AstraZeneca Pharma India Limited

Regd. Office : Block N1, 12th Floor, Manyata Embassy Business Park, Rachenahalli, Outer Ring Road, Bangalore 560 045

Statement of financial results for the quarter and year ended 31 March 2020

Rs in lakhs except for earnings per share data

Sl No.	Particulars	3 months ended 31/03/2020 Refer note 6	Previous 3 months ended 31/12/2019 Unaudited	Corresponding 3 months ended in the previous year 31/03/2019 Refer note 6	Year ended 31/03/2020 Audited	Year ended 31/03/2019 Audited
1	Revenue					
	a) Revenue from operations	19,490 19	22,386 28	19,030 27	83,180 91	72,829 43
	b) Other income	337 64	346 15	601 22	1,298 79	1,628 52
	Total income	19,827.83	22,732.43	19,631.49	84,479.70	74,457.95
2	Expenses					
	(a) Cost of materials consumed	1,652 68	2,164 70	2,223 71	7,021 07	8,267 23
	(b) Purchase of stock-in-trade	8,721 87	7,675 58	8,091 56	27,423 30	16,983 88
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,402 20)	(1,706 52)	(4,028 29)	(3,920 84)	(137 78)
	(d) Employee benefits expense	6,124 82	5,255 49	6,041 02	21,87007	19,739 66
	(e) Depreciation expense	454 45	477 12	390 69	1,858 38	1,492 41
	(f) Allowance for expected credit loss (net)	65 70	42 11	104 64	158 27	344 87
	(g) Selling, marketing and distribution expense	1,306 43	1,169 65	2,298 40	5,575 57	7,980 28
	(h) Other expenses	2,540 16	4,110 91	3,662 16	13,184 19	14,520 85
	(i) Finance cost (Refer note 2)	28 64	27 13	-	113 67	-
	Total expenses	18,492.57	19,214.17	18,784.17	73,083.66	67,191.60
3	Profit before exceptional and extraordinary items and tax (1-2)	1,335 26	3,518.26	847 32	11,396.04	7,266.35
4	Exceptional items	-	-	-	-	-
5	Profit before extraordinary items and tax (3+4)	1,335.26	3,518.26	847.32	11,396.04	7,266.35
6	Extraordinary items	-	-	-	-	-
7	Profit before tax (5+6)	1,335.26	3,518.26	847 32	11,396.04	7,266.35
8	Tax expense (Refer note 3)					
	- Current tax	485 38	881 34	(148 42)	3,150 93	1,667 83
	- Deferred tax	(107 98)	(33 25)	13 36	1,024 02	154 45
	Total tax expense	377.40	848.09	(135.06)	4,174.95	1,822.28
9	Profit after tax (7-8)	957.86	2,670.17	982.38	7,221.09	5,444.07
10	Other comprehensive income/(loss)					
	A Items that will not be reclassified to profit or loss					
	Re-measurement gains/(losses) on post employment benefit obligations	(306 07)	107 26	231 31	(657 70)	(92 30)
	Income tax effect on above	77 03	(27 00)	(80 83)	165 53	32 25
		(229 04)	80.26	150.48	(492.17)	(60.05)
	Total comprehensive income for the period (9+10)	728.82	2,750.43	1,132 86	6,728 92	5,384 02
11	Paid-up equity share capital (Face value of Rs 2/- per equity share)	500.00	500.00	500 00	500.00	500.00
12	Reserves (excluding revaluation reserves as per balance sheet)	-	-	-	35,943 62	29,580 50
13	Earnings per equity share of Rs 2/- each (basic and diluted)	3 83	10.68	3.93	28.88	21.78

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Notes:

1 The financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

2 Effective 1 April 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', and consequently, comparatives for previous periods have not been adjusted. On transition, the Company has recorded lease liability at present value of future lease payments discounted using the incremental borrowing rate and has recognised the right-of-use asset at an amount equal to the lease liability and adjusted for prepaid lease payments.

The adoption of Ind AS 116 has resulted in recognition of right-of-use assets of Rs 1,367.51 lakhs and lease liabilities of Rs 1,330.34 lakhs with a corresponding effect of Rs 12.98 lakhs on retained earnings on 1 April 2019 and from such date the nature of expense for leasing arrangements has changed from lease rent to depreciation on the right-of-use assets and finance cost on the corresponding lease liabilities. The adoption of Ind AS 116 did not have a material impact on the results for the quarter ended 31 March 2020.

3 The Company has identified 'Healthcare Segment' as its only reportable segment in accordance with the requirements of Ind AS 108, 'Operating Segments'. Accordingly no segment information has been provided.

4 As previously disclosed, by way of a letter dated 1 March 2014, AstraZeneca Pharmaceuticals AB, the promoter of the Company had proposed a voluntary delisting of the Company's equity shares from the National Stock Exchange and the Bombay Stock Exchange. Such proposed delisting is subject to an on-going inquiry with SEBI and that inquiry has not yet been resolved. In any event, based on the passage of time, any potential future proposal for voluntary delisting of the Company would need to be conducted de novo.

5 **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. 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 stabilized 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 31 March 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 31 March 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.

6 The figures for the quarter ended 31 March 2020 and 31 March 2019 are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the respective financial year which were subjected to review by the statutory auditors.

7 Previous period's figures have been regrouped/reclassified, where necessary, to conform with the current period's presentation for the purpose of comparability.

8 This statement of financial results and statement of assets and liabilities was reviewed and recommended for approval by the Audit Committee of the Board and subsequently approved by the Board of Directors at their respective meetings held on 18 May 2020.

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

Gagandeep Singh Bedi
Managing Director

Place: Bengaluru
Date: 18 May, 2020

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Statement of assets and liabilities

(Rs in lakhs)

Sl.No.	Balance Sheet	As at 31 March 2020 (Audited)	As at 31 March 2019 (Audited)
	ASSETS		
1	**Non-current assets**		
	(a) Property, plant and equipment	6,026 64	7,483 05
	(b) Right-of-use assets	1,126 42	-
	(c) Capital work-in-progress	2,423 59	690 06
	(d) Financial Assets		
	(i) Loans	389 67	286 03
	(e) Current tax assets	4,883 87	4,644 17
	(f) Deferred tax assets	1,464 45	2,336 92
	(g) Other non-current assets	89 37	269 05
	Sub-total - Non-current assets	16,404 01	15,709 28
2	**Current assets**		
	(a) Inventories	16,514 50	11,810 74
	(b) Financial Assets		
	(i) Trade receivables	8,321 24	7,975.00
	(ii) Cash and cash equivalents	8,350 12	17,324 00
	(iii) Bank balances other than cash and cash equivalents	16,901 53	5 71
	(iv) Loans	80 28	81.08
	(v) Other financial assets	1,157 43	555 83
	(c) Other current assets	2,907 05	2,720 09
	Sub-total - Current assets	54,232.15	40,472 25
	TOTAL - ASSETS	70,636.16	56,181.53
1	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity Share capital	500 00	500 00
	(b) Other Equity	35,943 62	29,580 50
	Sub-total - Shareholders' funds	36,443 62	30,080 50
	LIABILITIES		
	Non-current liabilities		
	(a) Financial Liabilities		
	(i) Lease liabilities	930 01	-
	(b) Provisions	538 47	202 10
	Sub-total - Non-current liabilities	1,468 48	202 10
2	**Current liabilities**		
	(a) Financial Liabilities		
	(i) Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	15 99	45 20
	Total outstanding dues of creditors other than micro enterprises and small enterprise	20,955 69	16,775 12
	(ii) Lease liabilities	254 10	-
	(iii) Other financial liabilities	5,617 89	4,000 10
	(b) Other current liabilities	1,233 96	1,438 27
	(c) Provisions	4,436 43	3,457 06
	(d) Current tax liability	210 00	183 18
	Sub-total - Current liabilities	32,724 06	25,898 93
	TOTAL - EQUITY AND LIABILITIES	70,636.16	56,181.53

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Statement of cash flows for the year ended 31 March 2020

(Rs in lakhs)

Sl.No.	Particulars	Year ended 31 March 2020	Year ended March 31, 2019
		Audited	Audited
	A) Cash flow from operating activities		
	Profit before tax	**11,397.03**	**7,287.36**
	Non-cash adjustments for :		
	Depreciation expense	1,858.36	1,492.41
	(Profit) on sale of property, plant and equipment (net)	(28.99)	(5.93)
	Interest income on deposits carried at amortised cost	(1,222.76)	(1,144.88)
	Employee stock compensation expense	112.35	95.30
	Unrealised foreign exchange gain (net)	(15.34)	(19.00)
	Allowance for expected credit loss (net)	158.27	344.87
	Finance cost	113.67	-
	Operating profit before working capital changes	**12,372.59**	**8,030.12**
	Changes in working capital:		
	(Increase) / Decrease in trade receivables	(483.45)	(2,835.00)
	(Increase) / Decrease in inventories	(4,703.26)	(496.00)
	(Increase) / Decrease in loans	(102.84)	22.00
	(Increase) / Decrease in other financial assets	(572.51)	(164.00)
	(Increase) / Decrease in other assets	(202.62)	(476.00)
	Increase / (Decrease) in trade payables	4,144.67	4,104.00
	Increase / (Decrease) in provisions	658.03	(597.00)
	Increase / (Decrease) in other financial liabilities	1,199.60	740.00
	Increase / (Decrease) in other liabilities	(204.00)	682.00
	Cash generated from operations	**12,106.21**	**9,010.12**
	Income taxes paid (net of refund)	(3,364.11)	(3,512.00)
	Net cash generated from operating activities (A)	**8,742.10**	**5,498.12**
	B) Cash flows from investing activities		
	Interest income on bank deposits	1,193.46	1,102.00
	Investment in bank deposits	(16,900.00)	(3,300.00)
	Proceeds from maturity of bank deposits	-	4,468.00
	Purchase of property, plant and equipment, including capital work-in-progress	(1,422.07)	(1,869.00)
	Proceeds from sale of property, plant and equipment	48.73	26.64
	Net cash generated/ (used in) from investing activities (B)	**(17,079.88)**	**427.64**
	C) Cash flows from financing activities		
	Principal payment of lease liabilities	(221.03)	-
	Finance cost on lease liabilities	(113.67)	-
	Dividend paid	(250.00)	-
	Tax on dividend paid	(51.40)	-
	Net cash (used in) financing activities (C)	**(636.10)**	-
	D) Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(8,973.88)**	**5,925.76**
	E) Cash and cash equivalents at the beginning of the year	**17,324.00**	**11,398.24**
	F) Cash and cash equivalents at the end of the year	**8,350.12**	**17,324.00**

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