0' in the financial statements indicates that the amounts involved are below ₹ one lac and the sign '-' indicates that amounts are nil.

(c) New and amended standards adopted

- (i) Ind AS 115, *Revenue from contracts with customers* (Refer notes 2.11, 21 and 41)

- (ii) Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, *The Effects of changes in Foreign Exchange Rates*.*

- (iii) Amendment to Ind AS 12, *Income Taxes**

* There has been no impact on adoption of these amendments on the financial statements.

(d) Standard issued but not yet effective

- (a) On March 30, 2019, Ministry of Corporate Affairs has notified *Ind AS 116, Leases*. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The standard permits two possible methods of transition:

- (i) Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors,
- (ii) Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

The Company will adopt this standard from the financial year beginning April 1, 2019, using the modified retrospective approach.

The Company is evaluating the impact of Ind AS 116 on the financial statements.

- b) Ind AS 12 Appendix C, *Uncertainty over Income Tax Treatments*: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, *Uncertainty over Income Tax Treatments* which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

The standard permits two possible methods of transition -

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.

The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

There are no other amendments which have been notified, that are likely to have any material impact on the financial statements of the Company.

2.2. Critical judgements and estimates

The preparation of financial statements in conformity with Ind AS requires that the management make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future years. In particular, information about areas of significant estimation uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are included below:

a) Defined benefit plans and compensated absences:

Measurement of obligation towards defined benefit plans and compensated absences are determined based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. Significant assumptions include determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, defined benefit obligations and compensated absences are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer note 33.

b) Expected credit losses on financial assets:

The impairment provisions on financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting inputs to be used in the impairment calculation, based on the Company's past history, customers' creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. Refer note 36.

c) **Recoverability of deferred tax assets:** The Company has unutilised MAT credit under the Income Tax Act, 1961. Consequently, the Company has been discharging its income tax liability as per MAT provisions under Section 115JB of the Income Tax Act, 1961. Based on expectation of future taxable profits under the normal provisions of the Income Tax Act, 1961, the Company has recognised deferred tax assets on MAT credit. Refer note 7.

d) **Direct and Indirect Taxes** - Provisions and contingent liabilities: The Company has disputed claims under direct and indirect tax laws. Management discloses amounts claimed by the tax authorities as either contingent liabilities or recognizes them as provisions, based on subject matter under dispute, management's experience with disputes of a similar nature and advice from tax experts. Recognition and disclosure of such disputed claims may vary subsequently. Refer notes 18, 19 and 30.

2.3. Property, plant and equipment

Freehold land is carried at historical cost and not depreciated at the balance sheet date.

All other items of Property, plant and equipment are stated at historical cost less depreciation, and impairment loss, if any. Historical cost comprises the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

An item of Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss within 'Other income' or 'Other expenses'.

The cost of Property, plant and equipment which are not ready for their intended use, are presented as capital work-in-progress.

Depreciation is calculated using the straight-line method, from the date of capitalisation, to allocate the cost of Property, plant and equipment, net of their residual values, over the estimated useful lives of the assets. The estimates of useful lives have been determined based on a technical evaluation by management's expert, which are different from those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The depreciation charge for each period is recognised in the Statement of Profit and Loss.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The estimates of useful lives of property, plant and equipment are as follows:

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

2.4. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. License for use and application of know-how and trademark are being amortised using the straight-line method over its useful life of 60 months, from the date it was available for use.

2.5. Impairment of assets

Assessment is done at each balance sheet date as to whether there is any indication that a non-financial asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset or Cash Generating Unit (CGU) is made. Recoverable amount is higher of an asset's or CGU's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from those of other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a CGU. An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

2.6. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are presented in Indian Rupee (₹) which is functional and presentation currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of transaction. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss.

2.7. Segment Reporting

The Company is engaged in the manufacture, trading and sale of pharmaceutical products and also provides clinical trial services to an overseas group company. For internal reporting purposes management has organised the Company into a single reportable segment i.e. Healthcare segment.

2.8. Inventories

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

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products. Cost of all categories of inventories have been determined using the moving weighted average cost method.

2.9. Employee Benefits

(a) Defined contribution plans

Provident Fund: Provident fund contributions for non-management staff are made to the regulatory authorities as per prescribed rules and regulations. The Company has no further obligations beyond the contributions made. Such benefits are classified as defined contribution plans. Such contributions to the Provident Fund Scheme are recognised in Statement of Profit and Loss when due.

Superannuation: The Company makes contributions for qualifying management employees to a Superannuation scheme, a defined contribution plan, based on a specified percentage of eligible employees' salary. The Company's obligation to the scheme is restricted to contributions made to the scheme, which are recognised in the Statement of Profit and Loss when due.

(b) Defined benefit plans

Provident Fund: In respect of management staff, the Company makes contributions to a trust administered by the Company. Company's contributions to the trust are recognised as plan assets. Trust invests in designated investments permitted by Law. The minimum rate at which the annual interest on contributions is payable to the beneficiaries by the trust is administered by the Government. The Company is obligated to make good the shortfall in statutory rate prescribed by

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the Government and rate of interest declared by the trust. The Company also has an obligation to fund any shortfall in the fair value of plan assets as compared with the defined benefit obligation.

The Company's obligation is actuarially determined at the end of every year using the projected unit credit method. Remeasurement gains and losses are recognised in the period in which they occur, directly in other comprehensive income (OCI). They are included in the retained earnings in the statement of changes in equity and in the balance sheet.

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides for lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's last drawn salary and tenure of employment with the Company. The Company makes contributions towards gratuity into an approved gratuity fund administered by an external fund manager. The contributions made to the trust are recognised as plan assets. The net defined benefit obligation, if any, recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year. Remeasurement gains and losses including those arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (OCI). They are included in the retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised during the same period in the Statement of Profit and Loss as past service cost.

(c) Other long-term employee benefits

Compensated Absences: The employees of the Company are entitled to other long-term benefit in the form of compensated absences as per the policy of the Company. Employees are entitled to accumulate leave balance up to the upper limit as per the Company's policy which can be carried forward up to retirement/resignation. Leave encashment for a certain category of employees gets triggered on an annual basis, if the accumulated leave balance exceeds the threshold as defined in the Company's policy. At the time of retirement, death while in employment or on termination of employment, leave encashment vests equivalent to amount payable for number of days of accumulated leave balance as per the Company policy as applicable. Liability for such benefits is provided on the basis of actuarial valuation at the Balance Sheet date, carried out by an independent actuary using projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

The obligation for compensated absences are presented under current liabilities in the balance sheet as the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Long-term service awards : The employees of the Company are entitled to long term service awards as per the policy of the Company. Liability for such benefits is provided on the basis of actuarial valuation at the Balance Sheet date, carried out by an independent actuary using projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

(d) Other short-term employee benefits

Other short-term employee benefits are expected to be paid in exchange for the services rendered by employees and are recognised in the year during which the employee rendered the services. These benefits are in the form of performance incentives and compensated absences.

(e) Other benefits

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

Termination benefits generally include post-retirement healthcare benefits provided to qualifying employees till the contractual retirement age. Such benefits falling due more than 12 months after the end of the reporting period are discounted to present value. The expected costs of the healthcare benefits are determined based on an actuarial valuation using the Projected Unit Credit (PUC) method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the period in which they arise.

2.10. Employee share-based payments

Stock-based compensation cost is measured at fair value at the date when the grant is made to qualifying employees by AstraZeneca Plc, United Kingdom ('Ultimate holding company') using modified binomial model.

Expense arising from equity-settled share-based payment transactions are recognised over the vesting period as employee benefits expense with a corresponding credit to employee share compensation reserve. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

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The stock-based compensation cost is recharged to the Company upon exercise, which is adjusted against employee share compensation reserve.

2.11. Revenue from operations

Revenue is recognised when the control of goods has been transferred to the customer and it is certain that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below.

Effective April 1, 2018 the Company adopted Ind AS 115, Revenue from Contracts with Customers using the modified retrospective approach. In accordance with the modified retrospective approach, the comparative's have not been retrospectively adjusted.

Sale of products: Revenue from sale of products is recognised when the control of the goods has been transferred to the buyer as per the terms of the contract, which coincides with the delivery or despatch of goods. Revenue is recognised net of trade discounts, volume discounts and Goods and Services Tax (GST) in the Statement of Profit and Loss. Revenue in the comparative period is inclusive of excise duty until introduction of GST, effective 1 July 2017, in which excise duty has been subsumed.

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

Income from grant of exclusive distribution rights: The Company recognises income from grant of exclusive distribution rights in the Statement of Profit or Loss at a point in time when the control has been transferred to the customer and the Company has satisfied its performance obligations in relation to transfer of such rights to the customer.

Income from sale of products on behalf of third parties is recognised at an amount representing net margins earned on such sales as per the contractual terms agreed with such third parties.

2.12. Other Income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of financial asset. Interest income is included under the head 'Other income' in the Statement of Profit and Loss.

2.13. Operating leases

As a lessee:

Leases in which significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

Lease income where the Company is a lessor in an operating lease arrangement is recognised as income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

The respective leased assets are included in the Balance Sheet based on their nature.

2.14. Earnings per share

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

2.15. Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except when they arise from initial recognition of goodwill. Deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the

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extent that it is probable that future taxable amounts will be available against which such deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable amounts will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable amounts will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax relating to items recognised outside the profit or loss are recognised either in other comprehensive income or in equity, in correlation with the underlying transaction.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax asset on Minimum Alternate Tax (MAT) credit is recognised only when it is probable that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the deferred tax asset relating to MAT credit is written down to the extent there is no longer a convincing evidence that the Company will pay normal income tax during the specified period. Similarly, the deferred tax asset relating to MAT credit is adjusted upwards if the previously unrecognised MAT credit is considered recoverable due to higher anticipated future taxable profit.

2.16. Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the Balance sheet date.

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

2.17. Cash and cash equivalents

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

2.18. Financial Instruments

Financial assets and liabilities are recognised when the company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

a) Financial Assets :

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in Statement of Profit and Loss.

De-recognition of financial asset and financial liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected credit losses for all trade receivables using a provision matrix approach as permitted by Ind AS 109. For all other financial assets, expected

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credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b) Financial Liabilities :

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

2.19. Trade and other payables

The amounts represent liabilities for goods and services provided prior to the end of financial year. The amounts are unsecured and are usually paid within the credit period given by the vendors. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.20. Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.21. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of reporting period.

2.22. Trade receivables

Trade receivables are initially recognised at their transaction price (fair value) and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.23. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset to its highest and best use or by selling it to another market participant that would use the asset to its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in note 34 to the financial statements.

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(All amounts in ₹ million, except per share and share data)

3. Property, plant and equipment

	Freehold Land	Buildings	Roads and culverts	Plant and machinery	Leased assets - Plant and machinery	Vehicles	Office equipment *	Furniture and fixtures	Total	Capital work-in progress
Gross Carrying Amount										
As at April 1, 2017	4.9	331.8	10.6	436.5	9.9	1.3	122.1	108.6	1,025.7	48.1
Additions	-	2.7	-	12.3	-	7.4	19.6	1.7	43.7	25.0
Disposals	-	-	-	0.0 ##	9.9	0.3	0.4	0.3	10.9	-
Transfers	-	-	-	-	-	-	-	-	-	15.0
As at March 31, 2018	4.9	334.5	10.6	448.8	-	8.4	141.3	110.0	1,058.5	58.1
Additions	-	-	-	46.8	-	-	97.9	0.3	145.0	80.1
Disposals	-	-	-	0.0 ##	-	0.6	4.6	0.0 ##	5.2	-
Transfers	-	-	-	-	-	-	-	-	-	46.8
As at March 31, 2019	4.9	334.5	10.6	495.6	-	7.8	234.6	110.3	1,198.3	91.4
Accumulated depreciation and impairment										
As at April 1, 2017	-	23.1	1.4	73.7	-	0.9	45.3	12.9	157.3	-
Charge for the year	-	23.6	1.4	77.3	-	0.5	31.5	13.1	147.4	22.4
Disposals	-	-	-	-	-	0.2	0.3	0.3	0.8	-
As at March 31, 2018	-	46.7	2.8	151.0	-	1.2	76.5	25.7	303.9	22.4
Charge for the year	-	25.2	1.4	74.8	-	1.4	33.5	12.9	149.2	-
Disposals	-	-	-	-	-	0.6	2.5	0.0 ##	3.1	-
As at March 31, 2019	-	71.9	4.2	225.8	-	2.0	107.5	38.6	450.0	22.4
Net book value										
As at March 31, 2018	4.9	287.8	7.8	297.8	-	7.2	64.8	84.3	754.6	35.7
As at March 31, 2019	4.9	262.6	6.4	269.8	-	5.8	127.1	71.7	748.3	69.0

* Includes IT equipment.

Represents impairment of ₹ Nil (2018: ₹ 22.4) on an item of capital work-in progress (Refer note 27).

Amounts below rounding off norms adopted by the Company.

Capital commitments: Refer note 30(a) for capital commitments for the acquisition of property, plant and equipment.

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4. Loans

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Loans considered good- secured	-	-
Loans considered good- unsecured		
Security deposits	25.4	23.9
Loans to employees	3.2	2.5
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	9.3	9.3
Less: Loss allowance for doubtful deposits	(9.3)	(9.3)
	28.6	26.4
Current		
(Unsecured, considered good)		
Security deposits	4.3	8.0
Loans to employees	3.8	4.4
	8.1	12.4

5. Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
(Unsecured, considered good)		
Interest accrued on deposits with banks	15.5	11.2
Receivable from related parties [Refer note 31 (iv)]	40.1	24.2
	55.6	35.4

6. Current tax assets

Particulars	As at March 31, 2019	As at March 31, 2018
Advance tax [net of provision for income tax ₹ 440.9 (2018 ₹ 1,356.2)]	464.4	235.6
	464.4	235.6

7. Deferred tax assets

(a) The balance comprises temporary differences attributable to:

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets		
Expenses allowable on payment for tax purpose	16.3	19.2
Provision for doubtful advances	13.0	13.5
Provision for employee benefits	108.3	96.3
Expected credit losses on trade receivables	23.8	11.7
Unabsorbed depreciation	-	40.0
MAT credit entitlement	82.8	162.5
Total deferred tax assets	244.2	343.2
Deferred tax liabilities		
Difference between tax base and carrying amounts of Property, plant and equipment	(10.6)	(17.7)
Net deferred tax assets	233.6	325.5

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(All amounts in ₹ million, except per share and share data)

(b) Movement in the deferred tax assets / (liabilities) :

	As at March 31, 2018	(charge) / benefit to the Profit or Loss	Utilisation of MAT credit entitlement	(charge) / benefit to Other Comprehensive Income	As at March 31, 2019
Deferred tax assets					
Expenses allowable on payment for tax purpose	19.2	(2.9)	-	-	16.3
Provision for doubtful advances	13.5	(0.5)	-	-	13.0
Provision for employee benefits	96.3	8.8	-	3.2	108.3
Expected credit losses on trade receivables	11.7	12.1	-	-	23.8
Unabsorbed depreciation	40.0	(40.0)	-	-	-
MAT credit entitlement	162.5	-	(79.7)	-	82.8
	343.2	(22.5)	(79.7)	3.2	244.2
Deferred tax liabilities					
Difference between tax base and carrying amounts of Property, plant and equipment	(17.7)	7.1	-	-	(10.6)
	(17.7)	7.1	-	-	(10.6)
Net deferred tax assets	325.5	(15.4)	(79.7)	3.2	233.6

The tax impact for the above purpose has been arrived at by applying the tax rate of 34.944 % (2018 - 34.944%) being the prevailing tax rate under the Income Tax Act, 1961.

	As at March 31, 2017	(charge) / benefit to the Profit or Loss	Utilisation of MAT credit entitlement	(charge) / benefit to Other Comprehensive Income	As at March 31, 2018
Deferred tax assets					
Expenses allowable on payment for tax purpose	25.4	(6.2)	-	-	19.2
Provision for doubtful advances	17.8	(4.3)	-	-	13.5
Provision for employee benefits	52.4	31.7	-	12.2	96.3
Expected credit losses on trade receivables	14.6	(2.9)	-	-	11.7
Unused business losses under the Income Tax Act	159.5	(159.5)	-	-	-
Unabsorbed depreciation	76.8	(36.8)	-	-	40.0
MAT credit entitlement	89.1	73.4	-	-	162.5
	435.6	(104.6)	-	12.2	343.2
Deferred tax liabilities					
Difference between tax base and carrying amounts of Property, plant and equipment	(33.4)	15.7	-	-	(17.7)
	(33.4)	15.7	-	-	(17.7)
Net deferred tax assets	402.2	(88.9)	-	12.2	325.5

The tax impact for the above purpose has been arrived at by applying the tax rate of 34.944 % (2017 - 34.608%) being the prevailing tax rate under the Income Tax Act, 1961.

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8. Other assets

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
(Unsecured, considered good)		
Capital Advances	18.4	9.7
Balances with Government Authorities	6.0	6.0
Prepaid expenses	2.5	2.7
	26.9	18.4
(Unsecured, considered doubtful)		
Advances to suppliers	4.5	4.5
Less: Provision for doubtful advances	(4.5)	(4.5)
	-	-
	26.9	18.4
Current		
(Unsecured, considered good)		
Balances with Government Authorities	186.4	143.1
Advances to suppliers	11.1	11.1
Prepaid expenses	73.8	69.5
Employee advances	0.7	0.7
	272.0	224.4
(Unsecured, considered doubtful)		
Balances with Government Authorities	35.3	36.9
Less: Provision for doubtful balances	(35.3)	(36.9)
	-	-
	272.0	224.4

9. Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials [includes in transit : ₹ 24.8 (2018: ₹ 15.9)] [Refer note (a) below]	143.6	115.9
Packing materials [Refer note (b) below]	25.0	17.7
Work-in-progress [Refer note (c) below]	21.5	24.5
Finished goods [Refer note (d) below]	236.9	206.5
Traded goods [includes in transit : ₹ 15.8 (2018: ₹ 5.7)] [Refer note (e) below]	737.8	751.4
Stores and spares	16.2	15.5
	1,181.0	1,131.5

Notes:

- Net of provision for raw materials amounting to ₹ 8.7 (2018: ₹ 10.1)
- Net of provision for packaging materials amounting to ₹ 4.7 (2018: ₹ 4.5)
- Net of provision for work-in-progress amounting to ₹ 0.4 (2018: ₹ Nil)
- Net of provision for finished goods amounting to ₹ 1.9 (2018: ₹ 0.3)
- Net of provision for traded goods amounting to ₹ 1.5 (2018: ₹ 1.3)

10. Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Trade receivables considered good- secured	-	-
Trade receivables considered good- unsecured		
Trade receivables from related parties [Refer note 31 (iv)]	68.0	87.3
Trade receivable - others	797.4	492.4
Less : Loss allowance as per Expected Credit Loss model [Refer note 36(ii)a)]	(67.9)	(33.4)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
	797.5	546.3

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(All amounts in ₹ million, except per share and share data)

11. Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
Current accounts	48.8	45.3
Demand deposits with original maturity of less than 3 months	1,683.6	1,094.5
	1,732.4	1,139.8

12. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
Demand deposits with original maturity of 3 - 12 months	-	116.8
Unclaimed dividend accounts	0.6	2.6
	0.6	119.4

13. Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised equity share capital		
Equity share capital of ₹ 2 each		
25,000,000 (2018: 25,000,000) equity shares	50.0	50.0

Reconciliation of the shares at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	25,000,000	50.0	25,000,000	50.0
Add: increase during the year	-	-	-	-
As at the end of the year	25,000,000	50.0	25,000,000	50.0

(a) Issued equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Equity shares of ₹ 2 each issued, subscribed and fully paid		
25,000,000 (2018: 25,000,000) equity shares	50.0	50.0

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

Equity Shares	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	25,000,000	50.0	25,000,000	50.0
Add: shares issued	-	-	-	-
Outstanding at the end of the year	25,000,000	50.0	25,000,000	50.0

(b) Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. 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 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.

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(c) Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 2 each fully paid				
AstraZeneca Pharmaceuticals AB, Sweden (Holding Company)	18,750,000	75%	18,750,000	75%
ICICI Prudential Asset Management Company Limited	773,654	3%	1,645,657	7%

(d) Shares held by holding / ultimate holding company

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% holding	Number of shares	% holding
AstraZeneca Pharmaceuticals AB, Sweden (Holding Company)	18,750,000	75%	18,750,000	75%

(e) The Company has not allotted any fully paid-up equity shares by way of bonus shares, or pursuant to a contract without payment being received in cash or bought back equity shares during the period of five years immediately preceding the Balance Sheet date.

14. Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
Capital reserve	723.5	723.5
General reserve	531.3	531.3
Employee share compensation reserve	21.0	20.8
Retained earnings	1,682.2	1,143.7
	2,958.0	2,419.3

For movement in other equity, also refer Statement of changes in equity.

Nature and purpose of reserves:

(i) Capital reserve

Capital reserve represents voluntary non repayable grant from AstraZeneca Pharmaceutical AB, Sweden to the Company during FY 2013-14. Consequent to subvention agreement ('the agreement') dated May 7, 2013 between the Company and AstraZeneca Pharmaceutical AB ('the Promoter Company'), the promoter company had provided a voluntary non repayable financial grant in order to assist the Company in its efforts to establish presence and grow in the Indian market.

(ii) General reserve

General reserve represents appropriation of profits from retained earnings.

(iii) Employee share compensation reserve

The employee share compensation reserve is used to recognise the grant date fair value of restricted stock units issued to employees under ultimate holding company's long-term incentive stock compensation plan.

(iv) Retained earnings

Retained earnings comprises prior and current year's undistributed earnings after tax.

15 Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 40)	4.5	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,677.5	1,272.0
	1,682.0	1,272.0

* Includes dues to related parties amounting to ₹ 356.0 (2018: ₹ 141.1) [Refer note 31 (iv)].

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16 Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Dealer deposits	2.0	3.9
Capital creditors	0.9	1.0
Payable to employees	284.8	216.8
Unclaimed dividends [Refer note (a) below]	0.6	2.6
Liabilities for volume discounts [Refer note (b) below]	5.9	-
Payable for expenses	105.8	94.2
	400.0	318.5

Notes:

- (a) There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of The Companies Act, 2013 as at the year end.
- (b) Upon adoption of Ind AS 115, liabilities for volume discounts have been classified under 'Other financial liabilities' considering the volume limits specified in the contracts with customers have been met.

17 Other liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Statutory liabilities	64.3	59.6
Advance from customers	-	16.0
Refund liabilities for expected sales returns [Refer note (a) below]	34.5	-
Others	45.0	-
	143.8	75.6

Notes:

- (a) Refund liabilities are made for expected sales returns. The amount is estimated on the basis of past experience of the pattern of sales returns. The Company has not recognised asset for 'right to recover returned goods' under 'Other current assets' as it estimates the value of the returned Inventory to be Nil.

18 Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Provision for employee benefits		
Provision for gratuity [Refer note 33 (iii) (C) (f)]	1.1	45.7
Provision for long term service awards	12.0	12.0
Provision for termination benefits	7.1	8.9
	20.2	66.6
Current		
Provision for employee benefits		
Provision for gratuity [Refer note 33 (iii) (C) (f)]	46.1	38.7
Provision for compensated absences	176.5	153.2
Provision for long term service awards	3.0	3.0
Provision for termination benefits	2.2	2.5
	227.8	197.4
Others		
Provision for sales returns	-	34.5
Provision for indirect tax matters [Refer note (a)]	47.1	47.1
Provision for other obligations [Refer note (b)]	70.8	70.8
	117.9	152.4
	345.7	349.8

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Movement of other provisions:

	Indirect tax matters	Other obligations
Balance as on March 31, 2018	47.1	70.8
Provisions during the year	-	-
Amount paid / written back during the year	-	-
Balance as on March 31, 2019	47.1	70.8

Notes:

- (a) Provision for taxation matters is created in respect of likely adverse outcome of indirect tax cases pending against the Company. The provision is based on management's estimate of probable outflow on account of settlement after considering advice obtained from external consultants of the Company. Management cannot estimate with certainty the timing of the final outcome.
- (b) The Company had received a notice from Bruhat Bengaluru Mahanagara Palike (BBMP) on 7 August, 2014, followed by reminder notices, demanding ₹ 70.8 as improvement charges for its factory land. The Company filed a writ petition with the Honourable High Court of Karnataka ('Court') challenging the levy of aforesaid improvement charges. The Court had granted an interim order of stay on said demand notice. The Company's writ petition remains pending in the Court, but based on legal advice, management, as a prudent accounting practice has provided for the amount claimed. The Company intends to pursue the necessary legal recourse in this matter.

19 Current tax liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current tax liabilities [net of advance tax ₹ 86.2 (2018: ₹ 117.2)]	18.3	53.6
	18.3	53.6

20 Income tax

- (i) The major components of income tax expense for the years ended 31 March, 2019 and 31 March, 2018 are:

Income tax expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	241.9	-
Reversal of excess tax provision relating to prior year	(75.1)	-
Minimum Alternate Tax	-	90.0
Total Current tax expense	166.8	90.0
Deferred tax		
Decrease/(Increase) in deferred tax assets	22.5	104.6
(Decrease)/Increase in deferred tax liabilities	(7.1)	(15.7)
Total deferred tax charge/(benefit)	15.4	88.9
Income tax expense	182.2	178.9

Tax recognized in Other Comprehensive Income (OCI)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Deferred tax related to items recognised in OCI during the year:		
Remeasurement of defined benefit plans	(3.2)	(12.2)
Income tax charged to OCI	(3.2)	(12.2)

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(ii) Effective tax reconciliation

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting profit before income tax	726.7	438.0
Enacted tax rate in India (%)	34.94%	34.61%
Expected tax expense (computed)	254.0	151.6
Add / (Less): Reconciling items:		
Expenses disallowed for tax purposes	3.3	15.9
Impact of change in the tax rate	-	(1.6)
Reversal of excess tax provision relating to prior year	(75.1)	-
Adjustment in respect of MAT relating to prior period	-	16.7
Others	-	(3.7)
Income tax expense	182.2	178.9
As per Statement of Profit and Loss		
Current tax	241.9	90.0
Reversal of excess tax provision relating to prior year	(75.1)	-
Deferred tax charge/ (benefit)	15.4	88.9
	182.2	178.9

21 Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from contracts with customers		
Sale of pharmaceutical products		
Finished goods	2,539.5	873.8
Traded goods	4,293.6	4,402.7
Sale of services to related parties- Clinical trials [Refer note 31(ii)]	236.2	299.5
Income from grant of exclusive distribution rights (Refer note 43)	213.1	63.0
Net income from sale of products on behalf of third parties	-	80.9
Other operating revenue		
Scrap sales*	0.5	0.0
	7,282.9	5,719.9

* Amount below rounding off norms adopted by the company.

22 Other income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income		
Interest income on deposits carried at amortised cost	114.5	86.6
Interest- others	39.2	26.8
Other income		
Lease rentals [Refer note 32 (b)]	1.9	4.2
Profit on sale of property, plant and equipment (net)	0.6	0.1
Net gain on account of foreign exchange fluctuations	6.6	-
Miscellaneous income	0.1	4.8
	162.9	122.5

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23. Cost of materials consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw materials consumed	582.7	250.0
Packing materials consumed	44.0	23.1
	626.7	273.1

24. Purchase of traded goods

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Traded goods purchased	1,698.4	2,042.1
	1,698.4	2,042.1

25. Changes in inventories of finished goods, work-in-progress and traded goods

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the beginning of the year		
Finished goods	206.5	105.9
Work-in-progress	24.5	10.7
Traded goods	751.4	355.8
	982.4	472.4
Inventories at the end of the year		
Finished goods	236.9	206.5
Work-in-progress	21.5	24.5
Traded goods	737.8	751.4
	996.2	982.4
Changes in inventories	(13.8)	(510.0)

26. Employee benefits expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, bonus and allowances	1,714.6	1,276.2
Gratuity [Refer note 33 (iii)(C)(d)]	38.0	55.2
Contribution to provident and other funds (Refer note 33 (i) and 33 (iii)(C)(d))	90.7	72.1
Employee stock compensation expense [Refer note (a) below]	9.5	8.6
Staff welfare expenses	121.2	91.8
	1,974.0	1,503.9

Notes:

- Represents charge in respect of Restricted Stock Units issued by AstraZeneca Plc, United Kingdom "the ultimate holding company" to the qualifying employees of the Company [Refer note 34].
- Employee benefit expenses shown above is net of reimbursable expenses recovered from related parties under appropriate line items [Refer note 31].

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27. Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Selling, marketing and distribution	798.0	728.1
Travel and conveyance	387.9	222.4
Legal and professional [Refer note (b) below]	205.3	129.8
Clinical trials	317.6	399.1
Power and fuel	82.7	83.0
Rent [Refer note 32 (a)]	52.7	52.9
Carriage outwards	42.9	39.2
Repairs and maintenance		
- Buildings	14.5	10.3
- Plant and machinery	27.5	16.2
- Others	24.8	26.8
Rates and taxes	37.5	13.1
Commission and warehousing charges to clearing and forwarding agents	40.9	43.4
Consumption of stores and spare parts	31.5	25.5
Communication expenses	27.1	20.9
Insurance	30.4	25.8
Loss allowance as per Expected Credit Loss model	34.5	5.9
Net loss on foreign currency transactions	-	3.3
Impairment of capital work-in progress	-	22.4
Expenditure towards Corporate Social Responsibility (CSR) activities (Refer note 38)	5.5	0.7
Royalty	35.9	5.7
Miscellaneous expenses	87.4	63.5
	2,284.6	1,938.0

Notes:

(a) Other expenses shown above are net of reimbursable expenses recovered from related parties under appropriate line items (Refer note 31).

(b) Payments to auditors (*):

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
As auditor		
Audit fees	4.1	3.9
Tax audit fees	0.4	0.4
Reimbursement of out of pocket expenses	0.7	0.7
	5.2	5.0

(*) Excludes service tax and GST.

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28. Earning per share

Basic Earnings per share (EPS) is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit after tax	544.5	259.1
Weighted average number of Equity Shares outstanding during the year considered for basic and diluted EPS	25,000,000	25,000,000
Basic and diluted earnings per share	21.8	10.4

29. Segment reporting

The Company is engaged in the business of manufacture, distribution and marketing of pharmaceutical products and provides clinical trial services to an overseas group company. Chief Operating Decision Maker (CODM) reviews the Company level data for resource allocation and assessment of the Company's performance. As the Company's activities fall within a single business segment, separate segment wise disclosures are not applicable. The additional disclosures as required by IND AS 108 are as below:

(a) Revenue from major products and services

The following is an analysis of the Company's revenue from major products and services:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from external customers		
Sale of pharmaceutical products		
- Tablets	6,371.2	4,467.7
- Injectables	357.3	725.8
- Inhalation	104.6	83.0
Income from grant of exclusive distribution rights (Refer note 43)	213.1	63.0
Income from sale of products on behalf of third parties	-	80.9
Revenue from related parties		
Sale of services to related parties- Clinical trials [Refer note 31(ii)]	236.2	299.5
Other operating revenue*	0.5	0.0
	7,282.9	5,719.9

* Amount below rounding off norms adopted by the Company.

(b) Geographic information

Revenues generated from operations are from sales to customers both within and outside of India. Details of the same are stated below. The information below is based on the locations of the customers.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
India	7,046.7	5,420.4
Outside India	236.2	299.5
	7,282.9	5,719.9

(c) Information about major customers

Revenue from sale of tablets of ₹ 1278.8 (2018: ₹ 688.6) are derived from a single customer operating in the pharma industry.

(d) Location of non-current assets

Non-current operating assets including property, plant and equipment and capital work-in-progress are all located in India.

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30. Commitments and contingencies

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Commitments		
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	58.0	45.1

(b) Contingent liabilities

(i) Claims against the company not acknowledged as debts

Particulars	As at March 31, 2019	As at March 31, 2018
Service tax matters*	17.3	20.9
Income tax matters #	236.7	38.8

* The Company has received a service tax demand of ₹ 25.6 for the period April 2006 to March 2012 vide OIO 62/2014-15 dated 31 July, 2014 on the expenditure incurred in foreign currency for various expenses such as registration fee, transportation, accommodation for attending conferences/seminars, meetings and trainings. The order has been passed by Commissioner confirming the demand along with interest and penalties, against which the Company has paid ₹ 1.8 under protest as on date and filed an appeal with Customs Excise and Service Tax Appellate Tribunal ("CESTAT") on 8 January, 2015 which is currently pending. Out of the above balance, the Company has provided ₹ 12.8 and the balance amount of ₹ 12.8 is considered as a contingent liability.

* The Company has received a service tax demand of ₹ 4.9 for the period April 2012 to March 2013 vide OIO 92/ 2014-15 dated 20 October, 2014 on the expenditure incurred in foreign currency for various expenses such as registration fee, transportation, accommodation for attending conferences/seminars, meetings and trainings. The order has been passed by Commissioner confirming the demand along with interest and penalties, against which the Company has paid ₹ 0.2 under protest as on date and filed an appeal with Customs Excise and Service Tax Appellate Tribunal ("CESTAT") on 17 March, 2015 which is currently pending. Out of the above balance, the Company has provided ₹ 3.3 and the balance amount of ₹ 1.6 is considered as a contingent liability.

* The Company received a service tax demand of ₹ 5.8 for the period April 2010 to November 2012 vide OIO 138/2015 dated 17 December, 2015 disallowing input tax credit on services such as sponsorship, insurance, event management, waste disposal services. The order was passed by the Additional Commissioner confirming the demand along with interest and penalties, against which the Company has paid ₹ 0.4 under protest as on date and filed an appeal with Commissioner of Central Excise (Appeals) on 18 February, 2016 who set aside the order and remanded it back for fresh adjudication. Thereafter, the Joint Commissioner of Central Tax ('JCCT') has passed a revised

order granting partial relief and reduced the demand to ₹ 2.1 . The Company has now filed an appeal before the Commissioner of Central Tax (Appeals) on February 7, 2019 challenging the order passed by JCCT and the matter is currently pending for adjudication. Out of the above revised demand, the Company has provided ₹ 1.1 (2018: ₹ 2.9) and the balance amount of ₹ 1 (2018: ₹ 2.9) is considered as a contingent liability.

* The Company has received a service tax demand of ₹ 3.4 for the period April 2013 to March 2016 vide OIO 3/2018 dated 15 February, 2018 where in the Commissioner has held that Company is liable to pay service tax on notice period recovery from the resigned employees. The order has been passed by Assistant Commissioner (Central Tax) confirming the demand along with interest and penalties, against which the Company has paid ₹ 0.1 under protest as on date and filed an appeal with Commissioner of Central Excise (Appeals) on 20 April, 2018 which is currently pending. Out of the above demand, the Company has provided ₹ 1.9 and the balance amount of ₹ 1.5 is considered as a contingent liability.

* The Company has received a service tax demand of ₹ 1.9 for the period April 2013 to March 2016 vide OIO 5/2018 dated 15 February, 2018 where in the Commissioner has held that the Company has availed cenvat input credit beyond stipulated period of six months/ one year. The order was passed by Assistant Commissioner (Central Tax) confirming the demand along with interest and penalties, against which the Company has reversed the cenvat input credit of ₹ 1.0 under protest and filed an appeal with Commissioner of Central Excise (Appeals) on 1 May, 2018. The Commissioner of Central Excise (Appeals) reduced the demand to ₹ 1.2. The Company has challenged the revised order before Custom Excise and Service Tax Appellate Tribunal on 3 January, 2019 which is currently pending for adjudication. Out of the above demand of ₹ 1.2, the company has provided ₹ 1.0 (2018: ₹ NIL) as stated above and the balance amount of ₹ 0.2 (2018: ₹ 1.9) is considered as contingent liability.

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- * The Company has received a service tax demand of ₹ 3.4 for the period April 2015 to March 2016 vide OIO 4/2018 dated 15 February, 2018 wherein the Commissioner has held that the foreign currency expenditure incurred by the Company towards reimbursement of salary cost is subject to service tax under reverse charge mechanism. The order has been passed by Assistant Commissioner (Central Tax) confirming the demand along with interest and penalties, against which the Company has paid ₹ 0.2 under protest and filed an appeal with Commissioner of Central Excise (Appeals) on 1 May, 2018. Out of the above demand, the Company has provided for ₹ 3.2 and balance amount of ₹ 0.2 is considered as a contingent liability.
- # The Transfer Pricing Officer ("TPO") vide its Order dated 22 December, 2013 for the period April 2009 to March 2010 made an adjustment to the clinical trial segment of the Company. The AO also carried out adjustments relating to disallowance of expenses in respect of sample distribution, grants, sponsorship, medical donations and equipment donation amounting to ₹ 49.4. The Company has filed an objection before the Dispute Resolution Panel ("DRP") on 7 April, 2014 subsequent to which, the Assessing Officer (AO) on 31 December, 2014 passed the final order and disallowed grants, sponsorship, medical donations and equipment donation and raised final demand of ₹ 5.1. The Company has paid the amount of ₹ 5.1 under protest and the entire amount is considered as a contingent liability. The Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) on 27 January, 2015 challenging the disallowances made by the DRP which is currently pending.
- # The Transfer Pricing Officer ("TPO") vide its Order dated 30 January, 2015 for the period April 2010 to March 2011 made an adjustment to the clinical trials income of the Company. The AO also carried out adjustments relating to disallowance of provision for doubtful advances, difference between interest income as per books and TDS certificate and disallowance of expenses in respect of sample distribution, grants, sponsorship, medical donations and equipment donation amounting to ₹ 21.1. The Company filed an appeal with the Dispute Resolution Panel ("DRP") on 9 April, 2015. Post the hearing held with DRP during the year, the Assessing Officer (AO) on a 29 August, 2016 has passed the final order confirming the liability of ₹ 6.2 which has been paid under protest and disclosed as a contingent liability. The Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) on 17 March, 2016 challenging the disallowances made by the DRP which is currently pending.
- # The Transfer Pricing Officer ("TPO") vide its Order dated 29 January, 2016 for the period April 2011 to March 2012 has charged a markup on the receipt of reimbursement of expenses by the Company from overseas group companies. The Assessing Officer ("AO") carried out adjustments relating to disallowance of expenses incurred on health care professionals, payout made to Director of Health Services against price difference, sales returns not supported by evidence, cost of samples, additional depreciation claim, SAD refund, VRS expenses and 40(a)(ia) Disallowance totalling ₹ 84.7 thereby reducing the Company's refund entitlement by ₹ 27.5 for FY 2011-12 (AY 2012-13). The Company filed an appeal with the DRP on 17 March, 2016 which passed an order on 31 October, 2016. Subsequently the final order was issued by the AO dated 13 December, 2016 confirming the reduction in the net refund due to the Company by ₹ 27.5. The Company has filed an appeal with ITAT on 20 February, 2017 challenging the disallowances made by the DRP order and the entire amount of ₹ 27.5 is considered as a contingent liability.
- # The Transfer Pricing Officer ("TPO") vide its draft order dated 31 October, 2017 for the period April 2013 to March 2014 has made adjustments under Manufacturing Segment, Clinical Trial Segment due to short fall in ALP on the international transactions and mark up on receipt of reimbursement of expenses by the Company from overseas group companies. The TPO also considered subvention received from an overseas group company as a revenue receipt and not as a capital receipt, as claimed by the Company. Additionally, the Assessing Officer ("AO") also carried out adjustments relating to disallowance of expenses incurred on health care professionals and cost of samples. The total demand as per the draft order amounted to ₹ 399.1. The company had filed an objection before the Dispute Resolution Panel ("DRP") on 2 February, 2018 which issued directions under section 144C(5) on 28 September, 2018. The AO passed a final order on 22 November, 2018 computing a revised demand of ₹ 197.9. The Company has filed an appeal before the Income Tax Appellate Tribunal (ITAT), Bengaluru, on 4 December, 2018 challenging the revised order passed by the AO which is currently pending for adjudication. As per the revised order, the Company has paid ₹ 40.0 under protest, has adjusted ₹ 115.8 against refund of Assessment Years 1996-97, 2009-10 and 2017-18 and has considered the entire amount of income tax demand of ₹ 197.9 as a contingent liability.
- (c) Others matters:**
- i) The Transfer Pricing Officer ("TPO") vide its Order dated 27 October, 2016 for the period April 2012 to March 2013 has made adjustments under (a) manufacturing segment, (b) trading segment due to short fall in Arms Length Margin and (c) mark up on receipt of reimbursement of expenses by the Company from overseas group companies. The Assessing Officer ("AO") also carried out adjustments relating to disallowance of expenses incurred on health care professionals and cost of samples. The Company has filed an appeal with the DRP on 3 January, 2017 and DRP has passed an order on 19 September, 2017. Subsequently the final order dated 31 October, 2017 was issued by the AO reducing the carry forward business

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losses of the Company by ₹ 328. The Company has filed an appeal with ITAT on 19 December, 2017 challenging the disallowances and reduction of business loss made by the DRP. As there is no exposure in the form of any additional potential tax liability arising out of this matter, it has not been provided or considered as a contingent liability.

- ii) The Transfer Pricing Officer ("TPO") vide its draft order dated 31 October, 2018 for the period April 2014 to March 2015 has made adjustments under Manufacturing Segment and

Trading Segment due to short fall in ALP, mark up on receipt of reimbursement of expenses by the Company from overseas group companies and mark up on subvention receipt. Additionally, the Assessing Officer ("AO") also carried out adjustments relating to disallowance of expenses incurred on health care professionals and expenses related to employee stock options. The company has filed an objection before the Dispute Resolution Panel ("DRP") on 24 January, 2019 against the draft assessment order and is currently pending for adjudication. No final order in this matter is issued to date.

(d) Guarantee

Particulars	As at March 31, 2019	As at March 31, 2018
Bank guarantee issued to National Highways Authority of India	13.7	13.7

31. Related party disclosures

(i) Names of related parties and related party relationship

(a) Related parties where control exists and/or where transactions have occurred:

Name of the entity	Name 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 with whom the company had transactions during the year	AstraZeneca Singapore Pte Ltd, Singapore AstraZeneca India Private Limited, India AstraZeneca Pharmaceuticals LP, USA AstraZeneca UK Limited, United Kingdom P.T. AstraZeneca Indonesia
Employees' Benefit Plans	AstraZeneca Pharma India Limited Employees Gratuity Fund Trust AstraZeneca Pharma India Limited Management Staff Provident Fund Trust AstraZeneca Pharma India Limited Management Staff Superannuation Fund Trust
b) Key Management Personnel	
- Managing Director	Mr. Gagandeep Singh Bedi
- Director and Chief Financial Officer	Mr. Rajesh Marwaha
- Non-Executive Directors	Mr. Gregory David Emil Mueller (resigned w.e.f 6 February, 2019) Mr. Ian John Parish Ms. Weiying Sarah Wang (appointed w.e.f 13 March, 2019)
c) Independent Directors	Mr. Narayan K Seshadri Ms. Revathy Ashok Ms. Kimsuka Narasimhan

(ii) Details of the transactions with the related parties during the year ended :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of raw materials and traded goods		
AstraZeneca UK Limited, United Kingdom	1,858.9	1,882.7
AstraZeneca AB, Sweden	78.3	87.1
Payment towards reimbursement of expenses		
AstraZeneca UK Limited, United Kingdom	17.0	2.5

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Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Payment towards employee stock compensation expense, net of withholding tax		
AstraZeneca UK Limited, United Kingdom	5.9	4.3
Sale of services		
AstraZeneca AB, Sweden [Refer notes 21 and 29(a)]	236.2	299.5
Lease Rentals (included in other income)		
AstraZeneca India Private Limited, India	1.9	4.2
Recovery of reimbursable expenses		
AstraZeneca UK Limited, United Kingdom	63.9	52.0
AstraZeneca AB, Sweden	42.5	106.3
P.T. AstraZeneca Indonesia	14.3	-
AstraZeneca Singapore Pte Ltd, Singapore	10.5	14.4
AstraZeneca Pharmaceuticals LP, USA	6.3	8.2
AstraZeneca India Private Limited, India	1.2	10.7
Contribution to Trusts		
AstraZeneca Pharma India Limited Employees Gratuity Fund Trust	84.4	8.4
AstraZeneca Pharma India Limited Management Staff Provident Fund Trust	45.4	34.2
AstraZeneca Pharma India Limited Management Staff Superannuation Fund Trust	12.2	11.1

(iii) (a) Transactions with Key Management Personnel

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salary and perquisites		
Short-term employee benefits	47.0	37.9
Long-term employee benefits	8.1	8.9
Post employment benefits	12.0	11.9
Employee share compensation expenses	4.0	2.7
	71.1	61.4

(iii) (b) Transactions with Independent Directors

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sitting fees paid to independent directors	2.6	3.3

(iv) Details of balances receivable from and payable to related parties are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Other current financial assets	40.1	24.2
AstraZeneca UK Limited, United Kingdom	32.3	13.4
AstraZeneca Pharmaceuticals LP, USA	2.7	-
AstraZeneca Singapore Pte Ltd, Singapore	2.8	1.9
AstraZeneca India Private Limited, India	-	8.9
P.T. AstraZeneca Indonesia	2.3	-
Trade receivables	68.0	87.3
AstraZeneca AB, Sweden	68.0	87.3
Trade payables	356.0	141.1
AstraZeneca UK Limited, United Kingdom	330.7	129.9
AstraZeneca AB, Sweden	25.3	11.2

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32. Leases

(a) Lease rental expenses

The Company has operating lease arrangements for residential, warehouses, office premises and vehicles. These lease arrangements range for a period between 11 months and 10 years, which include both cancellable and non-cancellable leases. The leases are renewable for a further period on mutually agreeable terms and also include rent escalation clauses.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent expense (Refer note 27)	52.7	52.9

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows :

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	23.6	26.0
Later than one year but not later than five years	96.7	97.9
Later than five years	6.2	28.1

(b) Lease rental income

The Company has operating lease arrangement for its office premises wherein a portion of the area has been leased to a fellow subsidiary. This lease arrangement is for a duration of 11 months and is cancellable in nature. The lease is renewable for a further period on mutually agreeable terms and also includes a rent escalation.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Lease rental income recognised as other income in the Statement of Profit and Loss during the year (Refer note 22)	1.9	4.2

33 Employee benefits

(i) Defined contribution plans (Refer note 26)

The Company contributes to defined contribution plans such as provident fund, superannuation and other funds as mentioned below as required by statute or Company policy.

In respect of such contributions, the Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Provident fund	33.0	26.9
Superannuation fund	12.2	11.1
Others	0.1	0.1
	45.3	38.1

(ii) Compensated absence

The leave obligation covers the Company's liability for earned leave and sick leave granted to the employees. This is an unfunded scheme.

The amount of the provision of ₹ 176.5 (2018: ₹ 153.2) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Compensated absence recorded in the Statement of Profit and Loss	23.3	22.8
Significant assumptions used in estimating obligation for Compensated absence:		
Discount rate	7.20%	7.55%
Salary increase rate	10.00%	10.00%
Sensitivity analysis for significant assumptions:		
Discount rate		
1% Increase	(8.8)	(8.6)
1% Decrease	9.8	9.6

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Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salary increase rate		
1% Increase	9.4	9.3
1% Decrease	(8.2)	(8.0)

(iii) Post employment defined benefit plans

(A) Gratuity

Benefits payable for employees who have joined before 01 August 2014:

Employees who are in continuous service for a period of 3 years are eligible for gratuity benefit as per the terms of the Trust Deed. Terms of the benefit are as below:

Payable on voluntary exit/termination:

For Management Staff:

Completed years of service (years)	Number of days eligible for every completed year of service
3 to 9	15 days salary for every year of service subject to the maximum limit as per the Payment of Gratuity (Amendment) Act, 2018.
10 to 14	3/4th of month's salary for every year of service, without limit.
15 and above	One month's salary for every year of service, without limit.

For Non-Management staff: 15 days salary for each year of service, subject to maximum limit specified as per the Payment of Gratuity (Amendment) Act, 2018.

For Field Staff [Professional Sales Representative (PSR)]: 15 days salary for each year of service, subject to maximum limit specified as per the Payment of Gratuity (Amendment) Act, 2018.

Payable on retirement, death or disability:

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 Payment of Gratuity (Amendment) Act, 2018.

For Field Staff (PSR): 15 days salary for each year of service, subject to maximum limit specified as per the Payment of Gratuity (Amendment) Act, 2018.

Benefits payable for employees who have joined on or after August 1, 2014:

Gratuity is payable in accordance with the provisions of The Payment of Gratuity (Amendment) Act, 2018.

(B) Provident fund (Defined benefit plan):

The Company operates a defined benefit plan for Provident fund for management staff. The minimum statutory rate at which the annual rate of interest is payable to the beneficiaries of such plan is administered by the Central Government. The Company is obligated to make good the shortfall in statutory rate prescribed by the Government and rate of interest declared by the trust. The Company also has an obligation to fund any shortfall in the fair value of plan assets as compared with the defined benefit obligation.

(C) Amount recognised in balance sheet and movement in the net defined benefit obligation during the year :

a) Changes in the present value of the defined benefit obligation

Particulars	Gratuity		Provident Fund	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Obligations at the beginning of the year	385.0	297.1	692.6	654.5
Current service cost	33.1	18.9	45.4	34.2
Past service cost	-	36.1	-	-
Interest cost	27.6	19.6	53.7	59.0
Benefits paid	(17.3)	(22.3)	(83.6)	(117.8)
Contribution by employees	-	-	76.0	58.4
Transfer in	-	-	23.0	47.5
Actuarial (gain)/loss	14.4	35.6	10.2	(43.2)
Obligations at end of the year	442.8	385.0	817.3	692.6

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b) Change in fair value of plan assets

Particulars	Gratuity		Provident Fund	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of plan assets as at the beginning of the year	300.6	294.3	723.9	684.9
Return on plan assets*	22.7	19.4	56.1	61.3
Employer contributions	84.4	8.4	45.4	34.2
Transfer in	-	-	23.0	47.5
Employee contributions	-	-	76.0	58.4
Benefits paid	(17.3)	(22.3)	(83.6)	(117.8)
Actuarial gain/(loss)	5.2	0.8	(9.6)	(44.6)
Fair value of plan assets as at the end of the year	395.6	300.6	831.2	723.9

*excluding amounts included in interest (expense)/ income

c) Effect Due to Asset Ceiling

Particulars	Gratuity		Provident Fund	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Asset ceiling at the beginning of the year	-	-	31.3	30.4
Interest on Asset Ceiling	-	-	2.4	2.1
Changes in Asset Ceiling	-	-	(19.8)	(1.2)
Asset ceiling at the end of the year	-	-	13.9	31.3

d) Amount recognised in statement of profit or loss under employee cost:

Particulars	Gratuity		Provident Fund	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Current service cost	33.1	18.9	45.4	34.2
Past service cost	-	36.1	-	-
Interest cost	27.6	19.6	53.7	59.0
Return on plan assets	(22.7)	(19.4)	(56.1)	(61.3)
Interest on Asset Ceiling	-	-	2.4	2.1
Net employee benefit expense/Net Provident fund cost (Refer note 26)	38.0	55.2	45.4	34.0

e) Re-measurement (gain)/loss recognised in other comprehensive income

Particulars	Gratuity		Provident Fund	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Actuarial (gain)/loss on liability	14.4	35.6	10.2	(43.2)
Actuarial (gain)/loss on assets	(5.2)	(0.8)	9.6	44.6
Changes in asset ceiling (excluding interest income)	-	-	(19.8)	(1.2)
Net actuarial (gain)/loss	9.2	34.8	-	0.2

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f) Net defined benefit asset/(liability)

Particulars	Gratuity		Provident Fund	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of plan assets	395.6	300.6	831.2	723.9
Present value of the defined benefit obligations	442.8	385.0	817.3	692.6
(Deficit) / Surplus	(47.2)	(84.4)	13.9	31.3
Effect due to Asset Ceiling	-	-	(13.9)	(31.3)
Benefit asset/(liability)	(47.2)	(84.4)	-	-
Recognised under Provisions:				
Non-current provision (Refer note 18)	1.1	45.7	-	-
Current provision (Refer note 18)	46.1	38.7	-	-

g) Major category of plan assets are as follows :

Particulars	Gratuity		Provident Fund	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurer Managed funds	100.0%	100.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%	3.8%	10.1%
Government securities	0.0%	0.0%	48.8%	45.4%
Debt instruments	0.0%	0.0%	47.4%	44.5%

h) The principal assumptions used in estimating defined benefit obligations are as below:

Particulars	Gratuity		Provident Fund	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Assumptions				
Discount rate	7.20%	7.55%	7.20%	7.55%
Outstanding term of the liabilities	6.59 years	7.82 years	6.59 years	7.82 years
Attrition rate	5% to 16.5% based on the employee designation	5% to 13% based on the employee designation	5% to 16.5% based on the employee designation	5% to 13% based on the employee designation
Retirement Age	60 Years	60 Years	60 Years	60 Years
Salary increase rate	10%	10%	NA	NA
Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

Notes:

- The discount rate is based on the prevailing market yield on Government securities as at the balance sheet date for the estimated term of obligations.
- 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.
- IALM represents Indian Assured Lives Mortality.

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i) Actuarial risk and sensitivity

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government bonds. If the plan assets underperform this yield, this will create a deficit. The Company maintains plan asset for Gratuity through insurance company and for Provident fund is managed through trust.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Company ensures that the investment positions are managed within the asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under employee benefit plans. Within this framework, the Company's asset-liability matching objective is to match assets to the defined benefit obligations by investing in plan asset managed by an insurance company and through the Provident Fund trust.

A sensitivity analysis for significant assumptions:

Particulars	Gratuity		Provident Fund	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Impact on defined benefit obligation				
Discount rate				
1% Increase	(24.8)	(24.5)	(16.4)	(2.1)
1% Decrease	27.6	27.6	31.8	13.2
Salary increase rate				
1% Increase	21.4	22.6	-	-
1% Decrease	(20.2)	(21.1)	-	-
Interest Rate Guarantee				
1% Increase	-	-	25.5	48.4
1% Decrease	-	-	(16.4)	(25.4)

Sensitivities due to mortality and withdrawals are not material and hence impact of change is not disclosed.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

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j) The following payments are expected contribution to the defined benefit plans in future years:

Particulars	Gratuity		Provident Fund	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Expected contribution for the next one year	46.1	38.7	89.54	73.6
Weighted average duration of defined benefit plan (years)	6.6	7.8	6.6	7.8

The expected maturity analysis of undiscounted gratuity and provident fund is as below:

Particulars	Gratuity		Provident Fund	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Within next 12 months	46.1	38.7	116.7	74.1
Between 2 to 5 years	213.0	163.2	438.8	328.4
Between 6 to 10 years	454.7	498.0	356.4	302.0
Beyond 10 years	-	-	-	-
	713.8	699.9	911.9	704.5

34. Employees Restricted Stock Plan

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

The expense recognised for employee services received during the year is shown in the following table:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Expense arising from equity-settled share-based payment transactions (Refer note 26)	9.5	8.6

Movements during the year

The following table illustrates the number and Weighted Average Fair Value (WAFV) of, and movements in RSUs during the year:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number	WAFV (GBP)	Number	WAFV (GBP)
Outstanding at beginning of the year	7,665	45.6	6,439	44.7
Granted during the year	2,179	62.9	3,017	48.7
Forfeited during the year	(812)	44.5	(222)	48.7
Exercised during the year	(2,176)	39.2	(1,569)	47.6
Outstanding at end of the year	6,856		7,665	
Vested and exercisable at 31 March	2,176		1,569	

Details of RSUs granted during the year:

Particulars	As at March 31, 2019	As at March 31, 2018
Date of Grant	March 8, 2019	March 23, 2018
Number of RSUs granted	2,179	3,017
Fair market value per RSU (in GBP)	62.9	48.7
Fair value (in GBP)	137,015	146,904
Expense recognised during the year	9.5	8.6

Fair value of RSUs granted

The fair values were determined using a modified version of the binomial model. This method incorporated expected dividends but no other features into the measurements of fair value. The grant date fair values of share awards does not take into account service and non-market related performance conditions.

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35. Financial instruments- accounting classification and fair value measurement

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Financial instruments by category and hierarchy

Particulars	As at March 31, 2019		
	Amortised cost	FVTPL	FVTOCI
Financial assets			
Loans	36.7	-	-
Trade receivables	797.5	-	-
Cash and cash equivalents	1,732.4	-	-
Bank balance other than cash and cash equivalents	0.6	-	-
Other financial assets	55.6	-	-
	2,622.8	-	-
Financial liabilities			
Trade payables	1,682.0	-	-
Other financial liabilities	400.0	-	-
	2,082.0	-	-

Particulars	As at March 31, 2018		
	Amortised cost	FVTPL	FVTOCI
Financial assets			
Loans	38.8	-	-
Trade receivables	546.3	-	-
Cash and cash equivalents	1,139.8	-	-
Bank balance other than cash and cash equivalents	119.4	-	-
Other financial assets	35.4	-	-
	1,879.7	-	-
Financial liabilities			
Trade payables	1,272.0	-	-
Other financial liabilities	318.5	-	-
	1,590.5	-	-

The management assessed that carrying amount of cash and cash equivalents, trade receivables, trade payables and other current financial liabilities approximate their fair values largely due to the short-term maturities of these instruments.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

36. Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other financial assets that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

i. Market risk

Foreign Currency Exposure

Foreign currency risk is the risk that the future cash flows of a financial asset or a financial liability will fluctuate because of changes in foreign exchange rates. The operations of the Company are carried out mainly in India. However, the Company exports services to foreign customers and receives certain services from foreign vendors which are denominated in USD, GBP, EUR. Hence the Company is currently exposed to the currency risk arising from fluctuations in the exchange rates between the above currencies and Indian rupee. The Company does not enter into any forward contracts considering the total exposure is not material to the operations of the Company. Foreign currency exposure which was not hedged, are as follows:

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Foreign currency exposure as on March 31, 2019

Underlying asset / liability	Currency	As at March 31, 2019		As at March 31, 2018	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Financial assets (current)*	USD	-	-	0.1	8.8
	EUR	-	-	0.0	0.0
Trade receivables	USD	1.0	69.8	1.3	87.3
Trade payables*	GBP	(0.2)	(17.5)	(0.0)	(0.8)
	USD	(0.2)	(16.1)	(0.1)	(5.9)
	MYR	(0.0)	(0.2)	-	-
	AUD	(0.0)	(0.1)	-	-

* Amount below rounding off norms adopted by the company

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in exchange rate	As at March 31, 2019		As at March 31, 2018	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
USD					
Increase	5%	2.7	1.7	4.5	3.0
Decrease	-5%	(2.7)	(1.7)	(4.5)	(3.0)

The Company is not subject to any other market risk.

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily with respect to trade receivables, including balances with banks and other financial assets.

a. Trade Receivables

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on credit rating scorecard and individual credit limits are defined in accordance with this assessment. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivable.

An impairment analysis is performed at each reporting date on an individual basis for third party receivables. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables, refer Note 10.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice.

	Gross carrying amount	Expected loss rate	Expected credit loss
As at March 31, 2019			
Upto 6 months	820.1	0%-33%	24.3
6 to 12 months	14.5	84%-100%	12.8
More than 12 months	30.8	100%	30.8
	865.4		67.9
As at March 31, 2018			
Upto 6 months	553.6	0%-34%	9.8
6 to 12 months	8.3	66%-100%	5.8
More than 12 months	17.8	100%	17.8
	579.7		33.4

AstraZeneca Pharma India Limited

Notes to the Financial Statements

(All amounts in ₹ million, except per share and share data)

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	33.4	48.2
Impairment recognised	34.5	5.9
Impairment reversal	-	(20.7)
Closing balance (Refer note 10)	67.9	33.4

b. Cash and Bank balances, other financial assets

Credit risk from balances with banks and other financial assets is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counter parties and within the limits assigned.

Company follows a conservative philosophy and shall aim to invest surplus rupee funds in India only in time deposits with well-known and highly rated banks. The duration of such time deposits will not exceed 365 days other the margin money deposits.

The following table summarizes the change in the loss allowances for other financial assets:

Particulars	As at March 31, 2019	As at March 31, 2018
Allowance for impairment		
Opening balance	9.3	14.8
Impairment (reversal)/ recognised	-	(5.5)
Closing balance	9.3	9.3

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company maintains flexibility in funding by maintaining appropriate level of funds in bank and liquid deposits. Financial liabilities includes trade payables and other financial liabilities, the amount is repayable generally in a period of 3 months to 1 year.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 1 year	Total
March 31, 2019			
Other financial liabilities	-	400.0	400.0
Trade payables	-	1,682.0	1,682.0
	-	2,082.0	2,082.0
March 31, 2018			
Other financial liabilities	-	318.5	318.5
Trade payables	-	1,272.0	1,272.0
	-	1,590.5	1,590.5

37. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value. The Company has not availed any borrowings and mainly funded through equity. The Company is subsidiary of AstraZeneca Pharmaceuticals AB, Sweden (Holding Company), the existing surplus funds along with the cash generated by the Company are sufficient to meet its current/non-current obligation and working capital requirements.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

(All amounts in ₹ million, except per share and share data)

38. Corporate Social Responsibility

(a) Gross amount required to be spent by the Company during the year: ₹ 4.8 (2018: ₹ 0.7).

(b) Amount spent during the year on:

Particulars	For the year ended March 31, 2019		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above (Refer note 27)	3.9	1.6	5.5

Particulars	For the year ended March 31, 2018		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above (Refer note 27)	-	0.7	0.7

39. The Company does not have any liabilities which have been classified under financing activities in the statement of cash flows. Accordingly, requirements of paragraphs 44 (A) to 44 (E) of Ind AS 7, *Statement of Cash Flows* relating to presentation of 'Net Debt reconciliation' is not applicable to the Company.

40. Dues to micro and small enterprises

The Company has certain dues to micro and small enterprises registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.*	4.5	-
ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	-	-
iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.^	5.7	-
iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.#	0.0	-
vii) Further interest remaining due and payable for earlier years.#	0.0	0.0

* The principal amount represents amount outstanding (due as well as not due) as on the Balance Sheet date.

Amount below rounding off norms adopted by the company

^ Based on periodic circularisations by the Company and responses received from the suppliers, the Company identifies Micro and Small parties registered under the MSMED Act. The information above has been compiled by the management basis such identification. Delays in payments beyond the stipulated date prescribed under the MSMED Act have been identified for relevant vendors based on the acceptance dates for such goods/services.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

(All amounts in ₹ million, except per share and share data)

41. Revenue from contract with customers

(i) Disaggregation of revenue from contract with customers

The table below presents disaggregated revenue from contracts with customers for the year ended March 31, 2019. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by market and other economic factors.

Particulars	For the year ended March 31, 2019
Domestic:	
Sale of products:	
Tablets	6,371.2
Injectables	357.3
Inhalation	104.6
	6,833.1
Income from grant of exclusive distribution rights (Refer note 43)	213.1
Export:	
Revenue from sale of services- Clinical trials	236.2
Total*	7,282.4
Disaggregation of revenue from sale of products on the basis of therapeutic area is as below:	
Cardiovascular	45.2%
Diabetes	38.5%
Oncology	14.8%
Respiratory	1.5%
	100.0%

- (ii) During the year ended March 31, 2019, the Company does not have any contract liability and hence no disclosure has been made with respect to the movement of contract liability.
- (iii) Performance obligations and remaining performance obligations
Performance obligations of the Company to deliver goods are required to be satisfied within a period of 12 months or less. Accordingly, management has elected to use the practical expedient provided in Ind AS 115 and has not disclosed the transaction price of unsatisfied performance obligations as at the year end.

Sale of services:

In respect of clinical services, the Company is entitled to charge the customer an amount that corresponds directly with the value to the customer of the entity's performance completed to date, measured based on the actual costs incurred by the Company in providing clinical services. Considering the nature of the arrangement, management has used the practical expedient in Ind AS 115 and has not disclosed the transaction price of unsatisfied performance obligations in respect of clinical trial services as at the year end.

The impact on account of adoption of Ind AS 115 as compared with Ind AS 18 on the Balance Sheet as at March 31, 2019 and Statement of Profit and Loss for the year ended March 31, 2019 is not considered to be material.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

(All amounts in ₹ million, except per share and share data)

(iv) Reconciliation of revenue recognised with Contract price

Particulars	For the year ended March 31, 2019
Contract price	7,316.9
Adjustments for:	
Refund liabilities for sales returns (Refer note 17)	34.5
Revenue from operations*	7,282.4

*Excludes scrap sales amounting to ₹ 0.5. (Refer note 21)

42. Voluntary Delisting

As previously disclosed, by way of a letter dated 1 March 2014, AstraZeneca Pharmaceuticals AB, the promoter of the Company had proposed a voluntary delisting of the Company's equity shares from the National Stock Exchange and the Bombay Stock Exchange. Such proposed delisting is subject to an on-going inquiry with SEBI and that inquiry has not yet been resolved. In any event, based on the passage of time, any potential future proposal for voluntary delisting of the Company would need to be conducted de novo.

43. Grant of Exclusive Distribution Rights

During the current year, the Company has entered into a distribution agreement (the 'agreement') with a customer for specified products ("Products"). Pursuant to this agreement, an upfront fee of ₹ 213.1 has been received from the customer towards marketing and promotion already carried out by the Company in order to create market presence for the products. Management has determined that such marketing and promotion is a distinct service provided to the customer. The said upfront fee meets the point in time recognition criteria as per Ind AS 115 and is recognised separately from the sale of products envisaged in the agreement.

The Company has an agreement with an overseas group company to receive reimbursement of certain costs incurred for the marketing and promotion for launch of new products, net of any upfront fee received by the Company from its customers. During the year, the Company has incurred an aggregate expense of ₹ 161.4 towards marketing and promotion of new products and has accounted such expense under appropriate headings in the Statement of Profit and Loss. The aforesaid upfront fees received from the customer exceeds the aggregate expense incurred towards marketing and promotion of new products during the year and hence such expenses have not been billed to the group company.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

44. Provident Fund - Supreme Court Judgement

The Company is in the process of evaluating the impact of the recent Supreme Court ("SC") judgement dated 28 February 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. There are interpretation issues relating to the said SC judgement. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements.

45. Previous year's figures have been regrouped/ reclassified wherever necessary, to conform with the current year classification.

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

Pradip Kanakia

Partner

Membership number: 039985

Place: Bengaluru

Date: May 24, 2019

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

Narayan K Seshadri

Chairman

Pratap Rudra B

Company Secretary

Place: Bengaluru

Date: May 24, 2019

Gagandeep Singh Bedi

Managing Director

Rajesh Marwaha

Director & Chief Financial Officer

TEN YEAR SUMMARY

Particulars	Unit	2018-19 Ind AS	2017-18 Ind AS	2016-17 Ind AS
Sales & Earnings				
Total income	₹	7,445.80	5,842.37	5,630.54
Profit before depn, int & tax	₹	875.98	585.35	513.30
Profit before int & tax	₹	726.73	437.95	355.04
Profit before tax	₹	726.73	437.95	355.04
Profit after tax	₹	544.51	259.12	200.55
Dividend paid	₹	-	-	-
Retained earnings	₹	538.50	259.12	200.5
Capital Employed				
Fixed assets				
- Net	₹	817.31	790.33	916.49
Investments	₹	-	-	-
Deferred tax assets	₹	233.59	325.53	402.17
Working capital	₹	1,956.85	1,353.38	910.03
Total		3,008.05	2,469.35	2,228.68
Represented by				
Networth	₹	3,008.05	2,469.35	2,228.68
Share capital	₹	50.00	50.00	50.00
Reserves	₹	2,958.05	2,419.35	2,178.68
Total		3,008.05	2,469.35	2,228.68
Ratios				
Measures of Performance				
PBT to total income	%	9.76	7.50	6.31
PAT to total income	%	7.31	4.44	3.56
Material consumption to sales	%	33.83	34.51	34.82
Employee cost to sales	%	28.89	29.10	31.54
Net fixed assets to net worth	%	27.17	32.01	41.12
Fixed assets usage	Times	9.95	7.74	6.48
Measures of Investments				
Return on Networth	%	18.10	10.49	9.00
Earnings per share @	₹	21.78	10.36	8.02
Dividend payout ratio	%	-	-	-
Dividend coverage ratio	Times	-	-	-
Measures of Financial Status				
Current ratio	Unit	1.56	1.55	1.32
Quick ratio	Unit	1.11	1.00	1.02
Inventory holding (on sales)	Days	63	78	41
Other information				
Contribution to exchequer *	₹	1,014.58	884.21	878.12
Employee				
- Cost	₹	1,973.99	1,535.31	1,620.43
- Numbers		1,452	1,356	1,138
Number of shareholders		14,591	13,179	15,970
Dividend	%	-	-	-
Book value = net worth per share @	₹	120.32	98.77	89.15

* inclusive of sales tax,@ Stock split since 2006

(₹ in Million)

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11 (15 months)	2009
5,705.05	5,229.18	4,831.79	4,008.84	5,378.51	6,003.06	4,023.77
231.90	(55.58)	(37.64)	(579.92)	365.93	1,097.98	946.06
57.64	(208.40)	-	(702.70)	292.55	1,009.85	885.29
57.64	(208.40)	-	(702.70)	292.55	1,009.85	883.92
52.59	(208.40)	(5.09)	(895.32)	197.65	641.30	576.17
-	-	-	-	87.50	250.00	250.00
52.59	(208.40)	(5.09)	(895.32)	95.96	351.71	283.68
1,036.58	1,131.94	1,035.31	982.41	901.82	513.88	303.44
0.01	0.01	0.01	0.06	0.06	0.06	0.06
-	-	-	-	177.62	75.42	29.40
523.46	375.61	680.64	15.06	813.35	1,207.54	1,112.29
1560.14	1,507.55	1,715.95	997.53	1,892.85	1,796.90	1,445.18
1560.14	1,507.55	1,715.95	997.53	1,892.85	1,796.90	1,445.18
50.00	50.00	50.00	50.00	50.00	50.00	50.00
1510.4	1,457.55	1,665.95	947.53	1,842.85	1,746.90	1,395.18
1,560.14	1,507.55	1,715.95	997.53	1,892.85	1,796.90	1,445.18
1.01	(3.99)	-	(17.53)	5.44	16.82	21.97
0.92	(3.99)	(0.11)	(22.33)	3.67	10.68	14.32
38.52	42.74	37.62	43.05	35.76	31.21	31.38
32.77	34.15	36.34	41.74	32.41	26.20	21.49
66.45	75.08	60.33	98.48	47.64	28.60	21.00
5.86	5.18	5.13	16.34	16.97	21.87	13.40
3.37	(13.82)	(0.30)	(89.75)	10.44	35.69	39.87
2.10	(8.34)	(0.20)	(35.81)	7.91	25.65	23.05
-	-	-	-	44.27	38.98	43.39
-	-	-	-	2.26	2.57	2.30
1.08	1.01	1.12	0.80	1.30	1.95	2.24
0.77	0.68	0.73	0.39	0.80	1.50	1.85
54	67	79	88	55	45	33
773.15	634.69	568.67	761.28	803.37	1,052.90	765.51
1,693.45	1,598.40	1,604.60	1,484.60	1,619.12	1,504.98	828.29
1,587	1,654	1,559	1,588	1,674	1,705	1,464
14,402	12,978	13,978	14,571	8,125	6,058	7,025
-	-	-	-	175.00	500.00	500.00
62.41	60.30	68.64	39.90	75.71	71.88	57.81

Notes

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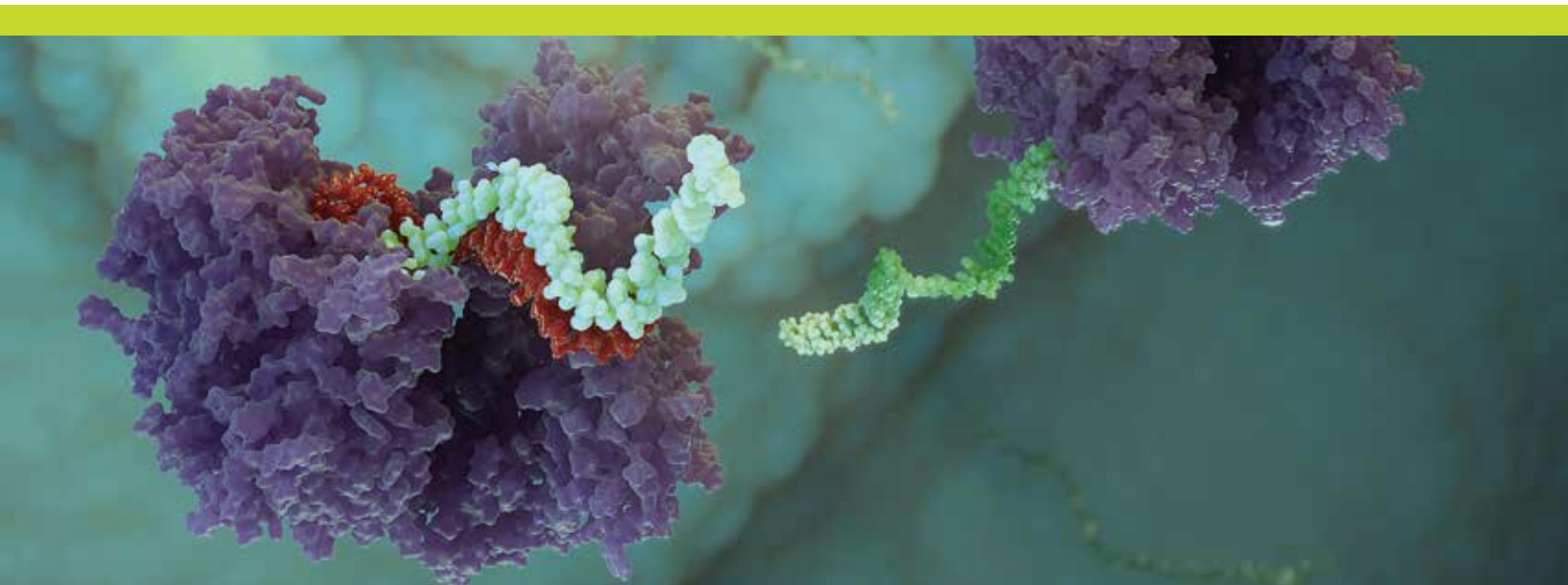
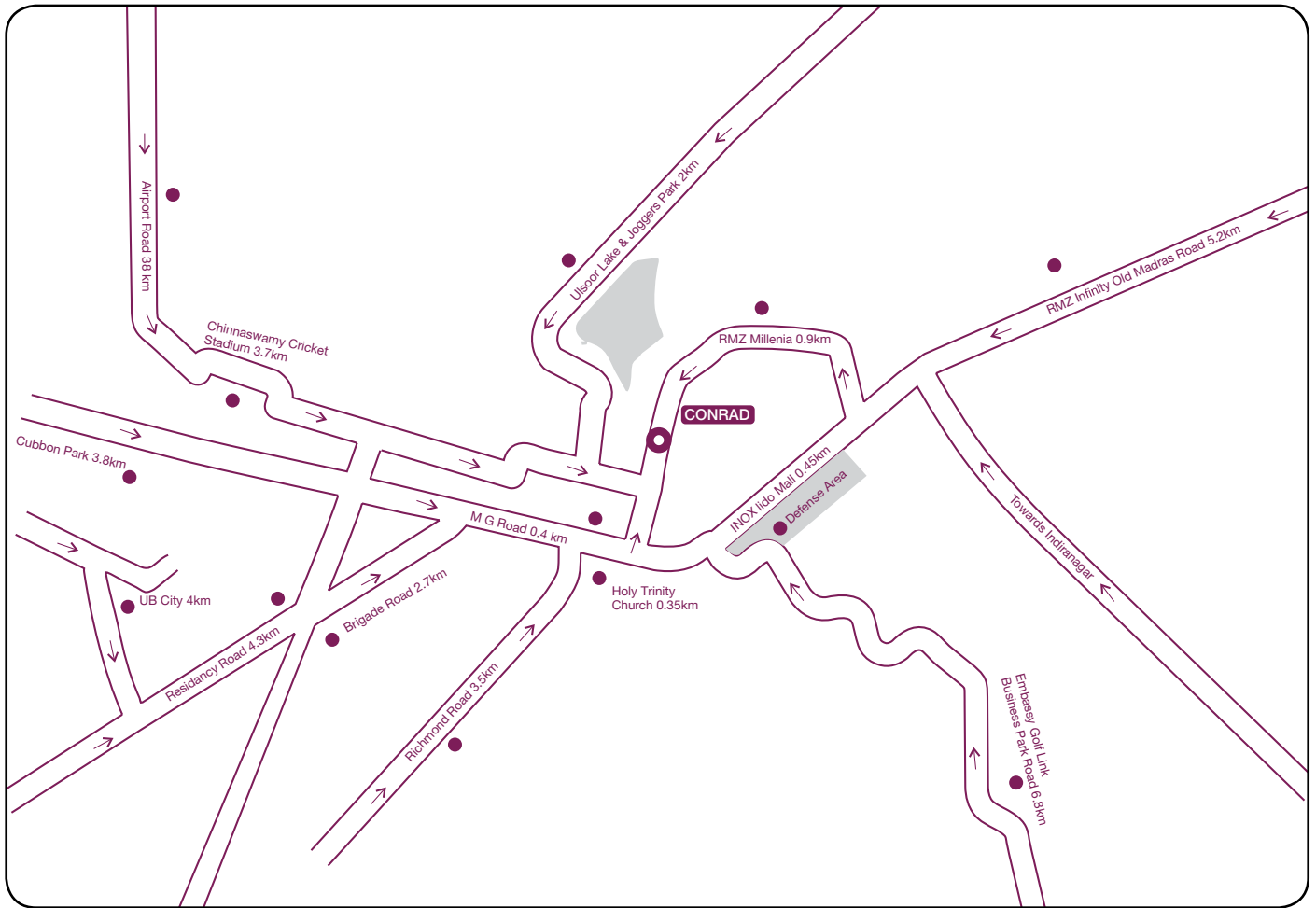
Notes

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Route Map - AGM Venue (Conrad Bengaluru)





AstraZeneca Pharma India Limited

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Rachenahalli, Outer Ring Road, Bengaluru - 560 045

This Annual Report is also available on our website
www.astrazeneca.com/india