

What science can do

AstraZeneca Pharma India Limited

Annual Report 2019-20

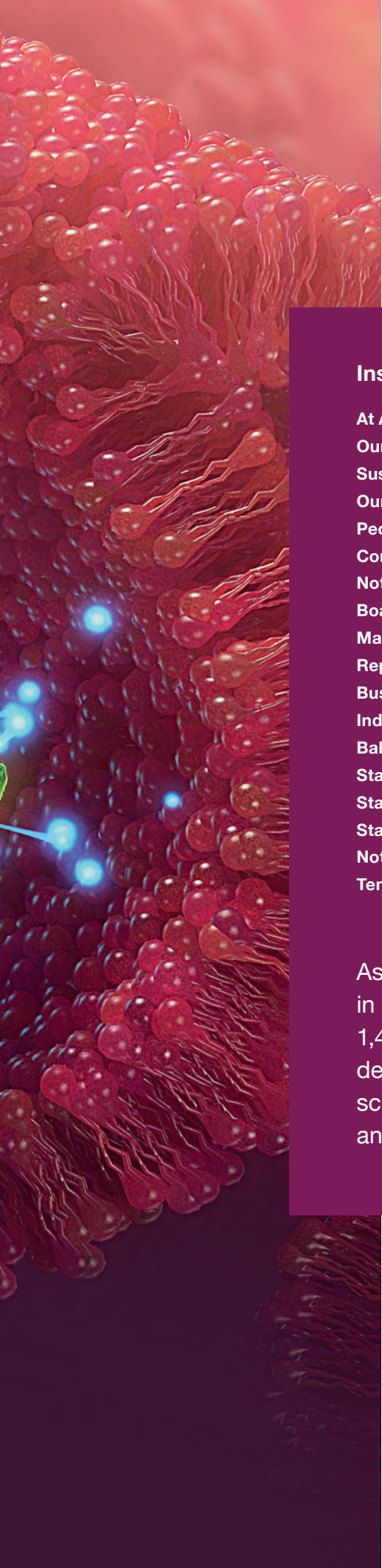


Welcome

We are a global, science-led, patient-focused biopharmaceutical company. In this Annual Report, we report on the progress we made in 2019, in pushing the boundaries of science to deliver life-changing medicines.



What science can do next?



Inside	Pages
At A Glance	02
Our Focus	03
Sustainability at AstraZeneca	04
Our COVID-19 Response	06
People	07
Corporate Information	08
Notice	09
Board's Report	23
Management Discussion & Analysis Report	43
Report on Corporate Governance	49
Business Responsibility Report	66
Independent Auditor's Report	74
Balance Sheet	82
Statement of Profit and Loss	83
Statement of Changes in Equity	84
Statement of Cash Flows	85
Notes to the Financial Statements	87
Ten-Year Summary	130

AstraZeneca Pharma India Limited was founded in 1979. The Company has a workforce of over 1,400 employees across the country, committed to deliver great medicines to patients through innovative science and global excellence in development and commercialisation.

AT A GLANCE

Our purpose is to push the boundaries of science to deliver life-changing medicines. We want to be valued and trusted by our stakeholders as a source of great medicines over the long term.



Manufacturing Strength

Our Indian manufacturing facility has been rated as one of the finest in Southeast Asia, with a state-of-the-art production facility that meets stringent international standards, including WHO Good Manufacturing Practices (cGMP) norms. The facility is ISO 14001 certified, with a fully operational environment management system in place. Our stringent quality management system ensures the safety, quality and efficacy of our medicines at all times.



Strategic Priorities

THE LEVERS THAT ENABLE OUR PROGRESS

This year, we retraced our three strategic priorities to reimagine value creation for our patients and the wider fraternity of stakeholders, in line with evolving necessities.

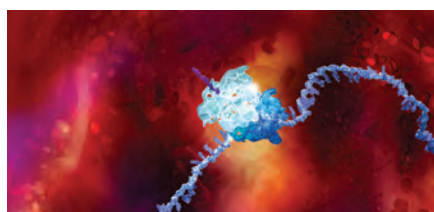
- Delivering growth and therapy area leadership:** We seek to achieve this by supplying medicines that can transform healthcare practices and ensure that they reach people in need.
- Accelerate innovative science:** Our objective behind this approach is to discover solutions that prevent, treat and cure some of the world's most critical health concerns.
- Be a great place to work:** By way of staying true to our value system, delivering as a team, and maintaining ecological stewardship.

Our Focus

SOLUTIONS THAT CHANGE LIVES

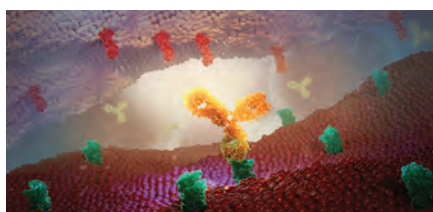
We work to bring niche solutions to our customers in crucial therapy areas. Our focus is to break new ground across these areas and discover novel mechanisms and therapies that address evolving patient needs.

Core Therapy Areas



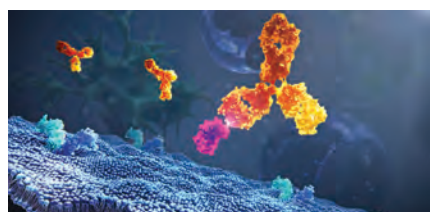
Cardiovascular, Renal and Metabolic Diseases

We adopt an integrated and consistent approach to treatment, that has proven effective over time. It is helping reduce morbidity and mortality of diseases across these areas.



Oncology

Our concerted focus is on relooking at the treatment paradigm of the disease and eliminate the terminal nature of the disease.



Respiratory, Inflammation and Autoimmunity

Within this sphere, we have over four decades of experience and are working to leverage our deep knowledge and capacities to deliver ground-breaking solutions that can transform living.



Our Key Brands



Sustainability at AstraZeneca

ACCESSIBLE SCIENCE FOR LARGER SOCIAL TRANSITION

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.

We have a three-pronged approach to making science accessible and sustainable for the society:

 Access to Healthcare	 Environmental Protection	 Ethics and Transparency
• Connecting our business growth to larger positive impact across the society • Setting goals and building on systems that support people around the world to work towards a healthier future	• The health of the environment has a huge impact on human well-being • Given the impact of climate change around the globe, we are working to reduce consumption and overall dependence on natural resources	• Putting our values at the forefront of decision-making • From sales and marketing to clinical trial transparency and bioethics, it is our foremost anchors in meeting stakeholder expectations

Sustainability in Action



India-Sweden Healthcare Innovation Centre

AstraZeneca's global Health Innovation Hubs network comprises both physical locations and virtual partnerships, and works to solve, scale and showcase innovative and holistic health solutions. Our vision for our Health Innovation Hubs is to create and strengthen partnerships across emerging biomedical clusters – to accelerate innovation, increase healthcare access and improve outcomes for society.

Our India Hub focuses on utilising digital technologies, such as Artificial Intelligence (AI) and the Internet of Things IoT, and gearing them towards alleviating the healthcare burden in India, where 43% of the overall mortality rate is attributed to Non-Communicable Diseases (NCDs).

The year marked the inauguration of the India-Sweden Healthcare Innovation Centre, a partnership between the Swedish Trade Commissioner's Office and All India Institute of Medical Sciences, New Delhi (AIIMS, New Delhi) and AIIMS Jodhpur. AstraZeneca is the official knowledge partner of the Innovation Centre.

Hon'ble Finance Minister Smt. Nirmala Sitharaman and Leif Johansson, Chairman AstraZeneca PLC at the launch of the India-Sweden Healthcare Innovation Centre

Accelerating Adoption of Innovative Healthcare Technologies



We have joined hands with NASSCOM Centre of Excellence, to establish an accelerator initiative that identifies frugal and scalable digital interventions for early diagnosis and management of Non-Communicable Diseases (NCDs). The partnership led to the discovery of three start-ups through a hackathon – Predible Health, Ten3T and Pathshodh.



Ganga Godavari Early Cancer Screening Programme

On World Cancer Day 2019, we partnered with the Indian Cancer Society and the Charities Aid Foundation, India, to facilitate the launch of an Early Cancer Screening and Awareness Programme for women, especially in areas with constrained healthcare access. Key to this programme are the specialised cancer screening camps for oral, breast and cervical cancer, creating awareness through community health education activities and robust follow-up process to ensure effective hospital referrals for cancer treatment.

Project Heartbeats

Project Heartbeats, launched alongside start-up partner, TRICOG, addresses local demand for early diagnosis and intervention for heart attack patients, by enabling cloud-based AI diagnosis of electrocardiograms, routing of patients to the nearest Cath labs (examination room in a hospital) through a hub-and-spoke model, and allowing for accurate diagnosis, ultimately improving the patient outcomes.

Metabolic Centres of Excellence

We joined forces with the Department of Health and Family Welfare, Government of Kerala in 2018, to introduce a holistic, all-encompassing Metabolic Centre of Excellence, to extend comprehensive management solutions for diabetes and associated metabolic conditions.

We are working to expand this proposition and inaugurate new centres at Gujarat and Maharashtra.

6,000

Patient beneficiaries so far

Young Health Programme India

The Company also continues to make a difference through its signature global community initiative, the Young Health Programme (YHP). YHP India aims to improve the health outcomes of vulnerable youth, aged 10 and 24 by focusing on prevention of Non-communicable Disease (NCDs). YHP India has reached over 400,000 youth with health information, 3,500 peer educators have been trained and 25 Health Information Centres have been opened in the communities. In 2020, the programme was awarded the AstraZeneca Global CEO Award.



Make A Wish Foundation

Every year, the Company also rolls out a social impact programme that is conceptualised based on the suggestions from employees. During the year, the Company partnered with Make A Wish Foundation to fulfil the wishes of over 300 critically ill children, afflicted with life threatening ailments.



4,000

Beneficiaries in Phase-1

Our COVID-19 Response

NAVIGATING THE NEW NORMAL

We have been agile in our response to the COVID-19 outbreak by considering science as our guiding force, putting patients first and always opting for the right thing to do. Amid an unprecedented crisis, our priorities have been to ensure uninterrupted supply of medicines, and safeguarding the health of our employees and adjoining communities.

Caring for our people

For the safety and wellbeing of our employees in India, we implemented a number of measures to reduce infection risks. These include providing extended data support for working from home, besides restricting business travel, off-site meetings and external visitors. For supply-chain or manufacturing related roles that cannot be performed from home, we laid down solid protocols with regards to social distancing and a graded return-to-work policy.

We have provided insurance coverage for our employees and their dependents to cover diagnostics, OPD and hospitalisation due to the pandemic. Additionally, we introduced initiatives for the physical and mental well-being of our employees, such as yoga, mindfulness sessions and physical training. We have also extended free digital counselling services and doctor-on-call at our sites should the employees need any expert support.

Caring for our patients

Our timely controls, such as an effective inventory management policy for each medicine and robust business continuity plans ensured there were no disruptions to the supply chain. These strategies make certain that there are appropriate inventory levels of active pharmaceutical ingredients and critical materials to ensure manufacturing and supply continuity. Our approach to business continuity planning leverages measures, such as supply processes and operational agility, among others.

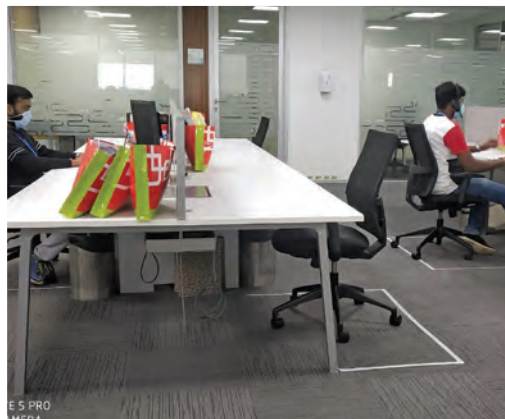
As part of our early response to the pandemic, we augmented our digital capacities for greater preparedness through:

- Remote detailing to healthcare professionals
- Collaborating with telemedicine providers and e-pharmacies
- Investing in new platforms to communicate and exchange scientific information with healthcare professionals

Caring for our community

Globally, AstraZeneca is donating nine million face masks to support healthcare workers around the world as they respond to the COVID-19 global pandemic. In India, over 75,000 N95 masks were donated to Central and State Health departments to be distributed to frontline healthcare workers fighting against COVID-19.

Additionally in an effort to support the country's fight against the pandemic, the employees of the Company generously came forward to make a voluntary contribution to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund). The employees, by donating through encashment of the earned leaves in the Company, collectively pooled in ₹ 66.25 lakh.



People

EMPOWERING THOSE WHO POWER OUR SUCCESS

We work every day to be considered among the top employers of choice. Our Company has been focused on building a diverse workforce and an inclusive culture, as we deem it critical to our success. Our strategy is to design and develop programmes that are aligned with our organisational goals and help shape leaders of tomorrow.

Employee Programmes and Interventions

Lifelong Learning at AstraZeneca

Learning is an important part of delivering on our Growth Through Innovation strategy, and make AstraZeneca a great place to work.

As a part of this endeavour, brand Innovation Forums have been created to exchange innovative ideas. The AZ IGNITE platform has been launched for crowd sourcing ideas from employees and rewarding top ideas for successful implementation. Further, digital learning platforms, such as Mindtickle and Degreed are providing wealth of resources and learning opportunities to employees at their fingertips.

Building an Inclusive and Diverse Culture

To deliver on business strategy, we need to continue to embrace a strong, transparent and ethical business culture. The Company fosters a **Speak Up** Culture through employee feedback surveys and monthly **Act Right Now** Forums, to strengthen a common understanding of values and behaviours. Further, the Company has launched the 'Accelerate HER' initiative focused on development programmes for women employees and the Women India Network, a Women Resources Group responsible for enabling discussions around careers and health.

Recognitions

- Certified a Great Place to Work by GPTW Institute for the second consecutive year
- Recognised among Top 100 Best Companies for Women by the Working Mother & Avtar Group, for the second consecutive year. Also, voted as an 'Exemplar of Inclusion' by the Working Mother & Avtar Group
- Among the Top 50 Companies in the People Capital Index by Jombay



Corporate Information

Board of Directors

Independent Directors

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

Non-Executive Directors

Mr. Ankush Nandra
Ms. Weiyang Sarah Wang

Executive Directors

Mr. Gagandeep Singh Bedi
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. Ankush Nandra
Ms. Weiyang Sarah Wang

Stakeholders' Relationship Committee

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

Corporate Social Responsibility Committee

Ms. Weiyang Sarah Wang, 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, Cuttack, Delhi, Guwahati,
Hyderabad, Indore, Kochi, Kolkata, Lucknow,
Mumbai, Ranchi.

*Company outlets (Bengaluru)

Auditors

Price Waterhouse & Co Chartered
Accountants LLP

Bankers

The Hongkong and Shanghai Banking
Corporation Limited

Chief Financial Officer

Mr. Rajesh Marwaha

Company Secretary and Legal Counsel

Mr. Pratap Rudra

Annual General Meeting

at **3:00 p.m.** IST on Monday, **August 10, 2020**

through Video Conferencing/Other Audio-Visual Means

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 6774 8000, Fax: +91 80 6774 8557

Notice

NOTICE is hereby given that the 41st Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held on Monday, August 10, 2020 at 3 p.m. IST through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') 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, 2020, 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 confirm the payment of interim dividend of ₹ 1/- per equity share for the financial year 2019-20.

Item No. 3

To appoint a Director in place of Ms. Weiying Sarah Wang (DIN: 08369289) who retires by rotation, and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

Item No. 4

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

RESOLVED THAT Mr. Ankush Nandra (DIN: 08737981) who was appointed on May 18, 2020 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. 5

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, as amended to date ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including

any statutory modification(s) or re-enactment thereof, for the time being in force), read with the applicable provisions of Schedule V thereto, approval of the members of the Company be and is hereby accorded for the re-appointment of Mr. Gagandeep Singh Bedi (DIN: 07844333) as the Managing Director of the Company for a period of 3 (three) years from July 1, 2020 to June 30, 2023 (both days inclusive), liable to retire by rotation, on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with liberty and power to the Board of Directors (including the Nomination and Remuneration Committee), to alter and vary from time to time the terms and conditions of the appointment of the Managing Director, to grant increments, subject to the applicable provisions of the Act and the Rules made thereunder.

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Gagandeep Singh Bedi as Managing Director, the Company has no profits or profits are inadequate, the aforesaid remuneration or remuneration as may be approved by the Board of Directors of the Company from time to time shall be paid as minimum remuneration.

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

Item No. 6

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

RESOLVED THAT pursuant to and in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, as amended to date ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with the applicable provisions of Schedule V thereto, approval of the members of the Company be and is hereby accorded for the re-appointment of Mr. Rajesh Marwaha (DIN: 01458768) as a Whole-time Director of the Company for a period of 3 (three) years from December 2, 2019 to December 1, 2022 (both days inclusive), liable to retire by rotation, on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice

convening this Annual General Meeting, with liberty and power to the Board of Directors (including the Nomination and Remuneration Committee), to alter and vary from time to time the terms and conditions of the appointment of the Whole-time Director, to grant increments, subject to the applicable provisions of the Act and the Rules made thereunder.

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Rajesh Marwaha as Whole-time Director, the Company has no profits or profits are inadequate, the aforesaid remuneration or remuneration as may be approved by the Board of Directors of the Company from time to time shall be paid as minimum remuneration.

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

Item No. 7

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 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, 2021, be and is hereby confirmed, approved and ratified.

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

Place: Bengaluru

Date: May 18, 2020

Pratap Rudra

Company Secretary & Legal Counsel

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and

MCA Circulars, the AGM of the company is being held through VC/OAVM.

2. This Notice is being sent to the Members whose names appear in the List of Beneficial Owners received from National Securities Depository Limited/ Central Depository Services (India) Limited ('Depositories'). In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants.
3. For Members whose e-mail addresses are not registered but mobile numbers are registered with RTA/Depositories, the weblink for downloading the Notice is being sent through SMS.
4. Members who have not registered their e-mail address and in consequence could not receive the Notice may get their email address registered with the RTA, by clicking the link: <https://www.integratedindia.in/DRAstrazenecaPharma.aspx> and following the registration process as guided thereafter. Post successful registration of the email address, the Member will receive soft copy of the Notice and the procedure for remote e-voting along with the User ID and the Password to enable remote e-voting for this Notice. In case of any queries, Member may write to giri@integratedindia.in.
5. Members are also requested to register their email address, in respect of electronic holdings with the Depositories /Depository Participant and in respect of physical holdings with the RTA.
6. With regard to the process of registration of email address with the RTA, Members may get their email address registered with the RTA, by clicking the link: <https://www.integratedindia.in/DRAstrazenecaPharma.aspx> and following the registration process as guided thereafter. Otherwise, Members are requested to send a request / communication between 9.00 am and 5.00 pm on all working days (except Saturday and Sunday) till 48 hours prior to the closure of the voting period to the following email address of the Company or RTA, by quoting the Folio No./Demat account No. The email address of the Company and the contact details are comp.secy@astrazeneca.com/080 67748000 and RTA's email address and the contact details are giri@integratedindia.in / 080 23460815-18.
7. Pursuant to the Circular No. 14/2020 dated April 8, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to

attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

8. The facility of participation at the AGM through VC/OAVM will be made available for members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
9. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
10. Since the AGM will be held through VC / OAVM, the route map is not annexed in this Notice.
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 8, 2020, April 13, 2020 and May 5, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as on the date of the AGM will be provided by NSDL.
12. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM and the Annual Report for 2019-20 has been uploaded on the website of the Company at www.astrazeneca.com/india. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-voting facility) i.e. www.evoting.nsdl.com.
13. The Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning items 4 to 7 of the Notice, being Special Business, is annexed hereto.
14. Relevant documents referred to in the accompanying Notice calling the AGM, Register of Directors and Key Managerial Personnel and their Shareholding and the

Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013 are available for inspection by the Members electronically during the 41st AGM. Members seeking to inspect such documents can send email to comp.secy@astrazeneca.com.

15. 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.
16. 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. Further, the Non-Resident Indian Members are requested to inform to the RTA on change in their residential status on return to India for permanent settlement and particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN Code number, if not furnished earlier.
17. 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.
18. Details as required under the Listing Regulations and Secretarial Standards in respect of the Director seeking appointment/re-appointment at the AGM form an integral part of the Notice. The Directors have furnished requisite declarations for their appointment.
19. For any communication, the Members may also write to the Company's investor email ID: comp.secy@astrazeneca.com.

20. Voting through Electronic Mean:

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 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 ("remote e-voting") will be provided by NSDL.

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 email ID is not registered, you may get your email address registered with the RTA, by clicking the link: <https://www.integratedindia.in/DRAstrazenecaPharma.aspx> and follow the registration process as guided thereafter. Post successful registration of the email address, you will receive soft copy of the Notice and the procedure for remote e-voting along with the User ID and the Password to enable remote e-voting for this Notice.

(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. Any query or grievance connected with the remote e-voting may be addressed to Mr. Soni Singh, Assistant Manager at 022 24994559 or Ms. Sarita Mote, Assistant Manager at 022 24994890

- (iv) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- (v) The remote e-voting period commences on August 6, 2020 (9.00 a.m. IST) and ends on August 9, 2020 (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 of August 3, 2020 may cast their vote through remote e-voting.
- (vi) 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 of August 3, 2020
- (vii) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. August 3, 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or giri@integratedindia.in. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using 'Forgot User Details/Password' option available on www.evoting.nsdl.com or contact NSDL at toll free no. 1800-222-990.
- (viii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through e-voting. For the purpose of e-Voting, a person who is not a Member as on cut-off date should treat this Notice for information purpose only.

(ix) The instructions for members for e-voting on the day of the AGM are as under:-

- (a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (b) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing

so, shall be eligible to vote through e-Voting system in the AGM.

- (c) Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (d) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.
- (x) The Board of Directors has appointed Mr. Vijayakrishna K.T, Practicing 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 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.
- (xii) 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.
- (xiii) Instructions for members for attending the AGM through VC/OAVM are as under:**
 - (a) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
 - (b) Facility of joining the AGM through VC/ OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first cum first served basis.
 - (c) Members are encouraged to join the Meeting through Laptops for better experience.
 - (d) Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - (e) Please note that participants connecting from Mobile devices or tablets or through laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
 - (f) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker and send their request mentioning their name, demat account number/folio number, email id, mobile number at comp.secy@astrazeneca.com before 5 p.m. IST on August 4, 2020.
 - (g) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. Members are requested to submit their questions at the time of registration, to enable the company to respond appropriately.
 - (h) The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
 - (i) Members who need assistance before or during the AGM, can contact NSDL at evoting@nsdl.co.in or 1800222990 or contact Mr. Soni Singh, Assistant Manager at 022 24994559 or Ms. Sarita Mote, Assistant Manager at 022 24994890.

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

Item No. 4

Based on the recommendation of the Nomination and Remuneration Committee, Mr. Ankush Nandra was appointed as Non-Executive Director on the Board of the Company with effect from May 18, 2020. As an Additional Director, Mr. Ankush Nandra holds office till the date of the ensuing Annual General Meeting and is eligible for being appointed as a Director. Considering his vast experience, his presence on the Board will be of immense value to the Company.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 from a member signifying his/its intention to propose the appointment of Mr. Ankush Nandra as a Director of the Company.

Mr. Ankush Nandra 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. Ankush Nandra 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 the Members.

Item No. 5

At the meeting of the Board of Directors held on May 18, 2020, based on the recommendation of the Nomination and Remuneration Committee, Mr. Gagandeep Singh Bedi was re-appointed as the Managing Director of the Company for a period of 3 (three) years with effect from July 1, 2020 till June 30, 2023, subject to the approval of the Members and such other approvals, as may be necessary under the Companies Act, 2013.

The remuneration and other terms relating to Mr. Gagandeep Singh Bedi's (Mr. Singh) appointment as a Managing Director of the Company are contained in the agreement approved by the Board (the 'Agreement'). The key terms of Mr. Singh's appointment are set out below:

1. Mr. Singh to be the Managing Director for a period of three (3) years from July 1, 2020, unless his employment is previously determined in pursuance of any of the provisions of the Agreement. The re-appointment of Mr. Singh as Managing Director is subject to the approval of shareholders of the Company in the general meeting, by way of a special resolution.
2. Mr. Singh shall, as Managing Director of the Company, exercise such powers and perform and discharge such duties, functions and responsibilities as the Board shall from time to time in its absolute discretion determine and entrust to him. Mr. Singh shall report, and be answerable and responsible, to the Board and promptly and faithfully obey and observe all directions that may from time to time be given to him by the Board.
3. Mr. Singh shall, so long as he holds the office of Managing Director, be a director liable to retire by rotation in accordance with the applicable provisions of the Act, or any statutory modification or re-enactment thereof for the time being in force and the Company's Articles of Association.
4. Mr. Singh shall devote his whole time and attention during business hours to the business and affairs of the Company and shall exert his best endeavors to promote its interests and welfare.
5. In consideration of the faithful and proper performance by Mr. Singh of his duties and responsibilities as Managing Director, the Company shall pay to him:
 - (i)
 - (a) Salary: A salary of ₹ 919,001/- (Rupees Nine lakhs nineteen thousand and one only) per month with such annual increments as the Board may in its absolute discretion determine;
 - (b) Personal Pay: An amount of ₹ 1,304,981/- (Rupees Thirteen lakhs four thousand nine hundred and eighty one only) per month with such annual increments as the Board may in its absolute discretion determine;
 - (c) Leave Travel Allowance: An amount of ₹ 73,520/- (Rupees Seventy three thousand five hundred and twenty only) per month, as per Income Tax rules, and such annual increments as the Board may in its absolute discretion determine;
 - (d) Housing Assistance: Company leased house in Bengaluru with a rental limit of upto ₹ 393,000/- (Rupees Three lakhs ninety three thousand only) per month subject to such annual market driven rental increments as may be agreed with the Lessor and approved by CFO or VP-HR or HRA including maintenance to the equivalent amount be paid if the house is self leased;
 - (e) Variable Performance Bonus as per the Company's Bonus Scheme for the time being and from time to time in force, as the Board may in its absolute discretion determine. The payment of Variable Performance Bonus shall be based both on the Company's overall performance as well as the Managing Director's individual performance; it being expressly agreed and understood that there is no contractual entitlement to bonus.
 - (ii) In addition to the foregoing, Mr. Singh shall also be entitled to the following benefits:
 - (a) The use of a telephone and one internet facility at the Managing Director's residence in Bengaluru, the rent,

call charges and other outgoings in respect thereof being paid by the Company;

- (b) Reimbursement of entertainment expenses actually incurred by Mr. Singh exclusively for the purpose of the Company's business;
- (c) Utilisation of a club facility, in accordance with the policy of the Company for the time being in force;
- (d) Use of a Company owned and maintained or leased motor car with driver, all expenses for running and maintenance of such motor car to be borne and paid by the Company;
- (e) The benefit of a personal accident insurance, medical insurance and life insurance policy in accordance with the Company's Scheme for the time being in force;
- (f) The benefit of the Company's Provident Fund Scheme in accordance with the Rules of the Scheme for the time being in force, subject to the condition that the Company's contribution thereto shall not exceed such percentage of Mr. Singh's salary as may be permitted from time to time under the Income Tax Rules, 1962 for the time being in force;
- (g) The benefit of the Company's Superannuation Scheme in accordance with the Rules of the Scheme for the time being in force, subject to the condition that the Company's contribution thereto together with the Company's contribution to the Provident Fund shall not exceed such percentage of Mr. Singh's salary as is permitted from time to time under the Income Tax Rules, 1962 for the time being in force;
- (h) Gratuity as per prevalent policy of the Company;
- (i) Encashment of unavailed privilege leave at the end of his tenure of office as Managing Director of the Company in accordance with the Rules of the Company for the time being in force;
- (j) Expenses for providing Security Guard at residence.
- (iii) In line with the applicable rewards guidelines in force, Mr. Singh shall be entitled to ESOPs / RSUs and such other equity linked benefits by the Company or by the parent/ group company.

Income Tax, if any, on or in respect of all of the remuneration described in Clauses 5 (i), (ii) and (iii) above shall be borne and paid by Mr. Singh.

- 6. It is expressly agreed and understood that if in any financial year of the Company during the continuance of the employment of Mr. Singh as Managing

Director, the Company has no profits or its profits are inadequate, Mr. Singh shall be entitled to remuneration as aforesaid subject to the terms, if any, prescribed in Schedule V to the Act.

- 7. Either party to be entitled to terminate the Agreement at any time by giving to the other not less than three (3) months prior notice in writing without assigning any reason thereof.
- 8. However, the Company is entitled to terminate Mr. Singh's employment at any time by payment to him of 3 (three) months' salary in lieu of notice.

The terms of appointment of Mr. Gagandeep Singh Bedi are more fully set out in the Agreement which will be available for inspection by any member by writing to the Company Secretary at comp.secy@astrazeneca.com.

Further, Mr. Gagandeep Singh Bedi does not have any interest in the capital of the company or its holding company or any of its subsidiaries directly or indirectly or through any other statutory structures and does not have any direct or indirect interest and not related to the directors or promoters of the Company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and he possesses graduate level qualification with expertise and specialised knowledge in the field in which the Company operates.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 from a member signifying his/its intention to propose the appointment of Mr. Gagandeep Singh Bedi as a Director of the Company.

This Explanatory Statement may also be considered as the requisite written memorandum under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Mr. Gagandeep Singh Bedi as the Managing Director of the Company.

Mr. Gagandeep Singh Bedi 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. Gagandeep Singh Bedi and his relatives, are concerned or interested in the above resolution. The Board recommends the resolution as set out at Item No. 5 of this Notice for the approval the Members.

Item No. 6

At the meeting of the Board of Directors held on November 11, 2019, based on the recommendation of the Nomination and Remuneration Committee, Mr. Rajesh Marwaha was re-appointed as the Whole-time Director of the Company for a period of 3 (three) years w.e.f. December 2, 2019 till December 1, 2022, subject to the approval of the Members

and such other approvals, as may be necessary under the Companies Act, 2013.

The remuneration and other terms relating to Mr. Rajesh Marwaha's (Mr. Marwaha) appointment as the Whole-time Director of the Company are contained in the Agreement entered into between Mr. Marwaha and the Company (the 'Agreement'). The key terms of Mr. Marwaha's appointment are set out below:

1. Mr. Marwaha to be the Whole-time Director for a period of three (3) years from December 2, 2019, unless his employment is previously determined in pursuance of any of the provisions of the Agreement.
2. Mr. Marwaha shall, as Whole-time Director of the Company, exercise such powers and perform and discharge such duties, functions and responsibilities relating to finance. Mr. Marwaha shall report, and be answerable and responsible, to the Managing Director and promptly and faithfully obey and observe all directions that may from time to time be given to him by the Managing Director.
3. Mr. Marwaha shall, so long as he holds the office of Whole-time Director, be a director liable to retire by rotation in accordance with the applicable provisions of the Act, or any statutory modification or re-enactment thereof for the time being in force and the Company's Articles of Association.
4. Mr. Marwaha shall devote his whole-time and attention during business hours to the business and affairs of the Company and shall exert his best endeavours to promote its interests and welfare.
5. In consideration of the faithful and proper performance by Mr. Marwaha of his duties and responsibilities as Whole-time Director, the Company shall pay to him:
 - (i)
 - (a) Basic Salary: A basic salary of ₹ 525,600/- (Rupees Five lakhs twenty five thousand six hundred only) per month with such increments as the Managing Director may determine and subject to the necessary approvals by the Board thereof;
 - (b) Employee Performance Bonus as per the Company's Bonus Scheme for the time being and from time to time in force, as the Managing Director may determine and subject to necessary approvals thereof by the Board. The payment of Employee Performance Bonus shall be based both on the Company's overall performance as well as the Whole-time Director's individual performance; it being expressly agreed and understood that there is no contractual entitlement to bonus.
 - (ii) In addition to the above, the Company will provide to Mr. Marwaha:
 - (a) House Rent Allowance– ₹210,240/- (Rupees Two lakhs ten thousand two hundred and forty only) per month.
 - (b) Leave Travel Allowance– ₹ 42,048 (Rupees Forty two thousand and forty eight only) per month.
 - (c) Personal Pay– ₹ 484,401 (Rupees Four lakhs eighty four thousand four hundred and one only) per month.
 - (d) Car Allowance– ₹ 24,583 (Rupees Twenty four thousand five hundred and eighty three only) per month.
 - (e) Petrol Allowance– ₹ 17,875 (Rupees Seventeen thousand eight hundred and seventy five only) per month.
 - (f) Maintenance– ₹ 2,000 (Rupees Two thousand only) per month.
 - (g) Driver– ₹ 7,254 (Rupees Seven thousand two hundred and fifty four only) per month
 - (iii) In addition to the foregoing, Mr. Marwaha shall also be entitled to the following benefits:
 - (a) the benefit of the Company's Provident Fund Scheme in accordance with the Rules of the Scheme for the time being in force, subject to the condition that the Company's contribution thereto shall not exceed such percentage of Mr. Marwaha's salary as may be permitted from time to time under the Income Tax Rules, 1962 for the time being in force;
 - (b) gratuity as per prevalent policy of the Company
 - (c) Medical Insurance, Group Personal Accident Insurance, Group Life Insurance, Employee Deposit Linked Insurance as per Company's policy.
 - iv. In line with the applicable rewards guidelines in force, Mr. Marwaha shall be entitled to ESOPs / RSUs and such other equity linked benefits by the Company or by the parent/ group company.
Income Tax, if any, on or in respect of all of the remuneration described in Clauses 5 (i), (ii), (iii) and (iv) above shall be borne and paid by Mr. Marwaha.
6. It is expressly agreed and understood that if in any financial year of the Company during the continuance of the employment of Mr. Marwaha as the Whole-time Director/Executive Director, the Company has no profits or its profits are inadequate, Mr. Marwaha shall be entitled to remuneration as aforesaid subject to the limits/terms prescribed in Schedule V to the Act.
7. Either party to be entitled to terminate the Agreement at any time by giving to the other not less than ninety days prior notice in writing without assigning any reason therefor.

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

The terms of appointment of Mr. Rajesh Marwaha are more fully set out in the said Agreement which will be available for inspection by any member by writing to the Company Secretary at comp.secy@astrazeneca.com.

Further, Mr. Rajesh Marwaha does not have any interest in the capital of the Company or its holding company or any of its subsidiaries directly or indirectly or through any other statutory structures and does not have any direct or indirect interest and not related to the directors or promoters of the Company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and he possesses graduate level qualification with expertise and specialised knowledge in the field in which the Company operates.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 from a member signifying his/its intention to propose the appointment of Mr. Rajesh Marwaha as a Director of the Company.

This Explanatory Statement may also be considered as the requisite written memorandum under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Mr. Rajesh Marwaha as the Whole-time Director of the Company.

Mr. Rajesh Marwaha 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. Rajesh Marwaha and his relatives, are concerned or interested in the above resolution. The Board recommends the Resolution as set out at Item No. 6 of this Notice for the approval the Members.

Item No. 7

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, 2021. 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 of Directors recommend the Resolution set out at Item No. 7 for the approval of Members.

Annexure – I to Notice

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

I. General Information

(1) Nature of Industry	Pharmaceuticals
(2) Date or expected date of commencement of commercial production	The Company commenced its commercial production on November 6, 1979.
(3) Financial performance based on given indicators	For the year ended March 31, 2020
	(₹ in million)
	Total Revenue 8,448.0
	Profit before Tax 1,139.7
	Profit after Tax 722.1
(4) Foreign investments or collaborations, if any	AstraZeneca Pharmaceuticals AB, Sweden, the Company's promoter holds 18,750,000 equity shares constituting 75% of the paid-up equity share capital of the Company.

II. Information about the appointee

Particulars	Gagandeep Singh Bedi	Rajesh Marwaha
(1) Background details	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. He holds a degree in Economics from the University of Delhi. Prior to joining AstraZeneca, he had worked with Baxter India and Eli Lilly.	Mr. Rajesh Marwaha has been the Chief Financial Officer of the Company since August 2014. He has over twenty four years of Indian and International working experience. His experience includes varied roles in FMCG, Home Appliances, Pharmaceutical and Retail Mall sector. During his past work tenure, his main experience has been to set up new subsidiaries in different countries which has developed a strong business enabling approach in him. He is a member of the Institute of Chartered Accountants of India. Prior to joining AstraZeneca, he had worked with PepsiCo for seven years. He joined Groupe SEB SA, a French company in home appliances business in 1996. There, he worked in different functions; finance in India, Global internal audit at headquarter in France, Regional Controller Sales & Commercial in Dubai. Post a successful stint, he came back to India to join MSD pharmaceuticals in 2008 and worked there for 6 years.
(2) Past remuneration	As disclosed in the Corporate Governance Report.	As disclosed in the Corporate Governance Report.
(3) Recognition or awards	-	-
(4) Job profile and suitability	Mr. Gagandeep Singh Bedi has been appointed as the Managing Director of the Company, to be the overall in charge of business affairs of the Company. He has with him wide ranging experience in the pharmaceutical industry. He had joined AstraZeneca in 2006 and handled various roles and is best suited for the position for which he is appointed.	Mr. Rajesh Marwaha carries with him nearly two decades of wide ranging experience which includes varied roles in FMCG, Home Appliances, Pharmaceutical and Retail Mall sector and is best suited for the position for which he is appointed.

Particulars	Gagandeep Singh Bedi	Rajesh Marwaha
(5) Remuneration proposed	As set out in Item No. 5 of the accompanying Notice read with the Explanatory Statement.	As set out in Item No. 6 of the accompanying Notice read with the Explanatory Statement.
(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration proposed to be paid to Mr. Gagandeep Singh Bedi is commensurate with his job profile, experience, qualification, size of the Company, remuneration being paid in the same industry.	The remuneration proposed to be paid to Mr. Rajesh Marwaha is commensurate with his job profile, experience, qualification, size of the Company, remuneration being paid in the same industry.
(7) Pecuniary relationship/ relationship with the managerial personnel, if any.	None	None

III. Other Information

Reasons for loss or inadequate profits/ Steps taken or proposed to be taken for improvement/ Expected increase in productivity and profits in measurable terms	The Company made a total comprehensive income of ₹ 539 million during the previous financial year 2018-19. The Company registered sales of ₹ 8,013 million with a growth of 17% achieving a total comprehensive income of ₹ 673 million, during the financial year 2019-20. All the therapeutic areas in which the Company is currently active have recorded above-average market growth during the financial year 2019-20. These comprise of the therapeutic areas of Antidiabetic, Inhaled Respiratory, Cardiovascular and Oncology. In the financial year 2020-21, the Company 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.
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Annexure – II to Notice

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

Particulars	Weiyang Sarah Wang*	Ankush Nandra	Gagandeep Singh Bedi*	Rajesh Marwaha*
Age	44 years	48 years	48 years	57 years
Date of Appointment/ Re-appointment/ Effective date	March 13, 2019	May 18, 2020	July 1, 2020	December 2, 2019
Qualification(s)	LL.B, LL.M and J.D	MA (Oxon) – Chemistry from University of Oxford, ACA (Chartered Accountancy professional qualification) (Institute of Chartered Accountants in England and Wales)	Degree in Economics	Degree in Commerce and Member of Institute of Chartered Accountants of India
Brief profile and nature of their expertise in specific functional areas	Ms. Weiyang 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. Weiyang Sarah 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. Ankush Nandra in his current role is based in the UK. He leads the commercial finance organisation across the International Region. He is a member of both the International Leadership Team as well as the Global Finance Leadership Team. He joined AstraZeneca in 2015 as the European CFO before moving to his present role in 2018. Prior to joining AstraZeneca, he spent 16 years at GSK based in the UK, US and Australia for a variety of commercial and corporate roles. Before GSK he spent time in M&A with HSBC Investment Bank following qualification as an ACA with KPMG.	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.	Mr. Rajesh Marwaha has been the Chief Financial Officer of the Company since August 2014. He has over twenty-four years of Indian and International working experience. His experience includes varied roles in FMCG, Home Appliances, Pharmaceutical and Retail Mall sector. During his past work tenure, his main experience has been to set up new subsidiaries in different countries which has developed a strong business enabling approach in him. He is a member of the Institute of Chartered Accountants of India. Prior to joining AstraZeneca, he had worked with PepsiCo for seven years. He joined Groupe SEB SA, a French company in home appliances business in 1996. There, he worked in different functions; finance in India, Global internal audit at headquarter in France, Regional Controller Sales & Commercial in Dubai. Post a successful stint, he came back to India to join MSD pharmaceuticals in India in 2008 and worked there for 6 years.

Particulars	Weiying Sarah Wang*	Ankush Nandra	Gagandeep Singh Bedi*	Rajesh Marwaha*
Terms and conditions of Appointment/ Reappointment	As per the resolution passed by the shareholders at the Annual General Meeting held on August 7, 2019, Ms. Weiying Sarah Wang was appointed as a Non-Executive Director, liable to retire by rotation.	As set out in Item No. 4 of the accompanying Notice read with the Explanatory Statement.	As set out in Item No. 5 of the accompanying Notice read with the Explanatory Statement.	As set out in Item No. 6 of the accompanying Notice read with the Explanatory Statement.
Remuneration last drawn	NIL	NIL	As disclosed in the Corporate Governance Report.	As disclosed in the Corporate Governance Report.
Number of meetings of Board attended during the year	5	NA	6	6
Remuneration proposed to be paid	NA	NA	As set out in Item No. 5 of the accompanying Notice read with the Explanatory Statement.	As set out in Item No. 6 of the accompanying Notice read with the Explanatory Statement.
Directorships held in other listed companies	NIL	NIL	NIL	NIL
Membership/ Chairmanships of Committees of other listed companies	NIL	NIL	NIL	NIL
Shareholding in the Company (No. of shares)	NIL	NIL	NIL	NIL
Relationship between Directors, inter se	None	None	None	None

* Ms. Weiying Sarah Wang retires by rotation and being eligible, offers herself for re-appointment. Mr. Gagandeep Singh Bedi was first appointed as Managing Director w.e.f. July 1, 2017 and reappointed for 2nd term of 3 years w.e.f. July 1, 2020. Mr. Rajesh Marwaha was first appointed as Whole-time Director w.e.f. December 2, 2016 and reappointed for 2nd term of 3 years w.e.f. December 2, 2019

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

Place: Bengaluru
Date: May 18, 2020

Pratap Rudra
Company Secretary & Legal Counsel

Board's Report

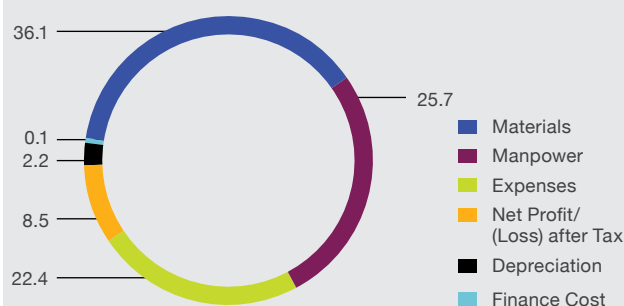
Your Directors are pleased to present the 41st Annual Report together with the Audited Financial Statements of the Company for the financial year ended March 31, 2020.

Financial Results

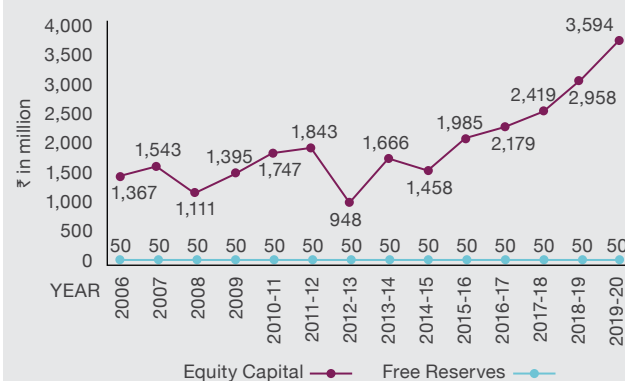
(₹ in million)

Particulars	2019- 20	2018-19
Sales and Other Income	8,448	7,446
Profit/(Loss) before Tax	1,140	727
Provision for Taxation		
- Income Tax	315	167
- Adjustment for Deferred Tax	103	15
Total Tax	418	182
Profit/(Loss) after Taxation	722	545
Other comprehensive income/ (loss) for the year	(49)	(6)
Total comprehensive income for the year	673	539
Surplus brought forward from the previous year	1,682	1,144
Impact of Ind AS 116	(1)	0
Total amount available for appropriation	2,354	1,682
Appropriation made by Directors		
Transfer to General Reserve	-	-
Appropriation recommended by Directors		
Dividend	(25)	-
Tax on proposed Dividend	(5)	-
Surplus carried over	2,324	1,682

Distribution of Total Revenue (%)



Net worth

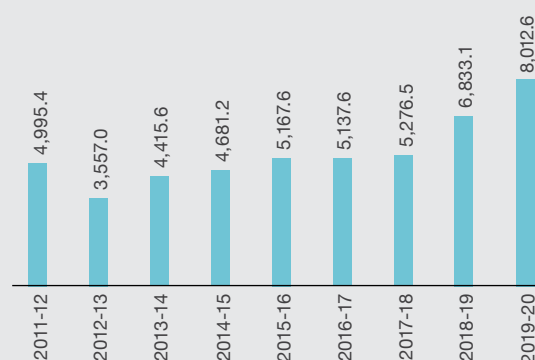


Dividend

During the year, the Board recommended an interim dividend of ₹ 1/- per equity share which was paid out during the year. The Directors, having considered the interests of the company and the business environment, have not recommended any final dividend for the financial year ended March 31, 2020.

Sales and Marketing

Sales Performance* (₹ in million)



* including Exports

Business

The Company registered sales of ₹ 8,013 million with a growth of 17% achieving a total comprehensive income of ₹ 673 million, during the financial year 2019-20. 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, Lynparza and Imfinzi 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 even after Loss of Exclusivity. The existing partnership with Sun Pharma Laboratories Limited has helped boost the reach of the drug to more patients. While the partnership ends in the current year in view of the Loss of Exclusivity. This franchise has become the market leader by value share in Oral Anti Platelets as per IQVIA Health.

Forxiga and 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 Abbott Healthcare Private Limited has helped boost the sales of the franchise. The efficacy of the molecule and its wide acceptance among physicians and benefits to numerous diabetic patients is quite evident.

Tagrisso (Osimertinib) which we had launched earlier, 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.

Lynparza (Olaparib) which was launched in Feb 2019, is an Oral PARP Inhibitor used to treat PARP dependent tumours like ovarian cancer, breast cancer & has been recently approved for pancreatic cancer. Lynparza has been able to touch lives of more than 500 patients and continues to grow strong.

We are happy to announce the launch of Imfinzi (Durvalumab) which is approved for the patients with unresectable, Stage III non-small cell lung cancer (NSCLC) whose disease has not progressed following platinum-based chemotherapy and radiation therapy (CRT), and in 2nd Line Urothelial cancer. With the launch of Imfinzi, a new standard of care, a multi-disciplinary approach to treat Stage III disease is being established to optimally utilise available tools of chemoradiation, immunotherapy and surgery. Imfinzi fills an

unmet need for patients with poor prognosis by offering a curative treatment option.

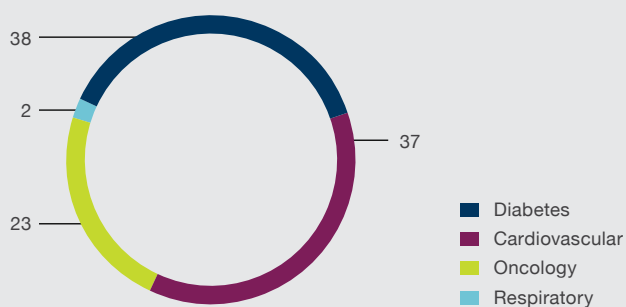
The COVID-19 outbreak has spread rapidly during the last quarter of the financial year. Governments across the globe, including in India, have undertaken various measures to contain the spread of the virus including restrictions on travel, social distancing and other emergency measures. These measures have had a direct impact on businesses and have affected the supply chains and production of goods. Lower economic activity has also resulted in the suppressed demand for goods and services.

The Company is engaged in the business of manufacture, distribution and marketing of life-changing medicines in crucial areas of healthcare including oncology, cardiovascular, diabetes, renal, metabolic and respiratory. Products supplied by the Company have been classified as essential goods during the COVID-19 pandemic.

The Company initially experienced some delays in delivery of supplies to upcountry customers due to restrictions on courier services, but this has gradually stabilised and deliveries are now regular and timely. In view of the lockdown and curfew announced across many states in India, the Company has undertaken and strengthened various measures to ensure the safety and well-being of its employees and has focused on continued delivery of medicines across the country, by ensuring that its key functions i.e. procurement, manufacturing, supply chain, marketing, sales and support functions continue to operate smoothly.

Management has considered its liquidity position as at March 31, 2020 and over the next twelve months, by performing cash flow assessments and a sensitivity analysis thereon and has concluded that the Company will have adequate liquidity in the ordinary course of business.

Therapeutic Area-wise Sales contribution (%)



Manufacturing

In the manufacturing operations, the focus on continuous improvements was a key deliverable. Using Lean methodologies to ensure operations deliver improved efficiencies and eliminate waste. Operations is also leveraging digital technology to streamline process and reduce non-value add work, e.g. implementation of Robotic Process Automation.

The manufacturing operations also procured 2 semi-automated lines. These will replace the heavily manual lines, this will increase the productivity and support the local packing planned for Brilinta and Xigduo XR.

The manufacturing operations continue to have an excellent safety performance. The factory has received, second time in a row, an award from the National Safety Council for Best Management and Safety performance. The factory celebrated six years without Lost Time Injury or Medical Treatment Injury.

The focus on sustainability remains, many initiatives delivered by the factory:

- 70% of site energy from solar power
- Moved to single usage of chiller unit and stability oven
- Implemented natural lighting systems, sky shades, in warehouses
- Project started for elimination of single use plastic on site

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

The Bangalore Utility Project was completed on time and under budget. The project delivered upgradation of some major utilities. The Company is awaiting certain permitting approvals to put the assets into usage.

The manufacturing operations' results from Pulse survey was extremely positive for Great place to Work, Speak up and Inclusion and Diversity.

People development remains to be a focus. Programmes are in place for capability upliftment, people development and succession.

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, Health and well-being of employees is an important matter for the Company. New initiatives were introduced on building a safe working environment for our employees. Many health awareness activities 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 medical and pharmacy graduates to strengthen the scientific orientation in the workforce. Training programmes to strengthen scientific and technical knowledge of the employees were extensively implemented across the businesses.

There is continued focus on enabling career development and learning opportunities for the employees. During the year, the India Development Week and India Empowerment Week were conducted with the focus to embed an inclusive culture and enable a learning environment for all employees. The focus was to encourage all employees to build capabilities and competencies required for newer challenges and future portfolio. The Company also continued to invest in talent development programs for women employees. This was part of the focus on building a diverse organisation with employees from different backgrounds and cultures. Also, our results from the biannual Employee Pulse survey has been extremely encouraging with positive movements across all key Great Place to work levers.

Number of Employees

The total number of employees of the Company as on March 31, 2020 was 1,325 as against 1,452 as on March 31, 2019.

Legal Matters

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

- 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.
- Writ Petition filed by the Company before the Hon'ble High Court of Karnataka challenging demand notice received from Bruhat Bangalore Mahanagara 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 ₹ 561,736 lying with the Company for a period of 7 years pertaining to the financial year ended March 31, 2012 was transferred during September 2019 to the Investor Education and Protection Fund, established by the Central Government. Further, as required under Section 124 of the Act/IEPF Rules, 19,842 equity shares held by 57 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 2019-20.

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, 2020, 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, 2020 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 was 1 complaint received by the Internal Complaints Committee and the same was resolved.

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

Board Evaluation

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.

Further as part of the process, the Chairman of the Nomination & Remuneration committee provided feed back to the Board members on the evaluation carried.

As required under Listing Regulations, the Independent Directors held a separate meeting on February 3, 2020. All Independent Directors attended the 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 at - <https://www.astrazeneca.in/content/dam/az-in/pdf/files/AprNomination%20and%20Remuneration%20Policy.pdf>

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 safeguard to 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 at - <https://www.astrazeneca.in/content/dam/azin/pdf/2019/Whistle%20Blowing%20Policy.pdf>

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 at - <https://www.astrazeneca.in/content/dam/az-in/pdf/2017/Dividend%20Distribution%20Policy.pdf>

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

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.

The Company entered into materially significant related party transactions with AstraZeneca UK Limited for purchase, transfer and receipt of products, goods, material, services and reimbursement on account of transfer price or other obligations. The same is within the limits duly approved by the members at the 40th Annual General Meeting.

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 at - <https://www.astrazeneca.in/content/dam/az-in/pdf/files/Policy%20on%20Related%20Party%20TransactionsS.pdf>

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 Company has formulated a Risk Management Policy which will guide the Risk Management Committee and the internal team to effectively manage the risks that the business faces.

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 focused on its flagship initiative for prevention and early detection of cancer among women, the "Ganga Godavari Cancer Screening Programme". Launched on World Cancer Day in 2019, in partnership with Indian Cancer Society and Charities Aid Foundation, the programme aims to conduct specialised check-up camps for screenable cancers such as oral, cervical and breast cancer for women from underprivileged sections of the population. In the first phase of the programme, the Company has reached over 4,000 women beneficiaries with cancer awareness and screening. During the ongoing second phase, the Company intends to reach over 1,200 women beneficiaries.

Every year, the company also rolls out a social impact programme conceptualised based on the suggestions from employees. During the financial year, the Company partnered with Make A Wish Foundation to fulfill the wishes of over 300 critically ill children with life threatening ailments.

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 focusing on NCDs related health awareness activities. These activities are delivered through Peer Educators at Health Information Centers 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 400,000 youth with health information. 3,500 Peer Educators have been trained and 25 Health Information Centers 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 COVID-19 pandemic is an unprecedented challenge facing the country. As a responsible corporate organisation, we are committed to aid the medical and service fraternity in India in the frontline of battle against COVID-19. To this end, the Company donated around 75,000 high quality N95 masks. The masks were donated to the central and state health departments of Delhi, Punjab, Maharashtra, Karnataka and Kerala. Apart from health departments, the masks were also provided to Baramati municipality in Maharashtra.

The Corporate Social Responsibility Policy is available at <https://www.astrazeneca.in/content/dam/az-in/pdf/files/Corporate%20Social%20Responsibility%20PolicyS.pdf>

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 open for inspection and any member interested in obtaining the copy of the same may write to the Company Secretary.

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. 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

Pursuant to Section 152 of the Companies Act, 2013, Ms. Weiyang Sarah Wang (Non-Executive Director), will retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment. A resolution in this behalf is set out at Item No. 3 of the Notice of the Annual General Meeting.

Based on the recommendations of the Nomination and remuneration Committee and subject to the approval of members of the Company at the ensuing Annual General Meeting, the Board of Directors in their meeting held on May 18, 2020 have considered and approved the reappointment of Mr. Gagandeep Singh Bedi as Managing Director of Company for a further period of three (3) years w.e.f. July 1, 2020 and remuneration payable to him.

Based on the recommendations of the Nomination and remuneration Committee and subject to the approval of members of the Company at the ensuing Annual General Meeting, the Board of Directors in their meeting held on November 11, 2019 have considered and approved the reappointment of Mr. Rajesh Marwaha as Whole-time Director/ Executive Director of Company for a further period of three (3) years w.e.f. December 2, 2019 and remuneration payable to him.

Based on recommendation of the Nomination and Remuneration Committee, Mr. Ankush Nandra (Non-Executive Director) was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on May 18, 2020. A proposal is placed before the members for the appointment of Mr. Ankush Nandra as director of the Company at the Annual General Meeting.

Pursuant to the provisions of regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, brief resume and other disclosures relating to the Directors who are proposed to be appointed/ re-appointed are given in the Annexure to the Notice of the 41st Annual General Meeting.

The Board of Directors recommend the aforesaid appointments for approval of members.

Mr. Ian John Parish (Non-Executive Director) resigned w.e.f. May 18, 2020.

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 ensuing 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 K. T. KT, Practicing Company Secretary to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2020. The Secretarial Audit Report in Form MR-3 is annexed as Annexure – X, which forms part of this Report.

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

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 2020-21, on a remuneration as mentioned in the Notice convening the 41st 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 2018-19 was filed with the Ministry of Corporate Affairs on September 5, 2019.

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 18, 2020

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 the 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.

*Note: Tax treatment shall be subject to applicable regulations.

- (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:**

The Company's efforts in energy conservation journey continues. The factory has upgraded the Building Management System/Facility Management System with new software / servers and is in the process of connecting all utility services for better energy efficiency management. Through a Power purchasing agreement, the facility has sourced 5410000 kWh of Solar energy in 2019. The Company's facility has been certified and accredited with Gold Standard under LEED (Leadership in Energy and Environmental Design) certification.

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

The Company is using renewable energy concepts like:

- Reduction in operation of cooling tower fan motors and chilled water pumps
- Sourcing solar power catering to approximately 70% of site power requirements
- Usage of Agro husk boilers for steam generation
- Condensate water recovery system
- Rainwater harvesting
- Improved efficiency of chiller by various measures including Cooling towers louvers replacement, balancing of primary pumps, modification of chilled water pipelines etc.
- Single use plastic reduction measures across the site
- Natural air ventilation systems installed in utility areas including boiler house / chemical stores
- 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.
- Project for in-house solar plant under progress
- Project for reuse of high TDS water for cooling tower and auto tube cleaning system for Chiller condenser under progress
- High speed blister packing line for faster packing to save energy and resources.

B. Technology Absorption

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

C. Foreign Exchange Earnings and Outgo

- | |
|---|
| (a) Foreign Exchange earned in terms of actual inflows- ₹ 305 million |
| (b) Foreign exchange outgo in term of actual outflows- ₹ 3,080 million. |

On behalf of the Board of Directors

Place: Bengaluru
Date: May 18, 2020

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 2019-20, 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 2019-20 is ₹ 2,782.66 million.

- (ii) The Company has entered into an Agreement dated March 24, 2015 with AZ UK and later extended in 2017, the material terms of which are as follows:

Nature: Reimbursement of pre-launch cost for new launch products, on arm's length basis.

Credit Term: 45 days

Termination of Agreement by 6 months written notice by either party.

Monetary value of transaction(s) during 2019-20 is ₹ 25.55 million.

- (iii) 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 ₹ 4.26 million.

The aggregate value of transactions with AZ UK, a Related Party during the financial year 2019-20 was ₹ 2,812.47 million.

- (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 18, 2020

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 programs:

During the year the Company focussed on its flagship initiative for prevention and early detection of cancer among women, the 'Ganga Godavari Cancer Screening Programme'. Launched on World Cancer Day in 2019, in partnership with Indian Cancer Society and Charities Aid Foundation, the programme aims to conduct specialised check-up camps for screenable cancers such as oral, cervical and breast cancer for women from underprivileged sections of the population. In the first phase of the programme, the Company has reached over 4,000 women beneficiaries with cancer awareness and screening. During the ongoing second phase the Company intends to reach over 1,200 women beneficiaries.

Every year, the company also rolls out a social impact programme conceptualised based on the suggestions from employees. During this financial year, the Company partnered with Make A Wish Foundation to fulfill the wishes of over 300 critically ill children with life threatening ailments.

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 Centers 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 400,000 youth with health information, 3,500 Peer Educators have been trained and 25 Health Information Centers 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 COVID-19 pandemic is an unprecedented challenge facing the country. As a responsible corporate organisation, we are committed to aid the medical and service fraternity in India in the frontline of battle against COVID 19. To this end, the Company donated around 75,000 high quality N95 masks. The masks were donated to the central and state health departments of Delhi, Punjab, Maharashtra, Karnataka and Kerala. Apart from health departments, the masks were also provided to Baramati municipality in Maharashtra.

2. The Composition of the CSR Committee:

Mr. Ian John Parish – Chairman*

Ms. Revathy Ashok

Mr. Gagandeep Singh Bedi

* Mr. Ian John Parish resigned w.e.f. May 18, 2020 and has been replaced by Ms. Weiying Sarah Wang as the Chairman of the Committee w.e.f. May 18, 2020.

3. Average net profit of the Company for last three financial years: ₹ 466.15 million
4. Prescribed CSR expenditure: ₹ 9.32 million
5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: ₹ 9.32 million

(b) Amount unspent, if any: None

The Company carries out its CSR activities through Charities Aid Foundation India (CAF), a registered charitable trust. The Company has contributed the entire amount of CSR spend of financial year 2019-20 to CAF during the year and hence no amount is unspent by the Company.

(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 programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
Ganga Godavari Cancer Screening Programme – Oral, cervical and breast cancer screening & awareness among women.	Healthcare	Delhi	₹1.11 million	Direct Expenditure	₹ 1.11 million	Through Implementing Agency – Charities Aid Foundation India & Indian Cancer Society
Make A Wish Foundation – This year, the Company has partnered with Charities Aid Foundation India & Make A Wish Foundation to fulfil the wishes of over 300 critically ill children across 9 cities in India. Most of these children are suffering from life threatening ailments and have been undergoing treatment at various hospitals. Most of the children covered under this programme come from low socio-economic background. The Company has reached 300 direct beneficiaries.	Healthcare & social impact programme	Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai & Pune	₹ 1.70 million	Direct Expenditure	₹ 1.70 million	Through Implementing Agency – Charities Aid Foundation India & Make A Wish Foundation
COVID-19 Response – As a response to unprecedented situation arisen due to COVID-19 in country the Company decided to intervene and help the nation by redirecting the CSR funds for procuring & distribution of 75,000 N95 masks to 5 different state health departments through Charities Aid Foundation India. The 5 Indian state health departments & union health ministry were direct beneficiaries of this project	Healthcare	Delhi, Punjab, Maharashtra, Karnataka & Kerala	₹ 6.51 million	Direct Expenditure	₹ 6.51 million (The above includes ₹ 1.53 million already contributed to CAF and proposed to be spent by CAF in ongoing COVID-19 response programmes)	Through Implementing Agency – Charities Aid Foundation India & Make A Wish Foundation

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report – The Company carries out its CSR activities through Charities Aid Foundation India (CAF) a registered charitable trust. The company has contributed the entire amount of CSR spend of FY 2019-20 to CAF during the year and hence no amount is unspent by the Company.
7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Gagandeep Singh Bedi

Managing Director

Place: Bengaluru

Date: May 18, 2020

Ian John Parish

Chairman of CSR Committee

Annexure – V to Board's Report

Form No. MGT-9
Extract of Annual Return

as on the financial year ended on March 31, 2020

[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 – 560 045 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	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 E-mail: 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	23.39%
2.	Forxiga / Oxra/ Gledipa	21001	22.42%

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, 2019				No. of Shares held at the end of the year i.e. March 31, 2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
(a) NRI-Individuals	-	-	-	-	-	-	-	-	-
(b) Other-Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	18,750,000	-	18,750,000	75.00	18,750,000	-	18,750,000	75.00	-
B. Public Shareholding	-	-	-	-	-	-	-	-	-
(1) Institutions	-	-	-	-	-	-	-	-	-
(a) Mutual Funds/UTI	1,056,458	-	1,056,458	4.23	863,543	-	863,543	3.47	-0.76
(b) Banks/FI	8,450	125	8,575	0.03	16,685	125	16,810	0.07	0.04
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	9,383	-	9,383	0.04	0.04
(g) FIs	423,099	-	423,099	1.69	305,483	-	305,483	1.22	-0.47
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others Alternative Investment Funds	91,927	-	91,927	0.37	25,090	-	25,090	0.10	-0.27
Sub-Total (B)(1)	1,579,934	125	1,580,059	6.32	1,220,184	125	1,220,309	4.88	-1.42
(2) Non-Institutions									
(a) Bodies Corporate									
(i) Indian	766,104	125	766,229	3.06	668,587	-	668,587	2.67	-0.39
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual Shareholders holding nominal share capital up to ₹ 1 lakh	2,030,707	234,830	2,265,537	9.06	2,179,733	197,772	2,377,505	9.51	0.45
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	1,401,767	-	1,401,767	5.61	1,685,448	-	1,685,448	6.74	1.13

Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 1, 2019				No. of Shares held at the end of the year i.e. March 31, 2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c) Others (specify)									
(i) Foreign Bodies	-	-	-	-	-	-	-	-	-
(ii) NRI / OCBs	80,673	500	81,173	0.32	125,584	500	126,084	0.50	0.18
(iii) Clearing Members/ Clearing House	31,185	-	31,185	0.12	28,685	-	28,685	0.11	-0.01
(iv) Trusts	125	-	125	-	625	-	625	-	-
(v) Unclaimed Suspense Account	-	28,190	28,190	0.11	-	27,190	27,190	0.11	-
(vi) IEPF Authority	95,735	-	95,735	0.38	115,567	-	115,567	0.46	0.08
(vii) Foreign Portfolio Investor (Corporate)	-	-	-	-	-	-	-	-	-
(viii) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-Total	4,406,296	263,645	4,669,941	18.68	4,804,229	225,462	5,029,691	20.12	1.42
Total Public Shareholding (B)=(B)(1)+(B)(2)	5,986,230	263,770	6,250,000	25.00	6,024,413	225,587	6,250,000	25.00	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL(A+B+C)	24,736,230	263,770	25,000,000	100.00	24,774,413	225,587	25,000,000	100.00	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. April 1, 2019			Shareholding at the end of the year i.e. March 31, 2020			% 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.	Particulars	Shareholding at the beginning of the year i.e. April 1, 2019		Cumulative Shareholding at the end of the year i.e. March 31, 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	There is no change in Promoters' Shareholding between April 1, 2019 to March 31, 2020			
	At the end of the year				

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

Sl. No.	Top 10 Shareholders (*)	Shareholding at the beginning of the year i.e. April 1, 2019		Cumulative Shareholding at the end of the year i.e. March 31, 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Minaxi Bhalchandra Trivedi	460,720	1.84	460,720	1.84
2.	ICICI Mutual Fund (Various Schemes)	773,654	3.09	442,353	1.77
3.	Shivani Tejas Trivedi	429,520	1.72	429,520	1.72
4.	Tejas Bhalchandra Trivedi	351,420	1.41	413,192	1.65
5.	Nippon Mutual Fund (Various Schemes)	282,804	1.13	393,775	1.58
6.	Hardik B. Patel	-	-	216,498	0.87
7.	Gagandeep Credit Capital Pvt. Ltd.	213,088	0.85	213,088	0.85
8.	Kashish Jain	100,212	0.40	108,263	0.43
9.	Satish Bhatt	65,660	0.26	63,000	0.25
10.	Anvil Share and Stock Broking Pvt Ltd	34,720	0.14	59,823	0.24

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year i.e. April 1, 2019		Shareholding at the end of the year i.e. March 31, 2020	
		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				

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/WT/Manager		Total Amount (₹)
		Gagandeep Singh Bedi (Managing Director)	Rajesh Marwaha (Chief Financial Officer & Director)	
1.	Gross Salary as per Section 17(1) of Income tax Act, 1961	39,794,452	21,262,058	61,056,510
	Value of perquisites as per Section 17(2) of Income Tax Act, 1961	5,081,827	2,150,431	72,32,258
	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 profits/others	-	-	-
5.	Others if any (PF/Retiral Fund)	3,354,486	1,093,609	4,448,095
	Total	48,230,765	24,506,098	72,736,863
	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	1,500,000	1,200,000	1,100,000	3,800,000
	• Commission	-	-	-	-
	• Others	-	-	-	-
	Total (1)	1,500,000	1,200,000	1,100,000	3,800,000
2. Other Non-Executive Directors					
	• Fee for attending Board and Committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	1,500,000	1,200,000	1,100,000	3,800,000
	Total Managerial Remuneration(A+B)				76,536,863
	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

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		3,519,642
	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		-
	Sweat Equity		-
	Commission as a % of profits/ others		-
	Others if any (PF/ Retiral Fund)		210,088
	Total		3,729,730

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 18, 2020

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) Gagandeep Singh Bedi, Managing Director	49:1
(b) Rajesh Marwaha, Whole-time Director	25:1

The Independent Directors of the Company were entitled to sitting fee as per the statutory provisions. The ratio of 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	10%
(b) Rajesh Marwaha, Chief Financial Officer & Director	12.5%
(c) Pratap Rudra, Company Secretary & Legal Counsel	12%

- Percentage increase in the median remuneration of employees in the financial year: 10%.
- Number of permanent employees on rolls of the Company as on March 31, 2020: 1,325
- 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 10%. 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 18, 2020

Narayan K. Seshadri
Chairman

Annexure – VIII to Board's Report

Management Discussion & Analysis Report**Indian Economy**

India is one of the fastest-growing trillion-dollar economies in the world and the fifth-largest overall, with a nominal GDP of \$2.94 trillion⁽¹⁾. India has become the fifth-largest economy in 2019, overtaking the United Kingdom and France. The country ranks third when GDP is compared in terms of purchasing power parity at \$11.33 trillion⁽¹⁾.

According to the Economic Survey 2020, India's GDP is projected to grow at 6.5 per cent in FY2020-21 and is on its way towards achieving the \$5 trillion economy target by 2024-25⁽²⁾. The uptake beginning from the second half of 2019-20 was mainly due to positive factors such as picking up of NIFTY for the first time this year, an upbeat secondary market, higher FDI flows, the build-up of demand pressure, positive outlook for rural consumption, the rebound of industrial activity, steady improvement in manufacturing, growth in merchandise exports, the higher build-up of foreign exchange reserves and positive growth rate of GST revenue collection⁽²⁾. However, the ongoing COVID-19 predicament could be less encouraging for the economy. India's GDP growth is forecasted to slow down to 1.9 per cent for the fiscal year 2020-21. Even so, the International Monetary Fund, in its latest edition of the world economy report, has placed India as the fastest-growing emerging economies of the world. It is among the only two major countries, which will register a positive growth rate in 2020, the other being China, for which the IMF has projected a growth rate of 1.2 per cent⁽³⁾. Assuming the pandemic fades in the second half of 2020 and that policy actions around the world are effective, India could grow at 7.4 per cent in 2021⁽³⁾. According to IMF forecasts, consumer price inflation (CPI) in India will grow to 4.1 per cent in 2020, compared to 3.4 per cent in 2019⁽¹⁹⁾. India's Gold Reserves was reported at 30.578 USD bn in March 2020. This records an increase from the previous number of 29.897 USD bn for Feb 2020⁽¹⁸⁾.

Indian Healthcare Environment

The healthcare sector comprises of healthcare delivery, pharmaceuticals, medical devices, clinical trials, and health insurance segments. The Indian healthcare sector is expected to record a threefold rise, at a CAGR of 22 per cent during 2016-2022 to reach US\$ 372 billion in 2022 from US\$ 110 billion in 2016⁽⁴⁾.

Rising income level, greater health awareness, increased precedence of lifestyle diseases and improved access to insurance would be the key contributors to growth. Changing attitudes towards preventive healthcare, the rise of Non-Communicable Diseases (NCDs), increased penetration in tier 2 & 3 along with telemedicine is expected to boost healthcare services demand in the future. The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&D activities for

international players due to its relatively low cost of clinical research. Conducive policies for encouraging FDI, tax benefits, favourable government policies coupled with promising growth prospects have helped the industry attract private equity, venture capitals, and foreign players⁽⁴⁾.

Under the Union Budget 2019-20, the Government of India approved the continuation of the National Health Mission with a budget of ₹ 31,745 crore (US\$ 4.40 billion)⁽⁴⁾. The Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PMJAY), the largest government-funded healthcare programme aiming towards more than 500 million beneficiaries, was allocated ₹ 6,400 crore, under the Union Budget 2019-20. As of November 2019, about 63.7 lakhs people have received free treatment under the Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana⁽⁴⁾.

The government has announced ₹ 62,659.12 crore (US\$ 8.97 billion) outlay for the health sector in FY20. Under the Rashtriya Swasthya Bima Yojna (RSBY), the Government of India released a budget estimate ₹ 2,000 crore in FY18-19, higher than the previous fiscal year⁽⁴⁾.

The Government of India is planning to increase public health spending to 2.5 per cent of the country's GDP by 2025. Along with that, the share of healthcare expenditure as a percentage of Gross Domestic Product (GDP) is expected to rise by 19.7 per cent by 2027⁽⁴⁾.

The hospital industry in India stood at ₹ 4 lakhs crore (US\$ 61.79 billion) in FY17 and is expected to reach ₹ 8,60,000 crore (US\$ 132.84 billion) by FY22. The private sector accounts for almost 74 per cent of the country's total healthcare expenditure and has emerged as a vibrant force in India's healthcare industry, leading it to both national and international repute. Tele-medicine has shown strong acceptance across the industry. Major hospitals have adopted telemedicine services and entered into several public-private partnerships (PPP)⁽⁴⁾.

Indian medical tourism market is growing at the rate of 18 per cent year on year and is expected to reach US\$ 9 billion by 2020. The value of merger and acquisition (M&A) deals in the hospital sector jumped by a record of 155 per cent at ₹ 7,615 (US\$ 1.09 billion) crore in FY19⁽⁴⁾.

Healthcare in India is being reimagined due to the various market forces in play which are transforming the pattern of consumerism, dependency on digital technologies, provider landscape, diagnosis, healthcare workforce, disease burden and regulatory regimes. The government is also taking steps to ensure the delivery of accessible and affordable services through its Ayushman Bharat scheme. New healthcare models or ecosystem of solutions are being envisioned and implemented in India which are allowing providers to save

time, helping patients to take control of their health data, and enabling healthcare organisation to include more personalised treatments. Delivery of care is also being reimagined so that the hospitals move beyond the bricks and mortar, particularly if the patients are aged or are suffering from chronic conditions⁽¹²⁾.

Indian Pharmaceutical Market (IPM)

The ₹150,153 crore (US\$ 19.63 billion) Indian Pharmaceutical industry experienced a value growth of 10.8% in FY2019-20 over FY2018-19⁽⁵⁾.

Domestic Indian companies account for an 80% share of IPM and had a value growth of 11.7% in FY 2019-2020, while the MNCs grew at 7.4%. While the Indian companies registered a volume growth of 4.2 % in FY19-20 against 3.7% in FY 2018-19, the MNCs experienced a 1.8% decline in volumes⁽¹⁰⁾.

The therapeutic areas of Antidiabetic, Inhaled Respiratory, Cardiovascular, and Oncology in which AstraZeneca India is actively operating, grew higher than the overall market growth of 10.8% for FY 2019-20⁽¹⁰⁾.

Pharmaceutical Business Environment – Outlook

The Indian pharmaceutical market is forecasted to grow at a CAGR of 9.3% (±2.0%) between 2019 and 2024, reaching ₹ 2,396.2 billion (US\$ 31.33 billion) by 2023⁽⁵⁾. India is expected to be among the top three pharmaceutical markets by incremental growth and the sixth-largest market globally in absolute size by the end of 2020⁽¹³⁾. Increasing incidence and diagnosis of NCDs, strategic partnerships from foreign players with local players, initiatives to improve access to healthcare and medicines, a positive outlook of the regulatory environment, and associated new drug launches, implementation of robust digital healthcare initiatives, expansion of healthcare infrastructure, are some of the factors that will drive growth in the sector⁽⁵⁾. Imposed cap on mark up prices, the outbreak of COVID-19, tightened regulatory measures, ban on 400+ FDCs are likely to impact growth rate in short-term⁽⁵⁾.

Growth and Demand Drivers:

- 1. Increasing incidence and diagnosis of NCDs⁽⁵⁾:** Non-communicable diseases (NCDs) are accounting for an increasing share of morbidity and mortality and driving pharmaceutical consumption, partly due to the success of communicable disease control initiatives, but also because pollution and unhealthy lifestyles are driving up the incidence of conditions such as chronic respiratory disease, cancer, and cardiovascular disease. The latest forecasts by the International Diabetes Federation predict that the number of diabetics in India will rise by 84% to 134 million by 2045, while the number of undiagnosed cases is estimated to rise to 78 million. As the disease burden of cancer is increasing as well, in a bid to tackle cancer more effectively, at the national level, government policies involve the provision of funds to support the improvement and expansion of the existing cancer care infrastructure, while state-level initiatives involve

investments in infrastructure, screening programs and, in some cases, access to free chemotherapy.

- 2. Increasing health insurance coverage⁽⁷⁾:** Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (ABPMJAY) health insurance scheme, will be rolled out progressively, which targets coverage of 107.4 million underprivileged and vulnerable families – equivalent to around 500 million people. It plans to cover an annual value of ₹ 5,00,000 per family falling under hospital care. As of 23rd April 2020, more than 12,45,21,843 e-cards had been distributed to AB-PMJAY affiliates, while almost 97,51,125 beneficiaries had been admitted to close to 21,000 hospitals⁽⁷⁾. Along with this scheme, continuing economic expansion will drive further growth of the private health insurance market, with group plans majorly contributing to growth.
- 3. Expansion of co-marketing agreements⁽⁵⁾:** In the current market scenario, co-marketing activities are being observed very frequently for new drugs and at an earlier stage. Leading local companies exhibit large size and reach of salesforce making them an attractive partner for foreign multinationals looking for quick market penetration for new brands or an increase in sales for more established products. The benefits that such alliances can offer for both originators and local partners mean that co-marketing activities will increase further.
- 4. Initiatives to improve access to healthcare and essential medicines:** Under the aspirational India program, GOI has a holistic vision of healthcare that translates into the wellness of the citizen. FIT India movement is a vital part of the fight against Non-communicable diseases coming out of lifestyle issues⁽⁷⁾. For the year 2020-21, a total of ₹ 34,115 crore (US\$ 4.46 billion) is to be allocated to the National Health Mission, along with ₹ 6,429 crore (US\$ 0.84 billion) to PMJAY – Ayushman Bharat scheme⁽⁵⁾. In addition to the AB-PMJAY scheme, the government's two-pronged Ayushman Bharat ('Healthy India') policy initiative includes plans to transform 150,000 existing public facilities into Health and Wellness Centers (HWCs), offering a comprehensive range of primary care services – including screening for NCDs – and access to free essential drugs and diagnostic tests. More than 22,000 HWCs had been established by January 2020. Initiatives designed to broaden access to free or affordable drugs include the Jan Aushadhi network of low-cost generic dispensing outlets, and the Affordable Medicines and Reliable Implants for Treatment (AMRIT) program to make a range of hospital drugs available at heavily discounted prices in selected hospital pharmacies. As of early 2020, there were more than 5,500 Jan Aushadhi outlets across the country, with plans for a further expansion drive, targeting the establishment of 7,500 outlets by the end of 2020⁽⁵⁾.
- 5. Introduction of OTC regulations⁽⁵⁾:** The Drugs Consultative Committee (DCC) set up a committee to expedite the development of an explicit OTC classification

and a regulatory framework governing the distribution and sale of OTC products in March 2019. These will form the basis of new rules governing the sale of drugs by pharmacists without a prescription. The creation of an explicit OTC category will present attractive opportunities for manufacturers, reflecting the freedom of OTCs from price controls and advertising restrictions. Leading domestic companies with an established presence in the sector have already begun to pursue the acquisition of additional OTC assets.

6. **Expansion of healthcare infrastructure⁽⁷⁾:** Presently, under PM Jan Arogya Yojana (PMJAY), there are more than 20,000 empanelled hospitals. GOI is proposing to have more in Tier-2 and Tier-3 cities for poorer people under this scheme. It is proposed to set up a Viability Gap funding window for setting up hospitals in the PPP model.
7. **Driving Digital Healthcare⁽⁷⁾:** GOI is proposing to use machine learning and AI, under the Ayushman Bharat scheme, so that health authorities and the medical fraternity can target disease with an appropriately designed preventive regime. Under BhartNet program GOI plans to connect health and wellness centers across India for which ₹ 6,000 crores (US\$ 0.78billion) is allocated. Along with this, there is a significant rise of health tech startups, entry of technology players in the healthcare domain and existing players building platforms enabling access to the holistic healthcare environment. Entire eco-system is being developed keeping patients at the centre. Healthcare awareness and availability of connected tools are empowering patients, providing greater transparency and choice ⁽¹²⁾. Increasing focus on patient-centric care, the emergence of advanced technologies, and changing business models have played a crucial role in driving the healthcare apps market in India. In terms of revenue, the healthcare apps market in India has valued at INR 2,701 crores in 2018 and is estimated to reach INR 13,800 crores by 2024, expanding at a CAGR of ~31.61% during the 2019-2024 period⁽¹⁷⁾.
8. **Emphasis on Medical education⁽⁷⁾:** To meet the shortage of qualified medical doctors, both general practitioners as well as specialists, the government will encourage large hospitals with sufficient capacity to offer resident doctors Diploma and Fellow of National Board (DNB/ FNB) courses under the National Board of Examinations. Special courses to be designed by the Ministries of Health and Skill Development together with professional bodies to bring in equivalence so that for teachers, nurses, para-medical staff and care-givers can be industry-ready.
9. **Expansion of pharmacy chains and e-pharmacy businesses:** According to a Frost & Sullivan report, e-pharmacies market in India is expected to reach ₹25,000 crore (US\$ 3.6billion) by 2022, growing at a CAGR of 63 per cent from 2018⁽¹³⁾. The e-pharmacies' share of the retail market is currently 5%, while some cities demonstrate

higher share, and e-pharmacy sales show strong potential to grow over the next five years. Apollo Pharmacies Ltd. currently operates 3,200 stores, intending to double the revenue and open 5,000 retail outlets over the next 5 years. MedPlus, the second biggest player in the sector, has presence across 300 cities with 1650 stores. NetMeds plans to establish a hybrid model, aiming to build a national network of at least 1,000 franchised stores in metros & lower-tier cities ⁽⁵⁾. Amid the COVID-19 crisis, all the platforms are observing an unprecedented surge in sales. E-pharmacy platforms are widely appreciated amongst people. There is a 200% upsurge in orders per day with Medlife, which is around 20,000 orders a day ⁽¹³⁾.

10. **Improvements in the drug registration process⁽⁵⁾:** The New Drugs and Clinical Trials Rules 2019, notified by the Ministry of Health and Family Welfare (MOHFW), will expedite approval of certain drugs if the drug is already authorised in countries recognised by the Central Drugs Standard Control Organisation (CDSCO). These measures will encourage the early launch of innovative drugs in India at an early stage in their worldwide rollout. Along with provisions to streamline and accelerate the clinical trial application process, local trial waivers will be granted under certain conditions, provided drugs are already approved in countries recognised by Indian regulators.

Risks/Threats

1. **Challenges caused due to COVID-19:** India is importing about 85% of its total requirement of active pharmaceutical ingredients (APIs) from China, according to the Trade Promotion Council of India. Some of the critical APIs for high-burden disease categories such as cardiovascular diseases, diabetes, and tuberculosis are listed in the National List of Essential Medicines (NLEM)⁽⁶⁾. The administration has limited exports of crucial meds to manage the circumstance. With across the nation lockdown, the spike in deals is seen as customers loaded up on essential prescriptions. While field force is facing issues to reach out to doctors, strong inclination towards adoption of digital channels is being observed⁽⁹⁾.
2. **More frequent updates of the NLEM⁽⁶⁾:** NLEM has a crucial influence in the public sector in purchasing and prescribing decisions. A shift to a more dynamic approach was signalled in 2018 when the MOHFW established a Standing Committee on Medicines (SNCM), which will meet at six-monthly intervals to consider revisions to the NLEM. The dynamic approach of the management of the NLEM could affect the number of products that are subject to DPCO price controls.
3. **Intensifying downward pressure on prices⁽⁵⁾:** Pressure on drug prices will intensify, driven by the imposition of caps on trade mark-ups applied to a growing number of non-scheduled products and an increase in the number of molecules listed on Schedule I of the Drug Price Control Order (DPCO), which are subject to explicit regulatory

control. The impact of the DPCO on prices will increase if more products are added to the National List of Essential Medicines (NLEM) as the list is updated more frequently but could escalate more dramatically if DPCO controls were applied to all forms of molecules on the list.

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 ₹ 8,318.1 million out of which sales of pharmaceutical products is ₹ 8,012.6 million (96.3%), and Sale of services to related parties – clinical trials is ₹ 305.1 million (3.7%).

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

Outlook ⁽¹⁰⁾

In FY 2020-21, 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 have recorded above-average market growth during FY2019-20. These comprise of the therapeutic areas of Antidiabetic, Inhaled Respiratory, Cardiovascular, and Oncology.

Antidiabetic therapy valued at ₹ 14,400 crore (US\$ 1.88 billion) for FY2019-20 is currently the second-largest category of the Indian pharmaceutical market, with 11.8% growth (FY2019-20). The Oral Antidiabetic segment (OAD) constitutes 73.54% of the total Anti-Diabetic segment and is valued at ₹ 10,590 crore (US\$ 1.38 billion) exhibiting a growth of 12.6% over FY2018-19. AstraZeneca has a strong portfolio of oral antidiabetic products with presence in 2 key drug classes: namely, in SGLT2i inhibitors, and DPP-4 inhibitors. SGLT2 inhibitors have been the fastest-growing class of OAD in recent years and continue to be a category leader in terms of growth, with a growth rate of 44% for FY 2019-20, accounting for 9% of the OAD market. DPP-4 Inhibitors account for over 33% of the total OAD market.

Phase III DAPA-HF trial showed dapagliflozin on top of standard of care, reduced both the incidence of cardiovascular fatalities and the worsening of heart failure. Dapagliflozin becomes the first SGLT2 inhibitor to show meaningful benefit in patients with CKD in a trial including both type-2 diabetics and non-diabetics⁽¹⁶⁾. The Saxagliptin franchise products

are well-differentiated and enjoy a good acceptance by the medical community.

Even after LOE in Oct 2019, Brilinta (Ticagrelor), the Company's innovative Oral Antiplatelet (OAP) drug has emerged as the market leader in terms of the value and continues to be the fastest-growing class of OAP. AstraZeneca will strive to reach, and benefit maximum eligible patients, and sustained its market leadership.

The Company's respiratory business has a presence in two key indications: Asthma and Chronic obstructive pulmonary disease (COPD). The current respiratory portfolio comprises of inhalers which are growing at 12.7% (FY 2019-20). The current high burden of illness coupled with worsening air quality in some of our major cities will only contribute to the increase in the prevalence of chronic respiratory diseases. Symbicort – an Inhaled corticosteroid (ICS) and a Long-acting beta-agonist (LABA) combination with an innovative delivery mechanism, has been one of the fastest-growing ICS/LABA brands, with a growth of 27% (FY 2019-20), more than double the growth rate of the category. 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.

Cancer is becoming a major cause of mortality in India. The total cancer cases in the year 2020 are projected to reach 1,148,757. The Company's current oncology portfolio is active in the areas of women's cancer, prostate, and lung cancer. The entire portfolio has shown 168 percent growth in terms of value with Tagrisso and Lynparza being major contributors. Lynparza is the first PARP (poly ADP ribose polymerase) inhibitor launched in India and had received approvals for its use as maintenance therapy in newly diagnosed Ovarian Cancer patients with a BRCA (Breast Cancer gene) mutation in mid-2019. Lynparza now has approvals as maintenance therapy for both, newly diagnosed and recurrent ovarian cancer, apart from the Breast Cancer approval it had received earlier. It has shown the strongest growth in terms of value and stood at ₹ 19 crore in 2019⁽¹⁵⁾, just within a year from its launch. Tagrisso, launched in FY 2017-18, continues to set new benchmarks. In terms of value, it has doubled its growth and stood at ₹ 84 crore in 2019⁽¹⁵⁾. Tagrisso is the leading brand in lung cancer by sales value and recorded the fastest growth amongst recent launches across tumour types in Oncology. Imfinzi, launched in Oct 2019, has started showing promising numbers as well. In India, approximately one-third of patients with NSCLC are present with Stage III disease, and Durvalumab is the first and only approved immunotherapy into this setting. 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 high standards of sales and marketing practices, maintaining 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 COVID-19 outbreak has spread rapidly during the last quarter of the financial year. Governments across the globe, including in India, have undertaken various measures to contain the spread of the virus including restrictions on travel, social distancing and other emergency measures. These measures have had a direct impact on businesses and have affected the supply chains and production of goods. Lower economic activity has also resulted in the suppressed demand for goods and services.

The Company is engaged in the business of manufacture, distribution and marketing of life-changing medicines in crucial areas of healthcare including oncology, cardiovascular, diabetes, renal, metabolic and respiratory. Products supplied by the Company have been classified as essential goods during the COVID-19 pandemic.

The Company initially experienced some delays in delivery of supplies to upcountry customers due to restrictions on courier services, but this has gradually stabilised and deliveries are now regular and timely. In view of the lockdown and curfew announced across many states in India, the Company has undertaken and strengthened various measures to ensure the safety and well-being of its employees and has focused on continued delivery of medicines across the country, by ensuring that its key functions i.e. procurement, manufacturing, supply chain, marketing, sales and support functions continue to operate smoothly.

Management has considered its liquidity position as at March 31, 2020 and over the next twelve months from the date of approval of the financial statements for FY 2019-20, by performing cash flow assessments and a sensitivity analysis thereon and has concluded that the Company will have adequate liquidity in the ordinary course of business.

As at the year end, management has assessed the recoverability of the carrying values of property, plant and equipment, trade receivables and inventory and concluded that no further adjustments are required to be made in respect of such assets as at March 31, 2020.

The management has carried out a physical verification of inventories at all locations to obtain comfort over the existence and condition of inventories as at March 31, 2020. Due to the current COVID-19 pandemic situation, the Company has implemented strict safety measures at the manufacturing plant, to ensure there is minimal risk of contamination and one such measure relates restriction of entry inside the plant only to those employees who are related with the manufacturing activity.

As explained above, management has considered all possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial statements and therefore, believes that the current pandemic is not likely to have a material impact on the operations and financial position of the Company. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

The Company will also continue to focus on its social responsibility efforts. In 2019, the company launched the 'Ganga Godavari Cancer Screening Programme' in partnership with Indian Cancer Society & Charities Aid Foundation India. The programme aims to conduct a specialised check-up of cancer for females in a 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 the underprivileged population residing in slums and resettlement areas in urban areas population and workers in Industries and other organisations. In the first phase of the programme, the company has already reached over 4,000 women beneficiaries. The company also continues to engage its employees in AstraZeneca's global community investment initiative, the Young Health Programme which is focused on the prevention of NCDs.

In line with the company's core value around Patient-centricity, it has successfully collaborated with leading state governments such as Maharashtra and Kerala to establish Centers of Excellence for Diabetes and associated metabolic diseases, under its Early Action in Diabetes program. The centres provide comprehensive diagnosis, management and counselling support to diabetic patients. The company has also collaborated with the Employee State Insurance Corporation to launch 'Severe Asthma help desks' under its Healthy Lung program to provide diagnostic, management and counselling support for patients with uncontrolled asthma. The company is also at the forefront of driving Healthcare Innovation in India through successful collaboration with NASSCOM and establishing an accelerator program for healthcare start-ups in the country. Giving a further fillip to the Innovation agenda is the 'The India-Sweden Healthcare Innovation Centre' being launched at AIIMS Jodhpur, in collaboration with the Swedish Trade Commissioner's Office, All India Institute of Medical Sciences, New Delhi (AIIMS Delhi) and All India Institute of Medical Sciences, Jodhpur (AIIMS Jodhpur). The idea is to address healthcare challenges in India by enabling an ecosystem of collaboration and innovation from among academia, industry, policymakers and start-ups. The patient 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, the 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 the 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 2019-20 were carried out by independent auditors, based on the audit plan approved by the Audit Committee. The plan included the 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, 2020, the Company's total income was at ₹ 8,318.1 million as against ₹ 7,282.9 million reported in the corresponding previous year.

The total cost was at ₹ 7,308.3 million during the year as compared to ₹ 6,719.1 million in the previous year. The profit after tax was ₹ 722.1 million during the year compared to ₹ 544.5 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	2019-20	2018-19	Change	Reason for change
Operating Profit Margin (%)	13%	10%	38%	Increase is on account of growth in revenue
Return on Net Worth	20%	18%	9%	Increase is on account of growth in revenue

Development in Human Resources / Industrial Relations

We continue to provide career development and learning opportunities for our employees (1,325 as on March 31, 2020). During the year, the India Development Week (iDevelop) was conducted to enable employees to understand how to build

careers and gain experiences across functions and businesses. Training programs to strengthen the 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 through our AZ Women Network. Additionally, to promote and accelerate our women talent careers across the level we have introduced Accelerate Her Development program and Women Mentorship Program in 2019. 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:

1. IMF's world economic outlook database, October 2019
2. Economic survey presented in India budget speech, Feb 2020
3. World economic outlook – IMF, April 2020
4. Indian healthcare industry analysis – IBEF, December 2019
5. IQVIA prognosis report, March 2020
6. Press release by the National Pharmaceutical Pricing Authority, March 2020
7. Budget speech 2020 - PMJAY portal
8. Impact of COVID-19 - FICCI report, March 2020
9. Potential impact of COVID-19 - KPMG report, April 2020
10. IMS sales datasheet, March 2020
11. Health Issue India 2019
12. Imagining digital healthcare - KPMG report, Feb 2020
13. Frost and Sullivan report – Outlook on Indian Pharmacy Market, Dec 2019
14. NCBI statistics
15. IPSOS sales datasheet, Dec 2019
16. DAPA-HF press release by AstraZeneca, Sept 2019
17. Digital Healthcare market India – Business Wire article, Feb 2020
18. India gold reserves - CEIC data
19. IMF prediction on India growth rate - CNBC Article, April 2020

Annexure – IX to Board's 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 includes 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) 6 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:
April 15, 2019, May 24, 2019, August 7, 2019, November 11, 2019, February 3, 2020 and March 23, 2020.

- (v) The names and categories of Directors on the Board, their attendance at the Board Meetings held during the financial year and the number of Directorships and Committee Memberships/ Chairmanships held by them in other public companies as on March 31, 2020 are furnished herein below:

Name of the Director	Category	Number of Board Meetings attended during the financial year 2019-20	Whether attended last AGM	Number of Directorships and Committee Memberships/Chairmanships excluding AstraZeneca Pharma India Limited as at March 31, 2020		
				Other Directorships #	Committee Memberships \$	Committee Chairmanships \$
Narayan K. Seshadri Chairman	Non-Executive Independent Director	6	Yes	8	6	3
Revathy Ashok	Non- Executive Independent Director	6	Yes	8	4	2
Kimsuka Narsimhan	Non- Executive Independent Director	5	No	1	1	-
Ian John Parish *	Non- Executive Director	4	Yes	-	-	-
Weiyang Sarah Wang	Non- Executive Director	5	Yes	-	-	-
Gagandeep Singh Bedi	Managing Director	6	Yes	-	-	-
Rajesh Marwaha	Whole-time Director	6	Yes	-	-	-

* Mr. Ian John Parish resigned as a Director w.e.f. May 18, 2020 and Mr. Ankush Nandra was appointed as Additional Director w.e.f. May 18, 2020

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:

Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
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
Revathy Ashok	ADC India Communications Limited	Non-Executive Independent Director
	Qess Corp Limited	Non-Executive Independent Director
	Welspun Corp Limited	Non-Executive Independent Director
Kimsuka Narsimhan	Bharti Airtel Limited	Non-Executive Independent Director
Ian John Parish*	-	-
Weiyang Sarah Wang	-	-
Gagandeep Singh Bedi	-	-
Rajesh Marwaha	-	-

*Mr. Ian John Parish resigned as a Director w.e.f. May 18, 2020

(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 financial 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 fulfill 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 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.

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted. These skills/competencies are broad-based, encompassing several areas of expertise/experience. Each director may possess varied combinations of skills/experience within the described set of parameters. In the absence of mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

Director	Healthcare Industry Experience	Leadership	Corporate Governance and Public Company Board	Finance and Accounting	Government and Regulatory
Narayan K. Seshadri	✓	✓	✓	✓	✓
Revathy Ashok		✓	✓	✓	✓
Kimsuka Narsimhan		✓	✓	✓	✓
Ian John Parish*	✓	✓	✓	✓	
Weiyang Sarah Wang	✓	✓		✓	✓
Gagandeep Singh Bedi	✓	✓	✓	✓	✓
Rajesh Marwaha	✓	✓	✓	✓	✓

* Mr. Ian John Parish resigned as a Director w.e.f. May 18, 2020

3. Audit Committee

(i) Brief description of terms of reference

The Board of Directors of the Company has 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:

- 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.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - 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.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Modified opinion(s) in the draft audit report.
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- 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.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- 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 Chief Financial Officer 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 August 7, 2019.
- (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 24, 2019, August 7, 2019, November 11, 2019 and February 3, 2020.

(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 2019-20
Revathy Ashok, Chairman	Non- Executive Independent Director	4
Narayan K. Seshadri	Non- Executive Independent Director	4
Weiyang Sarah Wang	Non- Executive Director	4

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 financial year ended March 31, 2020, 5 meetings of the Nomination and Remuneration Committee of the Board were held i.e. on April 15, 2019, May 24, 2019, November 11, 2019, February 3, 2020 and March 23, 2020.

(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 2019-20
Kimsuka Narsimhan, Chairman	Non- Executive Independent Director	5
Narayan K. Seshadri	Non- Executive Independent Director	5
Ian John Parish*	Non- Executive Director	3
Weiyang Sarah Wang	Non- Executive Director	4

*Mr. Ian John Parish resigned as Member of the Committee w.e.f. May 18, 2020 and Mr. Ankush Nandra was appointed as a Member of the Committee w.e.f. May 18, 2020

(iv) Remuneration to Directors during financial year 2019-20:

(a) Details of remuneration paid to the Non-Executive Directors during the financial year ended March 31, 2020:

Name of the Director	Sitting Fees (₹)	Commission (₹)	Total (₹)
Narayan K. Seshadri	1,500,000	-	1,500,000
Revathy Ashok	1,200,000	-	1,200,000
Kimsuka Narsimhan	1,100,000	-	1,100,000
Ian John Parish*	-	-	-
Weiyang Sarah Wang	-	-	-

*Mr. Ian John Parish resigned as a Director w.e.f. May 18, 2020

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 financial year ended March 31, 2020:

Managing Director

Name of the Director	Salary (₹)	Perquisites (₹)	P.F and other Funds (₹)	Total (₹)
Gagandeep Singh Bedi	39,794,452	5,081,827	3,354,486	48,230,765

Whole-time Director

Name of the Director	Salary (₹)	Perquisites (₹)	P.F and other Funds (₹)	Total (₹)
Rajesh Marwaha	21,262,058	2,150,431	1,093,609	24,506,098

Fixed Component / Performance Linked Incentive / Criteria

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

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.

Service Contract/ Notice Period/ Severance Fees

(a) The Contracts of Service entered into by the Company with Mr. Gagandeep Singh Bedi, the Managing Director

(b) No severance fee is payable by the Company to the Executive Directors on termination of the agreement.

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.

Terms of Reference

- (a) Redressal of grievances of shareholders and other security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.
- (b) Review of measures taken for effective exercise of voting rights by shareholders.

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

The Committee is chaired by Ms. Weying Sarah Wang, Non-Executive Director. Mr. Pratap Rudra, Company Secretary & Legal Counsel is the Compliance Officer.

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

Name of the Member	Position	Category
Weiyang Sarah Wang	Chairman	Non- Executive Director
Revathy Ashok*	Member	Non-Executive Independent Director
Gagandeep Singh Bedi	Member	Managing Director
Rajesh Marwaha	Member	Chief Financial Officer & Director

* Ms. Revathy Ashok stepped down from the office of Chairmanship of the Committee w.e.f. October 28, 2019

During the financial year, 1 meeting of the Committee was held on November 11, 2019, attended by all the members.

(b) Details of Shareholders'/Investors' complaints

The Committee attends inter-alia to complaints from Shareholders/Investors and for their redressal. All complaints/grievances were also placed before the Board for information. Based on information provided by the Company's Registrar & Share Transfer Agents, the status of investors' grievances for the financial year ended March 31, 2020 is as under:

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	-	-	2	1	-	-
Through Stock Exchange/SEBI	-	-	2	-	-	-

(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 financial year, 9 meetings of the 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 the 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.

During the financial year, 1 meeting of the Committee was held on January 30, 2020, attended by all the members.

7. General Meetings

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

Date	Year	Venue	Time
August 7, 2019	2018-19	Conrad, Bengaluru	3.00 p.m
September 10, 2018	2017-18	ITC Gardenia, Bengaluru	3.00 p.m
September 13, 2017	2016-17	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 last three Annual General Meetings:

Date of AGM	Particulars of Special Resolution(s) passed
August 7, 2019	Consent of Members for appointment of Mr. Narayan K. Seshadri, Independent Director for a second term of 5 years
September 10, 2018	None
September 13, 2017	(a) Consent of Members for the appointment of Mr. Gagandeep Singh Bedi as the Managing Director and payment of remuneration to him (b) Consent of Members for the appointment of Mr. Rajesh Marwaha as a Whole-time Director of the Company 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 financial year under report.

The resolutions for amending the Memorandum of Association and Articles of Association is proposed to be passed through Postal Ballot. The same shall be passed in compliance of provisions of Companies Act, 2013, Listing Regulations or any other applicable laws.

8. Certificate from Practicing Company Secretary

A Certificate from Mr. Vijayakrishna K. T, Practicing Company Secretary, Bengaluru confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by Securities and

Exchange Board of India /Ministry of Corporate Affairs or any such Statutory Authority forms part of this report.

9. 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, is available at - <https://www.astrazeneca.in/content/dam/az-in/pdf/files/Policy%20on%20Related%20Party%20TransactionsS.pdf>.

Materially significant related party transactions during the financial year ended March 31, 2020:

Name of the entity	Relationship	Nature of transaction		Amount (₹ in million)
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	2,782.66
		ii)	Reimbursement of pre-launch cost for new launch products	25.55
		iii)	Reimbursement by AZ UK, the cost of employees deputed by the Company outside India	4.26
Total				2,812.47

- (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 behavior, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides for adequate safeguards for 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 at - <https://www.astrazeneca.in/content/dam/az-in/pdf/2019/Whistle%20Blowing%20Policy.pdf>.
- (iv) Details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- Number of complaints filed during the financial year: 1
 - Number of complaints disposed of during the financial year: 2
 - Number of complaints pending as on end of the financial year: 0
- (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:
- The Auditor's opinion on the financial statements is unmodified.
 - The positions of Chairman and Managing Director are separate.
 - 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, 2020. 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 sizeable user of various commodities, hence not exposed to the price risk on account of procurement of commodities.
- (x) Total fees paid by the Company to the Statutory Auditors and all the entities in their network firm/network entities for all services rendered by them during the financial year 2019-20 is ₹ 5.3 million.

10. Means of Communication

- (i) The quarterly, half yearly and annual financial results of the Company are sent to the Stock Exchanges immediately after the Board's approval, by uploading the same on NEAPS portal and BSE Listing Centre portal, from time to time. The same are published in 'The Business Standard' (English) and 'Udayavani' (Kannada) newspapers.

- (ii) The financial results 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.astrazenecaindia.com/india

- (iii) The website also displays official news releases and the presentation made by the Company to the institutional investors, if any.

11. Shareholder Information

(i) Annual General Meeting

Date & Time of AGM	August 10, 2020, 3 p.m. IST
Mode	Video Conference and other audio visual means
Financial Year	2019-20
Dividend Payment Date	-

(ii) Financial calendar & announcement of financial results

The financial accounts and annual report are drawn out from April to March next. The announcement of financial results during the financial year 2020-21 shall be as follows:

First Quarter Results	On or before August 14, 2020
Second Quarter Results	On or before November 14, 2020
Third Quarter Results	On or before February 14, 2021
Fourth Quarter and Annual Results	On or before May 30, 2021

(iii) Listing on Stock Exchanges

The Company's Equity Shares are listed on:

BSE Limited

25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400 051

National Stock Exchange of India Limited

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, 2020, there are 76 shareholders in respect of whom the outstanding shares aggregating 27,190 shares are lying in the AstraZeneca Pharma India Limited- Unclaimed Suspense Account. In September 2019, 1,000 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 27,190 shares remain frozen till the shares are claimed by the rightful owners.

(v) Stock Code

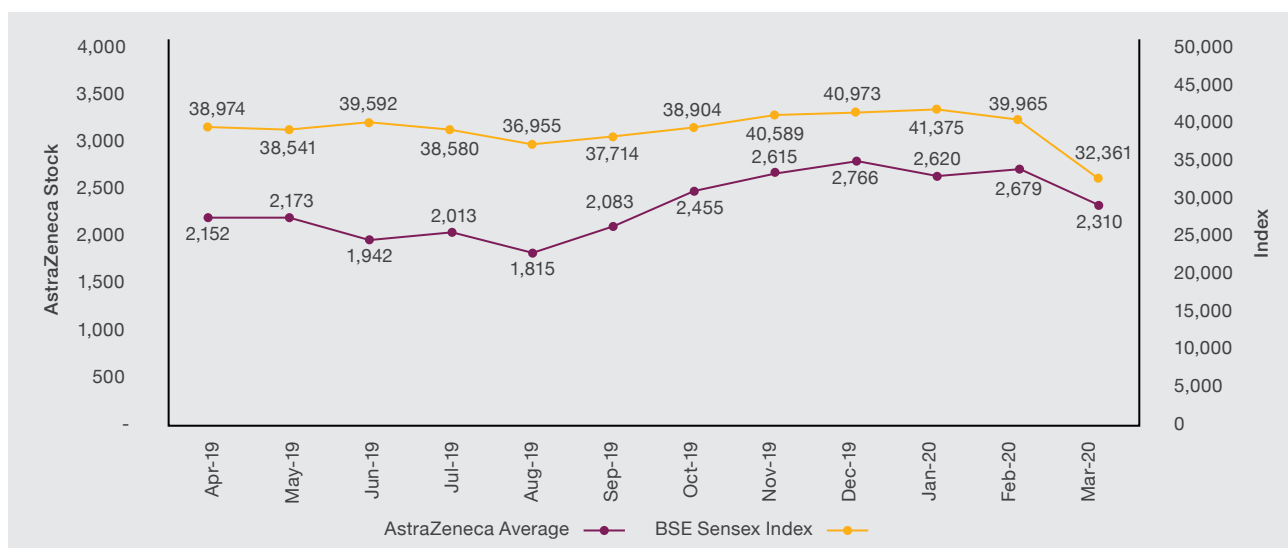
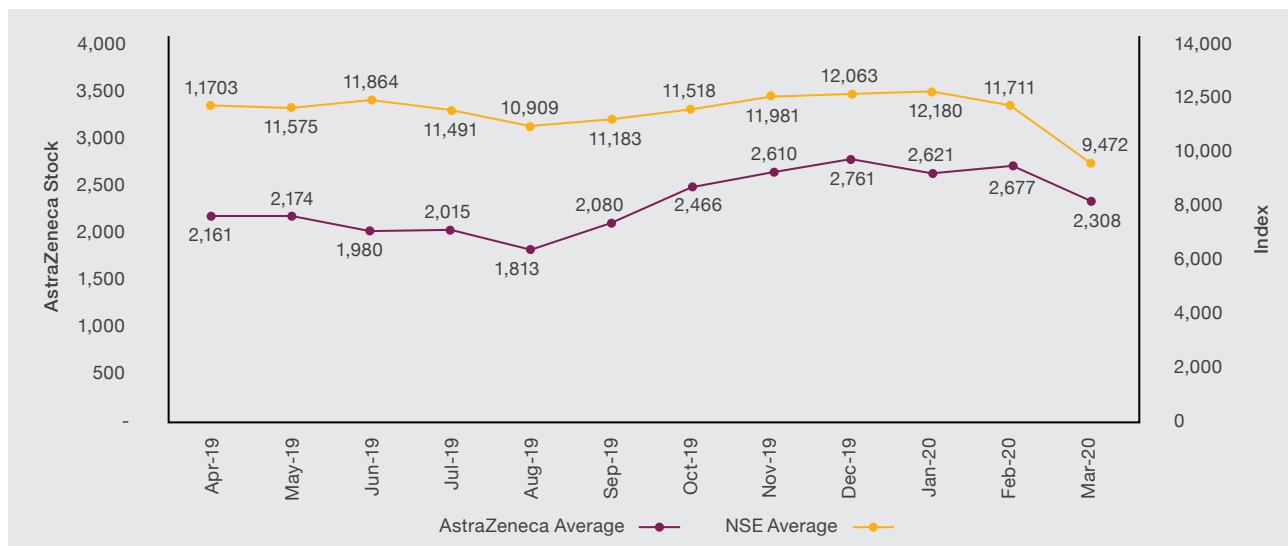
BSE Limited	506820
National Stock Exchange of India Limited	ASTRAZEN
ISIN for NSDL and CDSL	INE203A01020

(vi) Monthly High/Low of market price of the Company's shares traded on BSE and NSE for the financial year ended March 31, 2020:

Period	BSE		BSE Sensex Index		NSE		NSE Nifty Index	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-19	2,398.55	1,905.00	39,487.45	38,460.25	2,395.00	1,927.00	11,856.15	11,549.10
May-19	2,390.00	1,956.55	40,124.96	36,956.10	2,397.70	1,950.00	12,041.15	11,108.30
Jun-19	2,148.90	1,735.00	40,312.07	38,870.96	2,149.85	1,810.00	12,103.05	11,625.10
Jul-19	2,197.35	1,827.85	40,032.41	37,128.26	2,199.00	1,830.10	11,981.75	10,999.40
Aug-19	1,995.00	1,635.30	37,807.55	36,102.35	1,992.10	1,632.55	11,181.45	10,637.15
Sep-19	2,347.95	1,818.00	39,441.12	35,987.80	2,347.60	1,812.00	11,694.85	10,670.25
Oct-19	2,805.10	2,105.00	40,392.22	37,415.83	2,809.00	2,122.00	11,945.00	11,090.15
Nov-19	2,770.00	2,459.60	41,163.79	40,014.23	2,770.05	2,450.00	12,158.80	11,802.65
Dec-19	2,927.25	2,605.00	41,809.96	40,135.37	2,931.85	2,590.00	12,293.90	11,832.30
Jan-20	2,760.80	2,480.00	42,273.87	40,476.55	2,761.20	2,480.00	12,430.50	11,929.60
Feb-20	2,940.45	2,416.60	41,709.30	38,219.97	2,939.90	2,415.00	12,246.70	11,175.05
Mar-20	2,731.00	1,888.00	39,083.17	25,638.90	2,730.00	1,885.00	11,433.00	7,511.10

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

(vii) Performance of the Company's equity shares in comparison to BSE Sensex and NSE Nifty during the financial year 2019-20



(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 were processed and approved by the Share Transfer Committee of the Board, by adhering to the guidance/circulars issued by SEBI for dealing with Physical shares and as per the confirmations received from the Registrar & Share Transfer Agents. 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 Practising 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, 2020

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	2,303,111	9.21	17,675	99.48
5,001 to 10,000	276,305	1.11	39	0.20
10,001 to 20,000	428,988	1.72	30	0.17
20,001 to 30,000	105,604	0.42	4	0.02
30,001 to 40,000	63,694	0.25	2	0.02
40,001 to 50,000	221,819	0.89	5	0.03
50,001 to 100,000	180,405	0.72	3	0.02
100,001 and above	21,420,074	85.68	10	0.06
Total	25,000,000	100.00	17,768	100.00

(xi) Shareholding Pattern as on March 31, 2020

Particulars	Physical Holdings	Electronic Holdings	Total Holdings	%
AstraZeneca Pharmaceuticals AB	-	18,750,000	18,750,000	75.00
Banks	125	16,685	16,810	0.07
Insurance Companies	-	9,383	9,383	0.04
Alternative Investment Funds	-	25,090	25,090	0.10
Trusts	-	625	625	0.00
Mutual Funds	-	863,543	863,543	3.47
FIs	-	305,483	305,483	1.22
Non-Resident Indians	500	125,584	126,084	0.50
Clearing Member	-	28,685	28,685	0.11
Indian Corporate Bodies	-	668,487	668,487	2.67
Investor Education and Protection Fund Authority	-	115,667	115,667	0.46
Others – Public	224,962	3,865,181	4,090,143	16.36
Total	225,587	24,774,413	25,000,000	100.00
Percentage- :	0.90	99.10	-	100.00

(xii) Dematerialisation of shares and liquidity

The Company's equity shares are compulsorily traded in the dematerialised form. As on March 31, 2020, out of 25,000,000 equity shares of the Company, 24,774,413 equity shares representing 99.10% of the total equity share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Securities (India) Limited.

(xvi) Dividend declared in earlier years

Dividend for Financial year	%
2014-15	Nil
2015-16	Nil
2016-17	Nil
2017-18	Nil
2018-19	Nil

(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
E-mail: comp.secy@astrazeneca.com

(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, 2020, 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 18, 2020

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, 2020 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 18, 2020

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 - 560045 (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 & 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, 2020 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:

Name of Director	DIN	Date of appointment in Company
Narayan Keelveedhi Seshadri	00053563	06/12/2012
Revathy Ashok	00057539	02/12/2016
Ian John Parish	00391534	08/08/2017
Rajesh Marwaha	01458768	02/12/2016
Kimsuka Narsimhan	02102783	02/02/2017
Gagandeep Singh Bedi	07844333	01/07/2017
Weiying Sarah Wang	08369289	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.

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

Place: Bengaluru
Date: May 18, 2020

Annexure – X to Board's Report

Form No. MR-3
Secretarial Audit Report

For the financial year ended March 31, 2020

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, 2020 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, 2020 according to the provisions of:

- | | |
|---|--|
| <ul style="list-style-type: none"> (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'): | <ul style="list-style-type: none"> (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) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (k) Circulars/Guidelines issued thereunder; |
| <ul style="list-style-type: none"> (vi) The other following laws as may be applicable specifically to the Company: | <ul style="list-style-type: none"> (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 |
| <ul style="list-style-type: none"> (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 of 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.

I further report that I could not physically verify few documents/ registers/returns due to Lockdown situation in relation to outbreak of Pandemic Covid-19 and I have relied up on the soft copies/information shared with me.

Place: Bengaluru
Date: May 18, 2020

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, Customs Act and Goods and Services Tax 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 18, 2020

Vijayakrishna K. T.
FCS No.: 1788
C P No.: 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 Right Road, Bengaluru, Karnataka – 560 045
4	Website	www.astrazeneca.com/india
5	E-mail	comp.secy@astrazeneca.com
6	Financial Year reported	March 31, 2020
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/ Gledepa Tagrisso
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (b) Number of National Locations	Nil The Company has 1 plant situated at Bengaluru. The Company has 1 Depot (Bengaluru), 1 Central Warehouse and 13 Carrying & Forwarding Agents across the country (Mumbai, Delhi, Kolkata, Chennai, Lucknow, Guwahati, Ahmedabad, Kochi, Indore, Hyderabad, Cuttack, Ranchi and Chandigarh)
10	Markets served by the Company – Local/ State/ National/ International	India and Nepal

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sl. No.	Particulars	Details (₹ in million)
1	Paid-up Capital	50
2	Total Turnover	8,448
3	Total profit after taxes	722
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.3%
5	List of activities in which expenditure in 4 above has been incurred	- COVID-19 response including donation of 75,000 N95 masks to central and state health departments - Specialised cancer screening camps for oral, cervical and breast cancer among women from underprivileged sections of the society - Supporting terminally ill children in partnership with Make A Wish Foundation

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)
NA

3. 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 & 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	P7	P8	P9
1	Do you have a policy/policies for	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
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
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
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
8	Does the company have in-house structure to implement the policy/policies	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
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

(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	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.
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.
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.
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.
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.
6	Any other reason (please specify)	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 to 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, 2019 as required under the Listing regulations read with SEBI Circular CIR/CFD/CMD/10/2015 dated 04.11.2015. 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, 10 significant complaints were investigated, out of which 7 matters (i.e.70%) were resolved and 3 matters are under review as per the Whistle Blowing Policy 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 SHE.

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 Agro husk boiler is disposed for re-usage (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	1,325
2	Total number of employees hired on temporary/ contractual/ casual basis	357
3	Number of permanent women employees	178
4	Number of permanent employees with disabilities	2
5	Do you have an employee association that is recognised by management	Yes
6	What percentage of your permanent employees is members of this recognised employee association?	Professional sales representatives Union: 8.45% Factory Union: 5.44%

2. 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	1	0
3	Discriminatory employment	0	0

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

- (a) Permanent Employees
(b) Permanent Women Employees
(c) Casual/ Temporary/ Contractual Employees
(d) 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:

- (a) Ganga Godavari Cancer Screening Programme – launched in partnership with Indian Cancer Society and Charities Aid Foundation, specialised check-up camps for screenable cancers such as oral,

cervical and breast cancer are organised for women from underprivileged sections of the society. In the first phase of the programme, the Company has reached over 4,000 women beneficiaries with cancer awareness and screening.

- (b) 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 focusing on NCDs related health awareness activities. These activities are delivered through Peer Educators at Health Information Centers 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 400,000 youth with health information, 3,500 Peer Educators have been trained and 25 Health Information Centers 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.
- (c) The COVID-19 pandemic is an unprecedented challenge facing the country. As a responsible corporate organisation, we are committed to aid the medical and service fraternity in India in the frontline of battle against COVID-19. To this end, the Company donated around 75,000 high quality N95 masks. The masks were donated to the central and state health departments of Delhi, Punjab, Maharashtra, Karnataka and Kerala.
- (d) Every year, the Company also rolls out a social impact programme conceptualised based on the suggestions from employees around how they would like to volunteer their efforts and time. During this financial year, the company partnered with Make A Wish Foundation to fulfill the wishes of over 300 critically ill children with life threatening ailments.

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, 10 significant complaints were investigated, out of which 7 matters (i.e.70%) were resolved and 3 matters 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.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 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. We are in the process of installing a roof top solar plant in our site to further utilise alternative sources of energy.

- (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; natural lighting and air ventilation system are adopted in our utility areas. 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 received and pending during 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:

- Organisation of Pharmaceutical Producers of India
- Karnataka Drug Manufacturing Association
- Indian Society of Clinical Research
- UK India Trade Investment Council
- 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 organisation?

The programmes are undertaken in partnership with external not for profit organisations. 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?

Yes, impact assessments are carried out for the initiatives with external and independent consultants wherever possible.

The Ganga Godavari Early Cancer Screening Programme is currently monitored by Charities Aid Foundation India. The programme has been able to meet its objectives of screening and creating awareness of common cancers such as oral, cervical and breast cancers in the communities where the specialised camps are set up. In the next phase of the programme, the project's aim is to adopt a village and demonstrate end to end change in health seeking behaviour among community members.

For the Young Health Programme, a detailed monitoring, evaluation and learning framework is set to measure outcomes. 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 that 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.

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

The contribution made is as follows:

- Ganga Godavari Cancer Screening Programme for women: ₹ 1.11 million
- Supporting terminally ill children in partnership with Make A Wish Foundation: ₹ 1.70 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, the programs are designed to ensure there is sustainable change in the communities that it serves. For example, the YHP implementing partners have taken ownership of running 8 of the 15 Health Information Centres through their institutional resources. 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, 2020, 4 complaints were pending (i.e. 7%).

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 five years and pending as on end of financial year. If so, provide details thereof.

There is no pending case as on March 31, 2020.

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

Chief Financial Officer & Director

Place: Bengaluru

Date: May 18, 2020

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, 2020, 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, 2020, 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.

Emphasis of matter

4. We draw attention to Note 47 to the financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lockdown and other restrictions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. As stated by management in the aforesaid Note, the Company's operations (being classified as essential goods) have remained largely unaffected during the pandemic, both before and after the year end. Further, our attendance at the physical inventory verification performed by the management at the Company's manufacturing plant (which represents 20% of total inventory by value) was impracticable on account of strict safety protocols put in place by the Company and we have therefore, relied on alternate audit procedures to obtain comfort over the existence and condition of inventory for that location. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgement, 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.

AstraZeneca Pharma India Limited

Independent Auditor's Report

To the members of AstraZeneca Pharma India Limited
Report on the audit of the financial statements

Key audit matter	How our audit addressed the key audit matter
Appropriateness of provisions recognised and contingent liabilities disclosed in respect of certain direct and indirect tax matters (Refer to the note 19 – “Provisions”, note 20- “Current tax liabilities” and note 32(b) – “Contingent liabilities” to the financial statements). There are certain direct and indirect tax cases pending against the Company. Direct tax cases include demands in respect of transfer pricing adjustments on transactions with overseas group companies, disallowance of certain expenses incurred, taxability of subvention receipt and certain expense reimbursements and certain other disallowances. Indirect tax cases include: • service tax demands raised on expenses incurred in foreign currency, reimbursements from overseas group companies, recovery of notice period pay from former employees and ineligible input tax credit claimed on certain expenses, and, • goods and services tax demand pertaining to certain category of medicines supplied by the Company. As at March 31, 2020, the Company has tax demands pertaining to the above direct and indirect tax matters aggregating to ₹700.6 million (including interest and penalties, where applicable) of which ₹41.0 million has been provided for and ₹659.6 million has been disclosed as contingent liabilities, which are significant to the financial statements. The Company has filed appeals against these demands with various appellate forums, which are currently pending for adjudication. Management judgement is involved in evaluation of the likelihood of ultimate outcome of the tax disputes and the probable amount of the liability and is hence determined to be a 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 determining and disclosing contingent liabilities in respect of the aforesaid tax matters, to be reasonable.

Other Information

6. 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

7. 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

AstraZeneca Pharma India Limited

Independent Auditor's Report

To the members of AstraZeneca Pharma India Limited

Report on the audit of the financial statements

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 judgements 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.

8. 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

9. 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.
10. 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 whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. 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.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and

AstraZeneca Pharma India Limited

Independent Auditor's Report

To the members of AstraZeneca Pharma India Limited Report on the audit of the financial statements

to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. 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

14. 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.
15. 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, 2020 taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2020 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 Note 19 and 32(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, 2020.
 - 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, 2020.
16. 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.

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

Pradip Kanakia
Partner

Place: Bengaluru
Date: May 18, 2020

Membership Number: 039985
UDIN: 20039985AAAABV1332

AstraZeneca Pharma India Limited

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of AstraZeneca Pharma India Limited on the financial statements for the year ended March 31, 2020

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, 2020 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.

AstraZeneca Pharma India Limited

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of AstraZeneca Pharma India Limited on the financial statements for the year ended March 31, 2020

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.

reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, 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 the ICAI. Also refer paragraph 4 of the main audit report.

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

Pradip Kanakia

Partner

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with

Place: Bengaluru
Date: May 18, 2020

Membership Number: 039985
UDIN: 20039985AAAABV1332

AstraZeneca Pharma India Limited

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 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, 2020

- 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 no material discrepancies have been noticed on such verification.
- (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.

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. Further, our attendance at the physical inventory verification performed by the management at the Company's manufacturing plant (which represents 20% of total inventory by value) was impracticable on account of strict safety protocols put in place by the Company and we have therefore, relied on alternate audit procedures to obtain comfort over the existence and condition of inventory for that location. (refer Note 47 to the financial statements and paragraph 4 of our report on the financial statements).

- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the management during the year. In respect of

- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.

- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the

AstraZeneca Pharma India Limited

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 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, 2020

parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the Order are not applicable to the Company.

We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- 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 thereunder 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.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, duty of customs, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 46 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, value-added tax, central sales tax, duty of customs, service tax, goods and services tax as at March 31, 2020 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
	Income Tax*	6,159,181	6,159,181	-	2010-11	Income Tax Appellate Tribunal
	Income Tax**	224,055,963	155,945,335	68,110,628	2013-14	Income Tax Appellate Tribunal
	Income Tax	141,385,237	24,000,000	117,385,237	2014-15	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
Central Sales Tax Act, 1950	Central Sales tax	1,640,422	-	1,640,422	2009-10	State Tax Officer, Porur
		19,218,403	-	19,218,403	2016-17	Assessment Circle, Chennai
Customs Act, 1962	Duty of customs	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, Bangalore
		4,883,896	243,700	4,640,196	2012-13	Central Excise and Service Tax Appellate Tribunal, Bangalore
		3,422,026	152,769	3,269,257	2013-14 to 2015-16	Central Excise and Service Tax Appellate Tribunal, Bangalore
		10,008,434	750,650	9,257,784	April 2016 to June 2017	Central Excise and Service Tax Appellate Tribunal, Bangalore
Goods and Services Tax Act, 2017	Goods and Services Tax	63,616,549	-	63,616,549	2017-18	Assistant Commissioner of State Tax (D-002), Investigation, Thane
		230,062,797	-	230,062,797	2018-19	Assistant Commissioner of State Tax (D-002), Investigation, Thane

* The department has adjusted ₹6,159,181 against refund of other assessment years and this has been included under "amount paid under protest".

**The Company has paid ₹40,000,000 under protest. Also, the department has adjusted ₹115,945,335 against refund of other assessment years and this has been included under "amount paid under protest".

AstraZeneca Pharma India Limited

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 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, 2020

- 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. Also refer paragraph 16 of our main audit report.
- 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 18, 2020

Membership Number: 039985
UDIN: 20039985AAAABV1332

AstraZeneca Pharma India Limited

Balance Sheet

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

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	602.7	748.3
Right-of-use assets	3	112.6	-
Capital work-in-progress	3	242.4	69.0
Financial assets			
Loans	4	39.0	28.6
Current tax assets	6	488.4	464.4
Deferred tax assets	7	146.4	233.6
Other non-current assets	8	8.9	26.9
Total non-current assets		1,640.4	1,570.8
Current assets			
Inventories	9	1,651.5	1,181.0
Financial assets			
Trade receivables	10	832.1	797.5
Cash and cash equivalents	11	835.0	1,732.4
Bank balances other than cash and cash equivalents	12	1,690.2	0.6
Loans	4	8.0	8.1
Other financial assets	5	115.7	55.6
Other current assets	8	290.7	272.0
Total current assets		5,423.2	4,047.2
Total assets		7,063.6	5,618.0
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	50.0	50.0
Other equity	14	3,594.4	2,958.0
Total equity		3,644.4	3,008.0
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	17	93.0	-
Provisions	19	53.8	20.2
Total non-current liabilities		146.8	20.2
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	15	1.6	4.5
Total outstanding dues of creditors other than micro enterprises and small enterprises	15	2,095.6	1,677.5
Lease liabilities	17	25.4	-
Other financial liabilities	16	561.8	400.0
Other current liabilities	18	123.4	143.8
Provisions	19	443.6	345.7
Current tax liabilities	20	21.0	18.3
Total current liabilities		3,272.4	2,589.8
Total liabilities		3,419.2	2,610.0
Total equity and liabilities		7,063.6	5,618.0

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: 039985Place: Bengaluru
Date: May 18, 2020For and on behalf of the Board of Directors of
AstraZeneca Pharma India Limited**Narayan K. Seshadri**
Chairman
Place: Mumbai
Date: May 18, 2020**Pratap Rudra B**
Company Secretary
Place: Bengaluru
Date: May 18, 2020**Gagandeep Singh Bedi**
Managing Director
Place: Bengaluru
Date: May 18, 2020**Rajesh Marwaha**
Director & Chief Financial Officer
Place: Bengaluru
Date: May 18, 2020

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, 2020	For the year ended March 31, 2019
Income			
Revenue from operations	22	8,318.1	7,282.9
Other income	23	129.9	162.9
Total income		8,448.0	7,445.8
Expenses			
Cost of materials consumed	24	702.1	626.7
Purchase of traded goods	25	2,742.3	1,698.4
Changes in inventories of finished goods, work-in-progress and traded goods	26	(392.1)	(13.8)
Employee benefits expense	27	2,167.0	1,974.0
Depreciation expense	3	185.8	149.2
Allowance for expected credit loss (net)	39 (ii) (a)	15.8	34.5
Other expenses	28	1,876.0	2,250.1
Finance cost	29	11.4	-
Total expenses		7,308.3	6,719.1
Profit before tax		1,139.7	726.7
Tax expense			
Current tax	21	315.1	166.8
Deferred tax charge	21	102.5	15.4
Total tax expense		417.6	182.2
Profit for the year		722.1	544.5
Other comprehensive income/(loss)			
Items that will not be reclassified to profit and loss			
Re-measurement gains/(losses) on post employment benefit obligations	36 (iii)(C)(e)	(65.8)	(9.2)
Income tax effect	7	16.6	3.2
Total other comprehensive (loss) for the year		(49.2)	(6.0)
Total comprehensive income for the year		672.9	538.5
Earnings per equity share (equity shares, par value of ₹2 each)			
- Basic and diluted	30	28.9	21.8

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 18, 2020

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

Narayan K. Seshadri
Chairman
Place: Mumbai
Date: May 18, 2020

Pratap Rudra B
Company Secretary
Place: Bengaluru
Date: May 18, 2020

Gagandeep Singh Bedi
Managing Director
Place: Bengaluru
Date: May 18, 2020

Rajesh Marwaha
Director & Chief Financial Officer
Place: Bengaluru
Date: May 18, 2020

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 March 31, 2018	50.0
Changes in equity share capital	-
As at March 31, 2019	50.0
Changes in equity share capital	-
As at March 31, 2020	50.0

B) Other Equity

	Note	Retained earnings	General reserve	Capital reserve	Employee share compensation reserve	Total Other equity
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	27	-	-	-	9.5	9.5
Recharge from an overseas related party	33	-	-	-	(5.9)	(5.9)
Tax thereon		-	-	-	(3.4)	(3.4)
Balance as on March 31, 2019		1,682.2	531.3	723.5	21.0	2,958.0
Transition impact of Ind AS 116, net of tax (refer Note 34)		(1.3)	-	-	-	(1.3)
Restated balance at 1 April 2019		1,680.9	531.3	723.5	21.0	2,956.7
Profit for the year		722.1	-	-	-	722.1
Other comprehensive loss		(49.2)	-	-	-	(49.2)
Total comprehensive income for the year		672.9	-	-	-	672.9
Employee share compensation expense	27	-	-	-	11.2	11.2
Recharge from an overseas related party	33	-	-	-	(8.2)	(8.2)
Tax thereon		-	-	-	(8.1)	(8.1)
Dividend paid		(25.0)	-	-	-	(25.0)
Dividend distribution tax		(5.1)	-	-	-	(5.1)
Balance as on March 31, 2020		2,323.7	531.3	723.5	15.9	3,594.4

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 18, 2020

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

Narayan K. Seshadri
Chairman
Place: Mumbai
Date: May 18, 2020

Pratap Rudra B
Company Secretary
Place: Bengaluru
Date: May 18, 2020

Gagandeep Singh Bedi
Managing Director
Place: Bengaluru
Date: May 18, 2020

Rajesh Marwaha
Director & Chief Financial Officer
Place: Bengaluru
Date: May 18, 2020

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, 2020	For the year ended March 31, 2019
A) Cash flow from operating activities			
Profit before tax		1,139.7	726.7
Non-cash adjustments for :			
Depreciation expense	3	185.8	149.2
(Profit) on sale of property, plant and equipment (net)	23	(2.9)	(0.6)
Interest income on deposits carried at amortised cost	23	(122.3)	(114.5)
Employee stock compensation expense	27	11.2	9.5
Unrealised foreign exchange gain (net)		(1.5)	(1.9)
Allowance for expected credit loss (net)	39 (ii) (a)	15.8	34.5
Finance cost	29	11.4	-
Operating profit before working capital changes		1,237.2	802.9
Changes in working capital:			
(Increase) / Decrease in trade receivables		(48.3)	(283.5)
(Increase) / Decrease in inventories		(470.3)	(49.6)
(Increase) / Decrease in loans		(10.3)	2.2
(Increase) / Decrease in other financial assets		(57.3)	(16.4)
(Increase) / Decrease in other assets		(20.3)	(47.6)
Increase / (Decrease) in trade payables		414.5	410.4
Increase / (Decrease) in provisions		65.8	(59.7)
Increase / (Decrease) in other financial liabilities		120.0	74.1
Increase / (Decrease) in other liabilities		(20.4)	68.2
Cash generated from operations		1,210.6	901.0
Income taxes paid (net of refund)		(336.4)	(351.2)
Net cash generated from operating activities (A)		874.2	549.8
B) Cash flows from investing activities			
Interest income on bank deposits		119.3	110.2
Investment in bank deposits		(1,690.0)	(330.0)
Proceeds from maturity of bank deposits		-	446.8
Purchase of property, plant and equipment, including capital work-in-progress		(142.2)	(186.9)
Proceeds from sale of property, plant and equipment		4.9	2.7
Net cash generated/ (used in) from investing activities (B)		(1,708.0)	42.8

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, 2020	For the year ended March 31, 2019
C) Cash flows from financing activities			
Principal payment of lease liabilities		(22.1)	-
Finance cost on lease liabilities		(11.4)	-
Dividend paid		(25.0)	-
Tax on dividend paid		(5.1)	-
Net cash (used in) financing activities (C)		(63.6)	-
D) Net (decrease)/increase in cash and cash equivalents (A+B+C)		(897.4)	592.6
E) Cash and cash equivalents at the beginning of the year		1,732.4	1,139.8
F) Cash and cash equivalents at the end of the year		835.0	1,732.4
Components of cash and cash equivalents as at the end of the year		As at March 31, 2020	As at March 31, 2019
Balance with banks:			
Current accounts	11	17.0	48.8
Demand deposits with original maturity of less than 3 months	11	818.0	1,683.6
Total cash and cash equivalents		835.0	1,732.4

- (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

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

Pradip Kanakia
Partner
Membership number: 039985

Narayan K. Seshadri
Chairman
Place: Mumbai
Date: May 18, 2020

Gagandeep Singh Bedi
Managing Director
Place: Bengaluru
Date: May 18, 2020

Place: Bengaluru
Date: May 18, 2020

Pratap Rudra B
Company Secretary
Place: Bengaluru
Date: May 18, 2020

Rajesh Marwaha
Director & Chief Financial Officer
Place: Bengaluru
Date: May 18, 2020

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 Bangalore. 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 used 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 May 18, 2020.

(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.

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 116, Leases
- (ii) Long-term interests in Associates and Joint-ventures – Ind AS 28, Investments in associates and Joint-Ventures*
- (iii) Prepayment Features with Negative Compensation – Amendments to Ind AS 109, Financial Instruments.*
- (iv) Ind AS 103, Business Combination*
- (v) Ind AS 111, Joint Arrangements*
- (vi) Ind AS 23, Borrowing Costs*
- (vii) Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes*
- (viii) Amendment to Ind AS 12, Income Taxes*
- (ix) Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits*

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

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 judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are included below:

- a) **Defined benefit plans:** 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 36.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

- 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 39.
- c) **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 recognises 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 19, 20 and 32.
- d) **COVID-19** – The Company is engaged in the business of manufacturing, trading and distribution of pharmaceutical products which are categorised as "essential goods". The Company has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, trade receivables and inventories. Management's assessment of the impact, if any, arising on individual financial statement line items on account of the COVID-19 pandemic situation has been disclosed in the related notes. Refer notes 3, 9, 10 and 47

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 estimate 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. 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

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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. 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 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.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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 the Company and managed 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. 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

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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.

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.

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.

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.

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. Leases

Till March 31, 2019

As a lessee

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) were charged to profit or loss on a straight-line basis over the period of 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.

With effect from April 1, 2019

As a lessee

Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'.

Amounts of assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments
- amount expected to be payable under residual value guarantees
- the exercise price of a purchase option if it is reasonably certain that the Company will exercise that option.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally, the case for lessees, the lessee's incremental borrowing rate used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged in the Statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payment occurs.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date,
- any initial direct costs, and
- restoration cost.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low value assets are recognised on a straight line basis

as an expense in the Statement of Profit or Loss. Short term leases are lease with a lease term of 12 months or less.

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 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

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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.

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

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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 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 amortised 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 38 to the financial statements.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

3 Property, plant and equipment and leases

	Freehold Land	Buildings	Roads and culverts	Plant and machinery	Vehicles	Office equipment *	Furniture and fixtures	Total	Right-of-use Assets (refer Note 34)	Capital work-in-progress
Gross Carrying Amount										
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
Transition impact of Ind AS 116										
	-	-	-	-	-	-	-	-	136.7	-
Restated gross carrying amount 1 April, 2019	4.9	334.5	10.6	495.6	7.8	234.6	110.3	1,198.3	136.7	91.4
Additions	-	-	-	6.0	0.0	4.5	0.1	10.6	7.5	179.4
Disposals	-	1.7	-	3.4	0.0	19.6	-	24.7	-	-
Transfers	-	-	-	-	-	-	-	-	-	6.0
As at March 31, 2020	4.9	332.8	10.6	498.2	7.8	219.5	110.4	1,184.2	144.2	264.8

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

3 Property, plant and equipment and leases

	Freehold Land	Buildings	Roads and culverts	Plant and machinery	Vehicles	Office equipment *	Furniture and fixtures	Total	Right-of-use Assets (refer Note 34)	Capital work-in-progress
Accumulated depreciation and impairment										
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
Charge for the year	-	22.4	1.4	72.6	1.4	43.6	12.8	154.2	31.6	-
Disposals	-	1.4	-	2.8	-	18.5	-	22.7	-	-
As at March 31, 2020	-	92.9	5.6	295.6	3.4	132.6	51.4	581.5	31.6	22.4
Net book value										
As at March 31, 2019	4.9	262.6	6.4	269.8	5.8	127.1	71.7	748.3	-	69.0
As at March 31, 2020	4.9	239.9	5.0	202.6	4.4	86.9	59.0	602.7	112.6	242.4

* Includes IT equipment.

0.0 represents amounts below rounding off norms adopted by the Company.

Notes:

- Capital commitments: Refer note 32(a) for capital commitments for the acquisition of property, plant and equipment.
 - Management has ensured uninterrupted manufacture and distribution of goods during the lockdown period, with applicable social-distancing and other safety norms.
- As at March 31, 2020, management has assessed both external and internal sources of information and concluded that no indicators for impairment of property, plant and equipment exist.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

4 Loans

	As at March 31, 2020	As at March 31, 2019
Non-current		
Loans considered good– secured	-	-
Loans considered good– unsecured		
Security deposits	34.0	25.4
Loans to employees	5.0	3.2
Loans which have significant increase in credit risk	-	-
Loans– credit impaired	10.5	9.3
Less: Loss allowance for doubtful deposits	(10.5)	(9.3)
	39.0	28.6
Current		
Unsecured, considered good		
Security deposits	4.4	4.3
Loans to employees	3.6	3.8
	8.0	8.1

5 Other financial assets

	As at March 31, 2020	As at March 31, 2019
Current		
Unsecured, considered good		
Interest accrued on deposits with banks	18.4	15.5
Receivable from related parties [Refer note 33 (iv)]	97.3	40.1
	115.7	55.6

6 Current tax assets

	As at March 31, 2020	As at March 31, 2019
Advance tax [net of provision for income tax ₹440.9 (2019: ₹440.9)]	488.4	464.4
	488.4	464.4

7 Deferred tax assets

(a) The balance comprises temporary differences attributable to:

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets		
Provision for employee benefits	100.2	108.3
Other expenses allowance on payment for tax purposes	12.4	16.3
Provision for doubtful advances	9.6	13.0
Allowance for expected credit loss (net)	21.0	23.8
Lease Liability	29.8	-
Difference between tax base and carrying amounts of Property, plant and equipment	1.7	-
MAT credit entitlement	-	82.8
Total deferred tax assets	174.7	244.2

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Right of use of assets	(28.3)	-
Difference between tax base and carrying amounts of Property, plant and equipment	-	(10.6)
Net deferred tax assets	146.4	233.6

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

	As at March 31, 2019	Adjustment on adoption of Ind AS 116	As at April 1, 2019	(charge) / benefit to the Profit or Loss *	(charge) / benefit to Other Comprehensive Income	As at March 31, 2020
Deferred tax assets						
Provision for employee benefits	108.3	-	108.3	(24.7)	16.6	100.2
Other expenses allowance on payment for tax purposes	16.3	-	16.3	(3.9)	-	12.4
Provision for doubtful advances	13.0	-	13.0	(3.4)	-	9.6
Allowance for expected credit loss (net)	23.8	-	23.8	(2.8)	-	21.0
Lease Liability	-	46.5	46.5	(16.7)	-	29.8
Difference between tax base and carrying amounts of Property, plant and equipment	-	-	-	1.7	-	1.7
MAT credit entitlement*	82.8	-	82.8	(82.8)	-	-
	244.2	46.5	290.7	(132.6)	16.6	174.7
Deferred tax liabilities						
Right-of-use assets	-	(47.8)	(47.8)	19.5	-	(28.3)
Difference between tax base and carrying amounts of Property, plant and equipment	(10.6)	-	(10.6)	10.6	-	-
	(10.6)	(47.8)	(58.4)	30.1	-	(28.3)
Net deferred tax assets	233.6	(1.3)	232.3	(102.5)	16.6	146.4

The tax impact for the above purpose has been arrived at by applying the tax rate of 25.168 % (2019 - 34.944%) being the prevailing tax rate under the Income Tax Act, 1961.

* Pursuant to a notification of the Taxation Laws (Amendment) Ordinance 2019, the Company had opted to pay tax as per Section 115BAA at the income tax rate of 22% (plus applicable surcharge and cess). Consequently, during the year ended March 31, 2020, the Company has recognised the impact of remeasurement of the net deferred tax assets. Accordingly, the excess net deferred tax asset (including minimum alternate tax amounting to ₹82.8) of ₹124.6 has been reversed in the Statement of Profit and Loss for the year ended March 31, 2020.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

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

	As at April 1, 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					
Provision for employee benefits	96.3	8.8	-	3.2	108.3
Other expenses allowance on payment for tax purposes	19.2	(2.9)	-	-	16.3
Provision for doubtful advances	13.5	(0.5)	-	-	13.0
Allowance for expected credit loss (net)	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.

8 Other assets

	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Capital Advances	2.4	18.4
Balances with Government Authorities	6.4	6.0
Prepaid expenses	0.1	2.5
	8.9	26.9
Unsecured, considered doubtful		
Advances to suppliers	4.5	4.5
Less: Provision for doubtful advances	(4.5)	(4.5)
	-	-
	8.9	26.9
Current		
Unsecured, considered good		
Balances with Government Authorities	195.0	186.4
Advances to suppliers	11.6	11.1
Prepaid expenses	82.8	73.8
Employee advances	1.3	0.7
	290.7	272.0
Unsecured, considered doubtful		
Balances with Government Authorities	35.3	35.3
Less: Provision for doubtful balances	(35.3)	(35.3)
	-	-
	290.7	272.0

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

9 Inventories

	As at March 31, 2020	As at March 31, 2019
Raw materials [includes in transit: ₹17.0 (2019: ₹24.8)] [Refer note (a) below]	223.3	143.6
Packing materials [Refer note (b) below]	23.9	25.0
Work-in-progress [Refer note (c) below]	12.2	21.5
Finished goods [Refer note (d) below]	230.2	236.9
Traded goods [includes in transit : ₹72.1 (2019: ₹15.8)] [Refer note (e) below]	1,145.9	737.8
Stores and spares	16.0	16.2
	1,651.5	1,181.0

Notes:

- Net of provision for raw materials amounting to ₹8.4 (2019: ₹8.7)
- Net of provision for packing materials amounting to ₹3.6 (2019: ₹4.7)
- Net of provision for work-in-progress amounting to ₹NIL (2019: ₹0.4)
- Net of provision for finished goods amounting to ₹3.8 (2019: ₹1.9)
- Net of provision for traded goods amounting to ₹1.0 (2019: ₹1.5)
- The Company manufactures and distributes 'essential goods'. The Company's inventories are moving regularly post the year end with realisable values in excess of their carrying values at the balance sheet date. The risk of expired inventories or inventories nearing expiry is considered minimal. Therefore, the Company does not foresee any impact on demand for products at current market prices on account of the COVID-19 pandemic. The carrying value of inventories at the year-end is therefore considered recoverable.

10 Trade receivables

	As at March 31, 2020	As at March 31, 2019
Current		
Trade receivables considered good– secured	-	-
Trade receivables considered good– unsecured		
Related parties [Refer note 33 (iv)]	45.0	68.0
Others	870.8	797.4
Less: Allowance for expected credit loss (net) [Refer note 39(ii)(a)]	(83.7)	(67.9)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables– credit impaired	-	-
	832.1	797.5

Company's customers are primarily large authorised wholesalers, government-controlled institutions and overseas fellow group companies. In response to the expected liquidity pressures caused due to COVID-19 pandemic, the Company has extended the credit period for certain customers. Management does not foresee any increase in credit risk in respect of Company's customers. The impact of possible delay in customer collections and extension in the credit period has been considered in measurement of provision for expected credit losses.

11 Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Current accounts	17.0	48.8
Demand deposits with original maturity of less than 3 months	818.0	1,683.6
	835.0	1,732.4

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

12 Bank balances other than cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Demand deposits with original maturity of 3 - 12 months	1,690.0	-
Unclaimed dividend accounts	0.2	0.6
	1,690.2	0.6

13 Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorised equity share capital		
Equity share capital of ₹2 each		
25,000,000 (2019: 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, 2020		As at March 31, 2019	
	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: movement 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

	As at March 31, 2020	As at March 31, 2019
Equity shares of ₹2 each issued, subscribed and fully paid		
25,000,000 (2019: 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, 2020		As at March 31, 2019	
	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.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

(c) Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹2 each fully paid				
AstraZeneca Pharmaceuticals AB, Sweden (Holding Company)	18,750,000	75.0%	18,750,000	75.0%
Tejas B. Trivedi, Minaxi B. Trivedi and Shivani T. Trivedi*	1,303,432	5.2%	-	0.0%

*Being 'persons acting in concert' under Regulation 29(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

(d) Shares held by holding / ultimate holding company

Particulars	As at March 31, 2020		As at March 31, 2019	
	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

	As at March 31, 2020	As at March 31, 2019
Capital reserve	723.5	723.5
General reserve	531.3	531.3
Employee share compensation reserve	15.9	21.0
Retained earnings	2,323.7	1,682.2
	3,594.4	2,958.0

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.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

15 Trade payables

	As at March 31, 2020	As at March 31, 2019
Current		
Micro and small enterprises (Refer note 42)	1.6	4.5
Related parties [Refer note 33 (iv)]	816.2	356.0
Others	1,279.4	1,321.5
	2,097.2	1,682.0

16 Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
Current		
Dealer deposits	2.0	2.0
Capital creditors	26.7	0.9
Payable to employees	320.5	284.8
Unclaimed dividends [Refer note (a) below]	0.2	0.6
Liabilities for volume discounts	5.3	5.9
Payable for expenses	207.1	105.8
	561.8	400.0

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.

17 Lease liabilities

	As at March 31, 2020	As at March 31, 2019
Non-current		
Lease liability	93.0	-
	93.0	-
Current		
Lease liability	25.4	-
	25.4	-

	As at March 31, 2020
Net debt reconciliation	
Non-current lease liability	93.0
Current lease liability	25.4
Total net debt	118.4
Net debt as at March 31, 2019*	-
Recognised on adoption of Ind AS 116	(133.0)
Net debt as at April 1, 2019 (restated)	(133.0)

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

	As at March 31, 2020
Principal repayment on lease liabilities	22.1
Interest payment on lease liabilities	11.4
Interest cost on lease liabilities	(11.4)
Leases acquired during the year	(7.5)
Net debt as at March 31, 2020	(118.4)

* The Company did not have any liabilities which were classified under financing activities in the statement of cash flows for the year ended March 31, 2019. Accordingly, requirements of paragraphs 44 (A) to 44 (E) of Ind AS 7, *Statement of Cash Flows* relating to presentation of 'Net Debt reconciliation' were not applicable to the Company for the year ended March 31, 2019.

18 Other liabilities

	As at March 31, 2020	As at March 31, 2019
Current		
Statutory liabilities	88.9	64.3
Refund liabilities for expected sales returns [Refer note (a) below]	34.5	34.5
Others	-	45.0
	123.4	143.8

Notes:

- (a) 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.

19 Provisions

	As at March 31, 2020	As at March 31, 2019
Non-current		
Provision for employee benefits		
Provision for gratuity [Refer note 36 (C) (f)]	26.0	1.1
Provision for provident fund [Refer note 36 (C) (f)]	4.7	-
Provision for long term service awards	17.0	12.0
Provision for termination benefits	6.1	7.1
	53.8	20.2
Current		
Provision for employee benefits		
Provision for gratuity [Refer note 36 (C) (f)]	60.2	46.1
Provision for provident fund [Refer note 36 (C) (f)]	54.4	-
Provision for compensated absences	211.6	176.5
Provision for long term service awards	3.6	3.0
Provision for termination benefits	2.0	2.2
	331.8	227.8
Others		
Provision for indirect tax matters [Refer note (a)]	41.0	47.1
Provision for other obligations [Refer note (b)]	70.8	70.8
	111.8	117.9
	443.6	345.7

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

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
Provisions during the year	-	-
Amount written back during the year upon settlement of cases	(6.1)	-
Balance as on March 31, 2020	41.0	70.8

Notes:

- Provision for indirect tax 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, where considered necessary. Management cannot estimate with certainty the timing of the final outcome.
- The Company had received a notice from Bruhat Bangalore Mahanagara Palike (BBMP) on August 7, 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. Management cannot estimate with certainty the timing of the final outcome.

20 Current tax liabilities

	As at March 31, 2020	As at March 31, 2019
Current tax liabilities [net of advance tax ₹398.6 (2019: ₹86.2)]	21.0	18.3
	21.0	18.3

21 Income tax

- The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Income tax expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	315.1	241.9
Reversal of excess tax provision relating to prior year	-	(75.1)
Total Current tax	315.1	166.8
Deferred tax		
Decrease/(Increase) in deferred tax assets	132.6	22.5
(Decrease)/Increase in deferred tax liabilities	(30.1)	(7.1)
Total deferred tax charge/(benefit)	102.5	15.4
Income tax expense	417.6	182.2
Tax recognised in Other Comprehensive Income (OCI)		
Deferred tax related to items recognised in OCI during the year:		
Remeasurement of defined benefit plans	(16.6)	(3.2)
Income tax charged to OCI	(16.6)	(3.2)

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

(ii) Effective tax reconciliation

	As at March 31, 2020	As at March 31, 2019
Profit before tax	1,139.7	726.7
Enacted tax rate in India (%)	25.17%	34.94%
Expected tax expense (computed)	286.8	254.0
Add / (Less): Reconciling items:		
Expenses disallowed for tax purposes	6.2	3.3
Impact of change in the tax rate	41.8	-
MAT credit carried forward from earlier years written off upon adoption of Section 115BAA	82.8	-
Reversal of excess tax provision relating to prior year	-	(75.1)
Income tax expense	417.6	182.2
As per Statement of Profit and Loss		
Current tax	315.1	241.9
Reversal of excess tax provision relating to prior year	-	(75.1)
Deferred tax charge/ (benefit)	102.5	15.4
	417.6	182.2

22 Revenue from operations

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from contracts with customers		
Sale of pharmaceutical products		
Finished goods	3,027.4	2,539.5
Traded goods	4,985.2	4,293.6
Sale of services to related parties– Clinical trials [Refer note 33(ii)]	305.1	236.2
Income from grant of exclusive distribution rights (Refer note 45)	-	213.1
Other operating revenue		
Scrap sales	0.4	0.5
	8,318.1	7,282.9

23 Other income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income		
Interest income on deposits carried at amortised cost	122.3	114.5
Interest – others	-	39.2
Other income		
Lease rentals (Refer note 35)	-	1.9
Profit on sale of property, plant and equipment (net)	2.9	0.6
Net gain on account of foreign exchange fluctuations	-	6.6
Miscellaneous income	4.7	0.1
	129.9	162.9

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

24 Cost of materials consumed

	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials consumed	649.5	582.7
Packing materials consumed	52.6	44.0
	702.1	626.7

25 Purchase of traded goods

	For the year ended March 31, 2020	For the year ended March 31, 2019
Traded goods purchased	2,742.3	1,698.4
	2,742.3	1,698.4

26 Changes in inventories of finished goods, work-in-progress and traded goods

	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year		
Finished goods	236.9	206.5
Work-in-progress	21.5	24.5
Traded goods	737.8	751.4
A	996.2	982.4
Inventories at the end of the year		
Finished goods	230.2	236.9
Work-in-progress	12.2	21.5
Traded goods	1,145.9	737.8
B	1,388.3	996.2
Changes in inventories (A-B)	(392.1)	(13.8)

27 Employee benefits expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus and allowances	1,880.2	1,714.6
Gratuity [Refer note 36 (iii)(C)(d)]	37.3	38.0
Contribution to provident and other funds (Refer note 36 (i) and 36 (iii)(C)(d))	95.8	90.7
Employee stock compensation expense [Refer note (a) below]	11.2	9.5
Staff welfare expenses	142.5	121.2
	2,167.0	1,974.0

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 37].
- Employee benefit expenses shown above is net of reimbursable expenses recovered from related parties under appropriate line items [Refer note 33].

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

28 Other expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Selling, marketing and distribution	557.6	798.0
Travel and conveyance	311.3	387.9
Legal and professional [Refer note (b) below]	243.4	205.3
Clinical trials	227.0	317.6
Power and fuel	77.2	82.7
Rent [Refer note 35]	12.9	52.7
Carriage outwards	53.4	42.9
Repairs and maintenance		
- Buildings	7.2	14.5
- Plant and machinery	37.8	27.5
- Others	19.1	24.8
Rates and taxes	26.3	37.5
Commission and warehousing charges to clearing and forwarding agents	40.3	40.9
Consumption of stores and spare parts	26.3	31.5
Communication expenses	31.4	27.1
Insurance	30.1	30.4
Net loss on foreign currency transactions	4.4	-
Expenditure towards Corporate Social Responsibility (CSR) activities (Refer note 41)	9.3	5.5
Royalty	38.1	35.9
Miscellaneous expenses	122.9	87.4
	1,876.0	2,250.1

Notes:

(a) Other expenses shown above are net of reimbursable expenses recovered from related parties under appropriate line items (Refer note 33).

(b) Payments to auditors (*):

	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditor		
Audit fees	4.1	4.1
Tax audit fees	0.4	0.4
Reimbursement of out of pocket expenses	0.8	0.7
	5.3	5.2

(*) Excludes service tax and GST.

29 Finance cost

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest cost on lease liabilities (Refer note 35)	11.4	-
	11.4	-

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

30 Earning per share

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit after tax	722.1	544.5
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	28.9	21.8

31 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:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from external customers		
Sale of pharmaceutical products		
- Tablets	7,385.2	6,371.2
- Injectables	489.8	357.3
- Inhalation	137.6	104.6
Income from grant of exclusive distribution rights Reference note no. 45	-	213.1
Revenue from related parties		
Sale of services to related parties – Clinical trials [Refer note 33(ii)]	305.1	236.2
Other operating revenue	0.4	0.5
	8,318.1	7,282.9

(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 location of the customers.

	For the year ended March 31, 2020	For the year ended March 31, 2019
India	7,994.9	7,029.1
Outside India	323.2	253.8
	8,318.1	7,282.9

(c) Information about major customers

Revenue from sale of tablets of ₹1,439.7 (2019: ₹1,278.8) 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.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

32 Commitments and contingencies

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Commitments		
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	18.6	58.0

(b) Contingent liabilities

(i) Claims against the company not acknowledged as debts

Particulars	As at March 31, 2020	As at March 31, 2019
Indirect tax matters*	255.4	17.3
Income tax matters #	404.2	236.7

*Indirect tax matters

The matters are related to demands (including interest and penalties, where applicable) raised by the Indirect tax authorities related to service tax and goods and service tax (GST) received in the current year and in earlier financial years.

The demands relating to service tax have been raised on expenses incurred in foreign currency, reimbursements from overseas group companies, recovery of notice period pay from former employees and ineligible input tax credit claimed on certain expenses. The Company has filed appeals before the relevant authorities against the above demands, which are pending for adjudication. The Company has also settled certain service tax demands raised in earlier years under the Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019, during the current year.

The GST demand pertains to certain category of medicines supplied by the Company. The Company is in the process of filing the necessary appeals against the GST orders. The Company believes that it has a strong case on merits to contest the aforesaid demands and that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Income Tax:

These matters are related to demands (including interest, where applicable) raised during the current year and in earlier years by the Income tax authorities in respect of transfer pricing adjustments on transactions with overseas group companies, disallowance of certain expenses incurred, taxability of subvention receipt and certain expense reimbursements and certain other disallowances. These adjustments are largely of a repetitive nature across multiple assessment years. The Company has filed appeals against these demands with various appellate forums, which are currently pending for adjudication. The Company believes that its position on the aforesaid demands will likely be upheld in the appellate process and accordingly no provision has been made in the financial statements for such demands. The aforesaid contingent liabilities do not include any possible liabilities arising from a draft assessment order issued to the Company during the year primarily in respect of transfer pricing adjustments and disallowance of employee stock options expense charged by a group company aggregating to ₹894.02 with approximate tax effect of ₹309.40 (excluding interest and penalty, if any). The Company believes that it will be in a position to defend this potential tax demand in the future. Contingent liabilities disclosed above do not include possible income tax demands in respect of those years for which assessment is not yet completed or the effect of interest and penalties in respect of certain demands raised, which have not yet been determined/ quantified by tax authorities.

c) Guarantee

	For the year ended March 31, 2020	For the year ended March 31, 2019
Bank guarantee issued to National Highways Authority of India	13.7	13.7

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

33 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 or in the previous year	AstraZeneca Singapore Pte Ltd, Singapore
	AstraZeneca Pharmaceuticals LP, USA
	AstraZeneca UK Limited, United Kingdom
	P.T. AstraZeneca Indonesia
	AstraZeneca Pty Ltd, Australia
	AstraZeneca SDN Bhd, Malaysia
	AstraZeneca India Private Limited, India
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. Ian John Parish
	Ms. Weiying Sarah Wang
c) Independent Directors	
	Mr. Narayan K. Seshadri
	Ms. Revathy Ashok
	Ms. Kimsuka Narasimhan

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

(ii) Details of the transactions with the related parties during the year ended :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of raw materials and traded goods		
AstraZeneca UK Limited, United Kingdom	2,782.7	1,858.9
AstraZeneca AB, Sweden	250.6	78.3
Payment towards reimbursement of expenses		
AstraZeneca UK Limited, United Kingdom	2.4	17.0
AstraZeneca Pty Ltd, Australia	6.6	-
Payment towards employee stock compensation expense, net of withholding tax		
AstraZeneca UK Limited, United Kingdom	8.2	5.9
Sale of services		
AstraZeneca AB, Sweden [Refer notes 22 and 31(a)]	305.1	236.2
Lease Rentals (included in other income)		
AstraZeneca India Private Limited, India	-	1.9
Recovery of reimbursable expenses		
AstraZeneca UK Limited, United Kingdom	72.9	63.9
AstraZeneca AB, Sweden	93.8	42.5
P.T. AstraZeneca Indonesia	19.8	14.3
AstraZeneca Singapore Pte Ltd, Singapore	8.2	10.5
AstraZeneca Pharmaceuticals LP, USA	10.3	6.3
AstraZeneca SDN Bhd, Malaysia	3.9	-
AstraZeneca India Private Limited, India	-	1.2
Contribution to Trusts		
AstraZeneca Pharma India Limited Employees Gratuity Fund Trust [Refer note 36(iii)(C)(b)]	50.0	84.4
AstraZeneca Pharma India Limited Management Staff Provident Fund Trust [Refer note 36(iii)(C)(b)]	52.6	45.4
AstraZeneca Pharma India Limited Management Staff Superannuation Fund Trust [Refer note 36(i)]	12.6	12.2

(iii) (a) Transactions with Key Management Personnel

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salary and perquisites		
Short-term employee benefits	61.2	47.0
Long-term employee benefits	9.8	8.1
Post employment benefits	16.8	12.0
Employee share compensation expenses	4.6	4.0
	92.4	71.1

(iii) (b) Transactions with Independent Directors

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sitting fees paid to independent directors	3.8	2.6

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

(iv) Details of balances receivable from and payable to related parties are as follows:

	As at March 31, 2020	As at March 31, 2019
Other current financial assets (Refer note 5)	97.3	40.1
AstraZeneca UK Limited, United Kingdom	29.1	32.3
AstraZeneca Pharmaceuticals LP, USA	2.7	2.7
AstraZeneca Singapore Pte Ltd, Singapore	1.7	2.8
P.T. AstraZeneca Indonesia	2.5	2.3
AstraZeneca SDN Bhd, Malaysia	1.2	-
AstraZeneca AB, Sweden	60.1	-
Trade receivables (Refer note 10)		
AstraZeneca AB, Sweden	45.0	68.0
Trade payables (Refer note 15)	816.2	356.0
AstraZeneca UK Limited, United Kingdom	713.4	330.7
AstraZeneca AB, Sweden	96.2	25.3
AstraZeneca Pty Ltd, Australia	6.6	-

34 Transition to Ind AS 116

Impact due to adoption of Ind AS 116 on the financial statements

As disclosed in note 2.1(c), the Company has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from adoption of Ind AS 116 are therefore recognised in the opening balance sheet on April 1, 2019. The new accounting policies are disclosed in note 2.13.

Upon adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 9%.

(i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at April 1, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right of use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(ii) Measurement of lease liabilities

Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	126.5
Discounted using the lessee's incremental borrowing rate at the date of initial application	110.4
Add: Adjustments as a result of a different treatment of extension and termination options	22.6
Lease Liability recognised as at April 1, 2019 (discounted using incremental borrowing rate)	133.0
Of which are:	
Current lease liabilities	21.9
Non-current lease liabilities	111.1

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

(iii) Measurement of right of use assets

Right-of-use assets for property leases have been measured at an amount equal to the lease liabilities adjusted for prepaid lease payments recognised in the balance sheet immediately before the date of transition.

(iv) Adjustments recognised in the balance sheet on April 1, 2019

The change in accounting policy affected the following items in balance sheet on April 1, 2019:

- right of use assets– increase by ₹136.7 (Refer note 3)
- deferred tax assets (net)– increase by ₹1.3 (Refer note 7)
- pre-paid lease payments – decrease by ₹3.7
- Lease liabilities– increase by – ₹ 133.0

The net impact on retained earnings on April 1, 2019 was decrease of ₹1.3.

35 Leases

The Company has entered into leasing arrangements for office premises and depots which are for a period ranging between 11 months and 10 years. All leases are cancellable at the option of the lessee.

(i) Amounts recognised in balance sheet

	As at March 31, 2020	As at March 31, 2019
Right-of-use Assets (Refer note 3)		
Building	112.6	136.7
	112.6	136.7

	As at March 31, 2020	As at March 31, 2019
Lease liabilities (Refer note 17)		
Current	25.4	21.9
Non-current	93.0	111.1
	118.4	133.0

Additions to Right-of-use asset during the current financial year	7.5	-
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(ii) Amount recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation charge of right-of-use assets			
Building	3	31.6	-
Interest expense on lease liabilities	29	11.4	-
Expense relating to short-term leases (included as 'rent' in other expenses)	28	11.6	-
Expenses relating to lease of low value assets (included as 'rent' in other expenses)	28	1.3	-
Expenses relating to variable lease payments		-	-
Total cash outflow for leases		33.5	-
(excluding payments relating to short-term and low value leases)			

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

Extention and termination options

The leasing arrangements for office spaces and depots contain extension and termination options that are used to maximise operational flexibility in terms of managing assets used in the operations. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lessee is reasonably certain to exercise the extension option or not exercise the termination option.

The Company has not provided any residual value guarantees in any of the leasing arrangements.

Disclosures under Ind AS 17 for the previous year

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent expense (Refer note 28)	-	52.7
Lease rental income recognised in the Statement of Profit and Loss (Refer note 23)	-	1.9
	For the year ended March 31, 2020	For the year ended March 31, 2019
Commitments for minimum lease payments in relation to non-cancellable operating leases:		
not later than one year	-	23.6
later than one year and not later than five years	-	96.7
later than five years	-	6.2

36 Employee benefits

(i) Defined contribution plans (Refer note 27)

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, 2020	For the year ended March 31, 2019
Provident fund	30.6	33.0
Superannuation fund	12.6	12.2
Others*	0.0	0.1
	43.2	45.3

*0.0 represents amounts below rounding off norms adopted by the Company.

(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 ₹211.6 (2019: ₹176.5) 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.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Compensated absence recorded in the Statement of Profit and Loss	35.1	23.3
Significant assumptions used in estimating obligation for Compensated absence:		
Discount rate	6.30%	7.20%
Salary increase rate	10.00%	10.00%
Sensitivity analysis for significant assumptions:		
Discount rate		
1% Increase	(10.9)	(8.8)
1% Decrease	12.1	9.8
Salary increase rate		
1% Increase	11.6	9.4
1% Decrease	(10.1)	(8.2)

(iii) Post employment defined benefit plans

(A) Gratuity

Benefits payable for employees who have joined before August 1, 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.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

(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

	Gratuity		Provident Fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Obligations at the beginning of the year	442.8	385.0	817.3	692.6
Current service cost	35.6	33.1	52.6	45.4
Interest cost	30.2	27.6	61.9	53.7
Benefits paid	(25.4)	(17.3)	(79.4)	(83.6)
Contribution by employees	-	-	87.5	76.0
Transfer in	-	-	23.0	23.0
Actuarial (gain)/loss	43.3	14.4	10.7	10.2
Obligations at end of the year	526.5	442.8	973.6	817.3

b) Change in fair value of plan assets

	Gratuity		Provident Fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Fair value of plan assets as at the beginning of the year	395.6	300.6	831.2	723.9
Return on plan assets	28.5	22.7	62.9	56.1
Employer contributions	50.0	84.4	52.6	45.4
Transfer in	-	-	23.0	23.0
Employee contributions	-	-	87.5	76.0
Benefits paid	(25.4)	(17.3)	(79.4)	(83.6)
Asset gain/(loss)	(8.4)	5.2	(63.3) [#]	(9.6)
Fair value of plan assets as at the end of the year	440.3	395.6	914.5	831.2

Includes ₹45.0 recognised in the previous year.

c) Effect Due to Asset Ceiling

	Gratuity		Provident Fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Asset ceiling at the beginning of the year	-	-	13.9	31.3
Interest on Asset Ceiling	-	-	1.0	2.4
Changes in Asset Ceiling	-	-	(14.9)	(19.8)
Asset ceiling at the end of the year	-	-	-	13.9

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

d) Amount recognised in statement of profit or loss under employee cost:

	Gratuity		Provident Fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	35.6	33.1	52.6	45.4
Interest cost	30.2	27.6	61.9	53.7
Return on plan assets	(28.5)	(22.7)	(62.9)	(56.1)
Interest on Asset Ceiling	-	-	1.0	2.4
Net employee benefit expense/Net Provident fund cost (Refer note 27)	37.3	38.0	52.6	45.4

e) Re-measurement (gain)/loss recognised in other comprehensive income

	Gratuity		Provident Fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gain)/loss on liability	43.3	14.4	10.7	10.2
Asset (gain)/loss on assets	8.4	(5.2)	18.3*	9.6
Changes in asset ceiling (excluding interest income)	-	-	(14.9)	(19.8)
Net actuarial (gain)/loss	51.7	9.2	14.1	-

* Net of ₹45.0 recognised in the previous year.

f) Net defined benefit asset/(liability)

	Gratuity		Provident Fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Fair value of plan assets	440.3	395.6	914.5	831.2
Present value of the defined benefit obligations	526.5	442.8	973.6	817.3
(Deficit) / Surplus	(86.2)	(47.2)	(59.1)	13.9
Effect due to Asset Ceiling	-	-	-	(13.9)
Benefit asset/(liability)	(86.2)	(47.2)	(59.1)	-
Recognised under Provisions:				
Non-current provision (Refer note 19)	26.0	1.1	4.7	-
Current provision (Refer note 19)	60.2	46.1	54.4	-

g) Major category of plan assets are as follows:

	Gratuity		Provident Fund	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Insurer Managed funds	100.0%	100.0%	0.0%	0.0%
Equity instruments	0.0%	0.0%	3.7%	3.8%
Government securities	0.0%	0.0%	55.3%	48.8%
Debt instruments	0.0%	0.0%	41.0%	47.4%

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

h) The principal assumptions used in estimating defined benefit obligations are as below:

Assumptions	Gratuity		Provident Fund	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Discount rate	6.30%	7.20%	6.30%	7.20%
Outstanding term of the liabilities	6.54 years	6.59 years	6.54 years	6.59 years
Attrition rate	5% to 16.5% based on the employee designation	5% to 16.5% based on the employee designation	5% to 16.5% based on the employee designation	5% to 16.5% based on the employee designation
Retirement Age	60 Years	60 Years	60 Years	60 Years
Salary increase rate	10%	10%	N.A.	N.A.
Mortality rate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate

Notes:

- (i) 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.
- (ii) 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.
- (iii) IALM represents Indian Assured Lives Mortality.

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.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

A sensitivity analysis for significant assumptions:

	Gratuity		Provident fund	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Impact on defined benefit obligation				
Discount rate				
1% Increase	(29.83)	(24.8)	(16.76)	(16.4)
1% Decrease	33.49	27.6	34.37	31.8
Salary increase rate				
1% Increase	25.86	21.4	-	-
1% Decrease	(24.13)	(20.2)	-	-
Interest Rate Guarantee				
1% Increase	-	-	29.89	25.5
1% Decrease	-	-	(16.72)	(16.4)

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.

j) The following payments are expected contribution to the defined benefit plans in future years:

	Gratuity		Provident fund	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Expected contribution for the next one year	60.2	46.1	95.4	89.5
Weighted average duration of defined benefit plan (years)	6.5	6.6	6.5	6.6

The expected maturity analysis of undiscounted gratuity and provident fund is as below:

	Gratuity		Provident fund	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Within next 12 months	60.2	46.1	151.6	116.7
Between 2 to 5 years	242.9	213.0	508.1	438.8
Between 6 to 10 years	481.0	454.7	430.8	356.4
Beyond 10 years	-	-	-	-
	784.1	713.8	1,090.5	911.9

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

37 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:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Expense arising from equity-settled share-based payment transactions (Refer note 27)	11.2	9.5

Movements during the year

The following table illustrates the number and Weighted Average Fair Value (WAFV) of, and movements in RSUs during the year:

	As at March 31, 2020		As at March 31, 2019	
	Number	WAFV (GBP)	Number	WAFV (GBP)
Outstanding at beginning of the year	6,856	53.2	7,665	45.6
Granted during the year	2,861	73.8	2,179	62.9
Forfeited during the year	-	-	(812)	44.5
Exercised during the year	(1,999)	48.8	(2,176)	39.2
Outstanding at end of the year	7,718		6,856	
Vested and exercisable at 31 March	1,999		2,176	

Details of RSUs granted during the year:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Date of Grant	March 6, 2020	March 8, 2019
Number of RSUs granted	2,861	2,179
Fair market value per RSU (in GBP)	73.8	62.9
Fair value (in GBP)	211,007	137,015
Expense recognised during the year	11.2	9.5

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.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

38 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

	As at March 31, 2020		
	Amortised cost	FVTPL	FVTOCI
Financial assets			
Loans	47.0	-	-
Trade receivables	832.1	-	-
Cash and cash equivalents	835.0	-	-
Bank balance other than cash and cash equivalents	1,690.2	-	-
Other financial assets	115.7	-	-
	3,520.0	-	-
Financial liabilities			
Trade payables	2,097.2	-	-
Lease liabilities	118.4	-	-
Other financial liabilities	561.8	-	-
	2,777.4	-	-

	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	-	-

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.

In respect of other financial assets, the difference between the carrying amounts and fair value is not expected to be material.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

39 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:

Foreign currency exposure as on March 31, 2020

Underlying asset / liability	Currency	As at March 31, 2020		As at March 31, 2019	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Trade receivables	USD	0.6	45.0	1.0	68.0
Trade payables	GBP	(0.2)	(17.1)	(0.2)	(17.5)
	USD	(0.0)	(0.4)	(0.2)	(16.1)
	MYR	-	-	(0.0)	(0.2)
	AUD	(0.1)	(6.6)	(0.0)	(0.1)
Financial liabilities (current)	EUR	(0.1)	(4.6)	-	-
	USD	(0.0)	(0.2)	-	-

* (0.0) represents 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.

	Change in exchange rate	As at March 31, 2020		As at March 31, 2019	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
USD					
Increase	5%	2.2	1.7	2.7	1.7
Decrease	-5%	(2.2)	(1.7)	(2.7)	(1.7)

The Company is not subject to any other market risk.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

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	Allowance for expected credit loss
As at March 31, 2020			
Upto 6 months	864.4	0%-30%	39.5
6 to 12 months	40.7	68%-100%	33.5
More than 12 months	10.7	100%	10.7
	915.8		83.7
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

The following table summarises the change in the loss allowances measured using life-time expected credit loss model:

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	67.9	33.4
Impairment recognised	15.8	34.5
Impairment reversal	-	-
Closing balance (Refer note 10)	83.7	67.9

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

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

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 summarises the change in the loss allowances for other financial assets:

Allowance for impairment	As at March 31, 2020	As at March 31, 2019
Opening balance	9.3	9.3
Impairment (reversal)/ recognised	1.2	-
Closing balance	10.5	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.

	Less than 1 year	More than 1 year	Total
March 31, 2020			
Lease liabilities	25.4	93.0	118.4
Trade payables	2,097.2	-	2,097.2
Other financial liabilities	561.8	-	561.8
	2,684.4	93.0	2,777.4
March 31, 2019			
Other financial liabilities	400.0	-	400.0
Trade payables	1,682.0	-	1,682.0
	2,082.0	-	2,082.0

40 Capital management

a. Risk 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.

The below table depicts the companies net debt to equity ratio.

Particulars	As at March 31, 2020
Net debt*	118.4
Total equity	3,644.4
Net debt to equity ratio	3.2%

* Net debt includes only lease liabilities (refer Note 17).

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

b. Dividend

Particulars	As at March 31, 2020
Equity shares	
Interim dividend for the year ended March 31, 2020 of ₹1 for fully paid up shares	25.0
Dividend distribution tax on Interim dividend	5.1

41 Corporate Social Responsibility

(a) Gross amount required to be spent by the Company during the year: ₹9.3 (2019: ₹5.5).

(b) Amount spent during the year on:

Particulars	For the year ended March 31, 2020		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above (Refer note 28)	9.3	-	9.3

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 28)	3.9	1.6	5.5

42 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, 2020	For the year ended March 31, 2019
i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.*	1.6	4.5
ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.#	0.0	-
iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.^	1.2	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.#	0.0	-
vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.#	0.0	0.0
vii) Further interest remaining due and payable for earlier years.#	-	0.0

* The principal amount represents amount outstanding (due as well as not due) as on the Balance Sheet date.

0.0 represents amounts 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)

43 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, 2020. 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, 2020	For the year ended March 31, 2019
Domestic:		
Sale of products:		
Tablets	7,367.2	6,353.6
Injectables	489.7	357.3
Inhalation	137.6	104.6
	7,994.5	6,815.5
Income from grant of exclusive distribution rights (Refer note 45)	-	213.1
	-	213.1
Export:		
Sale of products:		
Tablets	18.0	17.6
Injectables	0.1	-
Revenue from sale of services– Clinical trials	305.1	236.2
	323.2	253.8
Total*	8,317.7	7,282.4
Disaggregation of revenue from sale of products on the basis of therapeutic area is as below:		
Cardiovascular	37.2%	45.2%
Diabetes	38.4%	38.5%
Oncology	22.7%	14.8%
Respiratory	1.7%	1.5%
	100.0%	100.0%

All revenues of the Company are recognised at a point in time.

(ii) During the year ended March 31, 2020, the Company does not have any contract liability and hence no disclosure has been made with respect to the movement to 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.

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

	As at March 31, 2020	As at March 31, 2019
Contract price	8,352.2	7,316.9
Adjustments for:		
Refund liabilities for sales returns (Refer note 18)	34.5	34.5
Revenue from operations*	8,317.7	7,282.4

*Excludes scrap sales amounting to ₹0.4 (2019: ₹0.5). Also refer Note 22.

44 Voluntary Delisting

As previously disclosed, by way of a letter dated March 1, 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.

45 Grant of Exclusive Distribution Rights

During the previous year ended March 31, 2019, the Company had entered into a distribution agreement (the 'agreement') with a customer for specified products ("Products"). Pursuant to this agreement, an upfront fee of ₹213.1 was received from the customer towards marketing and promotion already carried out by the Company in order to create market presence for the products. Management determined that such marketing and promotion was a distinct service provided to the customer. The said upfront fee met the point in time recognition criteria as per Ind AS 115 and was 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 previous year ended March 31, 2019, the Company incurred an aggregate expense of ₹161.4 towards marketing and promotion of new products and 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 were not billed to the group Company.

During the current year ended March 31, 2020, the Company has not received any upfront fee from any customer and accordingly, all the expenses incurred during the year towards marketing and promotion of new products are considered as receivable from the group company and have been netted off with the respective expenses heads in the Statement of Profit and Loss.

46 Provident Fund– Supreme Court Judgement

The Company has evaluated the impact of Supreme Court ("SC") judgement dated February 28, 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. Based on such evaluation, management has concluded that affect of the aforesaid judgement on the Company is not material and accordingly, no provision has been made in the financial statements.

47 Impact of COVID-19 pandemic

The COVID-19 outbreak has spread rapidly during the last quarter of the financial year. Governments across the globe, including in India, have undertaken various measures to contain the spread of the virus including restrictions on travel, social distancing and other emergency measures. These measures have had a direct impact on businesses and have affected the supply chains and production of goods. Lower economic activity has also resulted in the suppressed demand for goods and services.

The Company is engaged in the business of manufacture, distribution and marketing of life-changing medicines in crucial areas of healthcare including oncology, cardiovascular, diabetes, renal, metabolic and respiratory.

AstraZeneca Pharma India Limited

Notes to the Financial Statements

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

Products supplied by the Company have been classified as essential goods during the COVID-19 pandemic. The Company initially experienced some delays in delivery of supplies to upcountry customers due to restrictions on courier services, but this has gradually stabilised and deliveries are now regular and timely. In view of the lockdown and curfew announced across many states in India, the Company has undertaken and strengthened various measures to ensure the safety and well-being of its employees and has focused on continued delivery of medicines across the country, by ensuring that its key functions i.e. procurement, manufacturing, supply chain, marketing, sales and support functions continue to operate smoothly.

Management has considered its liquidity position as at March 31, 2020 and over the next twelve months from the date of approval of these financial statements, by performing cash flow assessments and a sensitivity analysis thereon and has concluded that the Company will have adequate liquidity in the ordinary course of business. As at the year end, management has assessed the recoverability of the carrying values of property, plant and equipment, trade receivables and inventory and concluded that no further adjustments are required to be made in respect of such assets as at March 31, 2020. (Refer notes 3, 9 and 10).

The management has carried out a physical verification of inventories at all locations to obtain comfort over the existence and condition of inventories as at March 31, 2020. Due to the current COVID-19 pandemic situation, the Company has implemented strict safety measures at the manufacturing plant, to ensure there is minimal risk of contamination and one such measure relates restriction of entry inside the plant only to those employees who are related with the manufacturing activity.

As explained above, management has considered all possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial statements and therefore, believes that the current pandemic is not likely to have a material impact on the operations and financial position of the Company. However, the impact assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

48 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 18, 2020

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

Narayan K. Seshadri
Chairman
Place: Mumbai
Date: May 18, 2020

Pratap Rudra B
Company Secretary
Place: Bengaluru
Date: May 18, 2020

Gagandeep Singh Bedi
Managing Director
Place: Bengaluru
Date: May 18, 2020

Rajesh Marwaha
Director & Chief Financial Officer
Place: Bengaluru
Date: May 18, 2020

Ten year Summary

Particulars	Unit	2019-20 Ind AS	2018-19 Ind AS	2017-18 Ind AS
Sales & Earnings				
Total income	₹	8,447.97	7,445.80	5,842.37
Profit before depn, int & tax	₹	1,325.54	875.98	585.35
Profit before int & tax	₹	1,139.70	726.73	437.95
Profit before tax	₹	1,139.70	726.73	437.95
Profit after tax	₹	722.11	544.51	259.12
Dividend paid	₹	30.14	-	-
Retained earnings	₹	672.89	538.50	259.12
Capital Employed				
Fixed assets				
- Net	₹	845.02	817.31	790.33
Right-of-use assets	₹	112.64	-	-
Investments	₹	-	-	-
Deferred tax assets	₹	146.44	233.59	325.53
Working capital	₹	2,540.25	1,956.85	1,353.38
Total		3,644.36	3,008.05	2,469.35
Represented by				
Networth	₹	3,644.36	3,008.05	2,469.35
Share capital	₹	50.00	50.00	50.00
Reserves	₹	3,594.36	2,958.05	2,419.35
Total		3,644.36	3,008.05	2,469.35
Ratios				
Measures of Performance				
PBT to total income	%	13.49	9.76	7.50
PAT to total income	%	8.55	7.31	4.44
Material consumption to sales	%	38.09	33.83	34.51
Employee cost to sales	%	27.05	28.89	29.10
Net fixed assets to net worth	%	23.19	27.17	32.01
Fixed assets usage	Times	14.02	9.95	7.74
Measures of Investments				
Return on Networth	%	19.81	18.10	10.49
Earnings per share @	₹	28.88	21.78	10.36
Dividend payout ratio	%	4.17	-	-
Dividend coverage ratio	Times	23.96	-	-
Measures of Financial Status				
Current ratio	Unit	1.66	1.56	1.55
Quick ratio	Unit	1.15	1.11	1.00
Inventory holding (on sales)	Days	75	63	78
Other information				
Contribution to exchequer *	₹	1,445.83	1,014.58	884.21
Employee				
- Cost	₹	2,167.01	1,973.99	1,535.31
- Numbers		1,325	1,452	1,356
Number of shareholders		17,768	14,591	13,179
Dividend	%	50.00	-	-
Book value = net worth per share @	₹	145.77	120.32	98.77

* inclusive of sales tax,@ Stock split since 2006

(₹ in Million)

2016-17 Ind AS	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11 (15 months)
5,630.54	5,705.05	5,229.18	4,831.79	4,008.84	5,378.51	6,003.06
513.30	231.90	(55.58)	(37.64)	(579.92)	365.93	1,097.98
355.04	57.64	(208.40)	-	(702.70)	292.55	1,009.85
355.04	57.64	(208.40)	-	(702.70)	292.55	1,009.85
200.55	52.59	(208.40)	(5.09)	(895.32)	197.65	641.30
-	-	-	-	-	87.50	250.00
200.55	52.59	(208.40)	(5.09)	(895.32)	95.96	351.71
916.49	1,036.58	1,131.94	1,035.31	982.41	901.82	513.88
-	-	-	-	-	-	-
-	0.01	0.01	0.01	0.06	0.06	0.06
402.17	-	-	-	-	177.62	75.42
910.03	523.46	375.61	680.64	15.06	813.35	1,207.54
2,228.68	1,560.14	1,507.55	1,715.95	997.53	1,892.85	1,796.90
2,228.68	1,560.14	1,507.55	1,715.95	997.53	1,892.85	1,796.90
50.00	50.00	50.00	50.00	50.00	50.00	50.00
2,178.68	1,510.14	1,457.55	1,665.95	947.53	1,842.85	1,746.90
2,228.68	1,560.14	1,507.55	1,715.95	997.53	1,892.85	1,796.90
6.31	1.01	(3.99)	-	(17.53)	5.44	16.82
3.56	0.92	(3.99)	(0.11)	(22.33)	3.67	10.68
34.82	38.52	42.74	37.62	43.05	35.76	31.21
31.54	32.77	34.15	36.34	41.74	32.41	26.20
41.12	66.45	75.08	60.33	98.48	47.64	28.60
6.48	5.86	5.18	5.13	16.34	16.97	21.87
9.00	3.37	(13.82)	(0.30)	(89.75)	10.44	35.69
8.02	2.10	(8.34)	(0.20)	(35.81)	7.91	25.65
-	-	-	-	-	44.27	38.98
-	-	-	-	-	2.26	2.57
1.32	1.08	1.01	1.12	0.80	1.30	1.95
1.02	0.77	0.68	0.73	0.39	0.80	1.50
41	54	67	79	88	55	45
878.12	773.15	634.69	568.67	761.28	803.37	1,052.90
1,620.43	1,693.45	1,598.40	1,604.60	1,484.60	1,619.12	1,504.98
1,138	1,587	1,654	1,559	1,588	1,674	1,705
15,970	14,402	12,978	13,978	14,571	8,125	6,058
-	-	-	-	-	175.00	500.00
89.15	62.41	60.30	68.64	39.90	75.71	71.88

Notes

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AstraZeneca Pharma India Limited

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This Annual Report is also available on our website
www.astrazeneca.com/india