



“AstraZeneca Pharma India Limited's 42<sup>nd</sup> Annual General Meeting”

**August 09, 2021**



**MANAGEMENT: MR. NARAYAN K. SESHADRI – CHAIRMAN OF THE BOARD OF THE COMPANY**  
**MR. GAGANDEEP SINGH BEDI – MANAGING DIRECTOR**  
**MR. RAJESH MARWAHA – CHIEF FINANCIAL OFFICER & EXECUTIVE DIRECTOR**  
**MS. REVATHY ASHOK – INDEPENDENT DIRECTOR & CHAIRPERSON OF AUDIT COMMITTEE**  
**MS. KIMSUKA NARASIMHAN – INDEPENDENT DIRECTOR & CHAIRPERSON OF NOMINATION AND REMUNERATION COMMITTEE**  
**MR. ANKUSH NANDRA – NON-EXECUTIVE DIRECTOR ,**  
**MS. WEIYING SARAH WANG – NON-EXECUTIVE DIRECTOR & CHAIRPERSON OF STAKEHOLDER RELATIONSHIP COMMITTEE & CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**  
**MR. PRATAP RUDRA – COMPANY SECRETARY & LEGAL COUNSEL**

**Moderator:** Good afternoon ladies and gentlemen. We will now commence the 42nd Annual General Meeting of AstraZeneca Pharma India Limited being conducted through video-conferencing. For smooth conduct of the meeting, all the lines of the shareholders will be on mute. The audio and video of the speaker shareholders will be enabled once they are invited to speak at the AGM by the Chairman. The proceedings of the AGM are also being recorded.

Without any delay, I hand over to Mr. Narayan K. Seshadri, Chairman of the Board of Directors, AstraZeneca India, for conducting the AGM proceedings. Over to you, sir.

**Narayan K. Seshadri:** Thank you, Inba. Good afternoon, ladies and gentlemen. On behalf of the Board of Directors, I extend a warm welcome to you all at this 42nd Annual General Meeting of AstraZeneca Pharma India Limited being conducted over the video conferencing. It is 3 p.m. now. The meeting is validly constituted. I call the meeting to order.

Before I turn to the formal agenda of the meeting, I would like to introduce the directors virtually present for the meeting; We have Mr. Gagandeep Singh Bedi, Managing Director; Mr. Rajesh Marwaha, Chief Financial Officer and Executive Director; Ms. Revathy Ashok, Independent Director and Chairperson of the Audit Committee; Ms. Kimsuka Narasimhan, Independent Director and Chairperson of the Nomination and Remuneration Committee; Mr. Ankush Mandra, Non-Executive Director; Ms. Weiyong Sarah Wang, Non-Executive Director and Chairperson of the Stakeholders' Relationship Committee and the Corporate Social Responsibility Committee.

I am Narayan Seshadri, the Chairman of the Board. We also have with us Mr. Pratap Rudra, Company Secretary and Legal Counsel. I record that the authorized representative of the statutory auditor, secretarial auditor and the scrutinizer are also virtually present in this meeting.

I also record that all feasible planning and execution has been done for enabling electronic participation and voting of the members for this AGM. It is confirmed that the electronic voting is available throughout the AGM.

I will now take up the formal proceedings of the AGM. Relevant documents referred to in the notice calling the AGM, Register of Directors and key managerial person and their shareholding and Register of Contracts or arrangements in which directors are interested, maintained under the Companies Act 2013 are available for inspection by the members electronically. Members seeking to inspect such documents can send e-mail to the Company Secretary at [comp.secy@astrazeneca.com](mailto:comp.secy@astrazeneca.com).

Pursuant to Sec. 145 of the Companies Act 2013, qualifications, observations and comments on the financial transactions or matters which have any adverse effect on the functioning of the company mentioned in the auditor's report shall be read at the Annual General Meeting. Since there is no observation, qualification or comment by the statutory auditors in their report, which have any adverse effect on the functioning of the Company, the auditor's report does not require to be read.

With your kind permission now, I will read out the Chairman's Statement, a copy of which will also be made available on Company website.

**Ladies and gentlemen**, on behalf of the Board of Directors, I extend a warm welcome to all of you present this afternoon for the 42<sup>nd</sup> Annual General Meeting of your company. I hope that you and your families are well and safe. This is our second virtual annual general meeting. I do miss the physical meeting to interact and update you on the progress we have made in delivering your company's strategy.

Nevertheless, let me take a few minutes to share some information and perspectives. The Directors' reports on the audited financial statements for the financial year ended March 31, 2021 have been with you for some time now. I will, with your kind permission take them as read.

Dear Shareholders, we recently braved the odds of the second wave of the pandemic. COVID-19 dominated all aspects of life and business and your Company was no exception, as it has impacted our people and the Company's operations. Your Company's parent, I am very proud to say, the parent entity's response was led by science with a landmark agreement between AstraZeneca Global and University of Oxford for the development, global production and supply of COVID-19 vaccine at no profit. Enormous efforts are on to provide an equitable and widespread supply of vaccine doses around the world. During these challenging times, safety, health and wellbeing of employees continue to be the focus of the company. "We Care For You", a major new COVID initiative was introduced to facilitate awareness, provide COVID screening, home isolation monitoring as well as hospitalization support for all employees in the field, factory and head office. Quality PPE was distributed on a regular basis to all teams in order to provide a safe working environment and every possible COVID precaution was put in place.

Despite these difficulties, your Company achieved its financial goals for 2021 and it remains firmly on track to deliver its strategic goals. To overcome restrictions of lockdown, your Company adapted digital technologies to reach medical professionals, especially in remote and underserved regions, and offered long-term alternatives to manage diseases where visits to doctors may not always have been possible or required. Your Company was quick to identify the gap in patient HCP connect and to provide tangible solutions. Activation of virtual patient care management services as part of the beyond-the-pill solution, supported with EMR and telemedicine services, enabled better connects between HCPs and patients during the period of restricted access to physical clinics. The Company also initiated patient education campaigns via e-pharma partners across social media channels.

Our people have shown remarkable dedication, agility and resilience through the year in unprecedented circumstances. This has included the hundreds of employees who have continued to work in our manufacturing facilities throughout the pandemic to ensure our vital medicines continued to reach patients and healthcare professionals. Their efforts have meant that despite the challenges, we enter 2021 with our pipeline stronger, our commercial execution sharper, and our confidence higher in our ability to deliver life-saving medicines for our patients.

Moving to your Company's performance during FY 20-2021, Significant progress was made in delivering its science-led and patient-focused strategy in India. Your Company's business has been growing, driven by an innovative portfolio in therapy areas of high disease burden, rich global R&D pipeline, good governance and commercial excellence. The Company registered sales of Rs.7,768 million as against last year sales of Rs.8,013 million and achieved a total comprehensive income of Rs.967 million during financial year 2021. The global pandemic also led to significant impact on healthcare industry resulting in drastic reduction in patient footfall in hospitals, coupled with postponement of elective procedures by the patients.

The growth platform of the Company continues to perform well with innovative molecules like Dapagliflozin, Osimertinib and Olaparib. The newer launches of innovative molecules like Acalabrutinib and Durvalumab has helped the Company to make an impact on the lives of cancer patients and cater to their unmet needs. Brilinta continues to be the market leader by value share in oral anti-platelets as per IQVIA Health despite loss of exclusivity. Forxiga and Xigduo in the Dapagliflozin franchise, as part of the SGLT2 class of drug also experienced growth despite strong headwinds from generics. Dapagliflozin is the first only SGLT-2 inhibitor which has been approved in current year for treatment of patients with heart failure with reduced ejection fraction proven to significantly reduce the risk of cardiovascular death and hospitalization due to heart failure in patients with HFrEF. Dapagliflozin has also been the first and only approved SGLT2 approved for treatment of patient with chronic kidney disease, Stage-I to Stage-III paving way for treatment of chronic kidney disease patients by Nephrologists.

Tagrisso is now a big brand in the areas of lung cancer treatment in India and is the market leader in the EGFR-TKI market as per the IPSOS Reports. In the year 2020, Lynparza in combination with Bevacizumab got an additional approval for the first line treatment of ovarian cancer irrespective of BRCA drug status, and also as a single agent for treatment of metastatic castration-resistant prostate cancer harboring HRR mutations.

In the current year, the Company forayed into the hematology segment with the launch of new product, Calquence (Acalabrutinib) indicated for the treatment of patients with mantle cell lymphoma (MCL), who have received at least one prior therapy. Within few months of launch, Calquence has touched lives of 25 patients. Top KEEs in the country believe the need for safe BTKi.

The second wave of COVID-19 outbreak has spread rapidly during the last quarter of the financial year, leading to reimposition of stringent measures across the country, including the lockdown at various state levels. As a participant in this ecosystem, the Company has taken a number of steps to ensure continuous supply of essential medicines to its customers.

Macroeconomic Overview: India is the sixth largest economy in terms of 2020 GDP rankings with an estimated GDP of \$2.7 trillion. The country is one of the severely impacted economies with the pandemic wreaking a huge damage on the economic activities and human lives. The impact of the second wave on human health and lives has been far more severe than the first wave. The fear and uncertainties associated with the virus which has proven to be more

indomitable than previously assumed have shaken consumer sentiment yet again. To bring back consumer confidence, India must vaccinate its population rapidly.

Although the Reserve Bank of India provided liquidity and government increased spending on health and social protection through expenditure, reprioritizing and fiscal expansion, the sharp contraction in output between April and September 2020 inflicted significant impact on economic growth.

With the government's attention focused on containing the outbreak, progress on the delivery of key healthcare reforms is likely to slow temporarily given the toll the disaster has taken on government finances. In the medium to longer term, it is hoped that the crisis will lead to an increase in government healthcare spending and a more effective approach to reform of the healthcare system.

Moving to the Indian Pharmaceutical Market. The estimated size of IPM for year 2020- 21 is Rs.1,56,797 crores or \$20.9 billion, the growth of 4.3% value of FY 2021 over FY 2019-20, which is significant reduction from erstwhile levels of 11% is directly attributable to the pandemic owing to delays, constraints from availing timely medical treatment and interventions in hopes of reducing exposure to COVID-19.

Domestic Indian companies account for 81% share of IPM and had a value growth of 4.7% in FY 2020-21, while MNCs grew at 2.6%. The Indian pharmaceutical market is forecasted to grow at a CAGR of 9.3% plus/minus 2% between FY 2020-2021 to FY 2025-26 and touch Rs.2,44,590 crores by FY 2025-26.

Some of the factors that would drive growth include aging demographics, rising incidence and diagnosis of NCDs, public initiatives to improve access to healthcare and medicines among others.

Operations: Excellent safety and quality performance at manufacturing site continued with zero lost time injury and no critical observations in both internal and external quality audits. Through focus on lean, significant tangible benefits were derived. Simplification and digitalization moved to the next level with adoption of simple but effective tools like batch release visualization.

The Company's lean journey continues to focus on uplifting people and machine capabilities. Manufacturing operations executed several projects to meet supply, safety, quality and sustainability related requirements.

Outlook: In FY 2021-2022, your Company will continue to prioritize investments in its focus areas in line with its global growth platforms. Accelerating new products remains a key priority and your 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 your Company is currently active have recorded above average market growth during FY 2020-21. These include therapeutic areas of

anti-diabetic, inhaled respiratory, cardiovascular and oncology. Your Company is committed to leveraging partnerships both public and private, and technology-driven healthcare solutions to increase access to our therapies and to improve the overall patient experience from prevention to diagnosis, treatment and post-treatment.

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

In preparing your Company's financial statements for fiscal 2020-21, management has considered all significant possible impact of known events arising from COVID-19 pandemic and therefore believes that there will be no material impact on the operations and financial position of your company. However, given the uncertainties, impact assessment of COVID-19 will be a continuous process and management will closely monitor all developments to assess their impact and deal and disclose them appropriately.

**Corporate Social Responsibility:** Your Company is committed to make a meaningful difference to society and contribute to its betterment. Accordingly, it has formulated a CSR policy which accords with the company's philosophy of being a good corporate citizen, laying down the guidelines and mechanisms for undertaking socially relevant and useful programs.

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. The programme aims to conduct specialized checkup camps for screenable cancers such as oral, cervical and breast cancer for women from underprivileged sections of the population. The second phase of this programme, the programme has been initiated in Varanasi, Uttar Pradesh, in consensus with National Health Mission and the Ministry of Health and Family Welfare. The Department of Community Medicine of the Institute of Medical Sciences, Banaras Hindu University will act as a nodal agency for this programme. Your Company also continues to make a difference through its signature global community investment initiative, the "Young Health Program." Since YHP India renewed in 2016, the program has trained more than 6,400 peer educators and delivered health information to more than 4,75,000 youth in communities around Delhi and Chennai. 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.

New Normal Same Cancer is a public facing campaign developed in collaboration between AstraZeneca and the global cancer patient community. The campaign has been developed alongside a steering committee of advocacy partners from around the world and raises awareness of the need for people to get back to cancer care services despite the disruption caused by COVID-19 pandemic. The Company aims to redefine healthcare by improving outcomes and experience of patients through the reverse diabetes project. The program in India is aiming at replacing a large part of human intervention by a technology platform such that the cost-effectiveness is greatly improved and such that the program can be scaled.

Finally, Acknowledgments. I'd take this opportunity to express my sincere appreciation for the support of all our stakeholders including shareholders, employees, business associates, bankers, government department, state government of Karnataka, the healthcare community and last but not the least patients for their confidence reposed in AstraZeneca. I place on record the board's deep appreciation of the active assistance given by AstraZeneca group in addressing and responding to many complex issues and challenges encountered by the company during the year. Finally, I thank my colleagues on the board for their contribution and commitment to the growth of the company and for their wise counsel and support. Thank you.

Before I take formal items of the agenda, I request Mr. Gagandeep Singh Bedi, Managing Director to make a Corporate Presentation to the Members.

**Gagandeep S. Bedi:**

Thank you for the opportunity sir. Good afternoon, everyone. And I hope you can hear me well, and I hope you're all keeping safe.

Next slide please. We can go through the disclaimer.

Next slide please. Strategic priorities continue to accelerating the innovative science to make a difference to patients' lives. Being a great place to work, achieving financial targets as well as delivering growth and therapeutic area leadership.

I'll quickly walk you through the global update and following which will be various sections of our performance as well as the overview around the India macro economy.

Next slide please. This is really heartening news because this accelerates our expansion into immunology. And focus now turns, as we acquire Alexion is to integration as well as synergies. And Alexion continues to offer scientific as well as business complementarity to AstraZeneca and the combined company will offer faster achievement of goals, improve profitability, and stronger cash flows as a company.

Next slide please. I think this is a deep interest to most of us about our pipeline progress. We've continued to make very significant progress in our pipeline, important approvals of Forxiga in chronic kidney disease in US, the positive recommendation in EU, was followed by important Phase-3 readout of Imfinzi and tremellimumba while overall survival primary endpoint was met. Roxadustat, is something which we continue to pursue from a perspective of EU and for prophylaxis, we met the safety endpoint in NTLA trials as well as CKD.

At a global level, our full year revenue is 10% plus and negative impact of COVID-19 on sales of some medicines particularly Brilinta, Imfinzi and Fasentra. Despite this, the new medicines contributed to \$ 3.5 billion in additional revenue. This is the strength of our company's products. If there's a negative impact on some of our products, others do well and progress on the whole is strong. Now, we have eight blockbuster medicines and 13 new medicines in our portfolio.

The Hon'ble Chairman touched upon it that globally AstraZeneca, the way we responded on the COVID-19. But here again AstraZeneca has pledged US\$1 million in humanitarian aid to

support the relief work. This is apart from the vaccine, which the Chairman touched upon. This also included US\$250,000 to direct relief for support of efforts in India especially during the Wave-2.

I am just elaborating on what the Hon'ble Chairman touched upon on continuing our response to COVID-19. As you can see, we continue to make meaningful contribution towards the ongoing global pandemic. Vaccine provided effectiveness against variants like delta, beta, long-lasting immune response was seen up to one year. But more importantly, more than 700 million doses of vaccine released for global supply, saving tens and thousands of lives, and maximum contribution by AZ to COVAX supply helped especially in equitable distribution of the vaccine, therefore underlying our commitment to have an equitable and not-for-profit access.

From here, I segue into the Indian macroeconomic overview as well as the IPM overview. As the Chairman touched upon, we were one of the impacted economies with GDP growth projections tapered now down from 12.5% to 9.5%. However, there were positive influences which were exerted like the tax holiday for startups, Atmanirbhar Bharat as well as bank recapitalization. Insurance coverage will continue to play an important role and the growth of that sector is further going to drive the demand. And also, Chairman did cover on the overall growth of IPM which is quite muted. Indian pharmaceutical industry grew at about 4.5%. And the major metrics around MNC share did not change much, and continues to be around 20%, with patented drugs being about 9% of the total pie.

We are committed to impact patient lives with new launches. In spite of the ongoing pandemic at AstraZeneca in India, we continue to make significant progress when it came to our pipelines, as you can see, notably we had DAPA-CKD approval, one of the early countries in the world of the US FDA to have one, Fasenra complete approval as well as launched in India in the month of May. So, we had the Adaura indication approval, which is a big boost for early stage lung cancer patients with EGFR-positive. And apart from this, we had significant positive recommendations across.

On the other hand, we've continued to make progress when it gets to either our principal investigators, as well as our new studies as well.

Next slide please. If we look at the financial performance, Rs.776 crores of sales, revenue growth was negative (-3%), but a very impressive profit growth of 29%. But we must keep in mind that we were apart from the COVID impact, we were also in this year impacted because of the (LOE) Loss of Exclusivity on Ticagrelor franchise. And therefore if I was to set that aside, overall growth was 9% of rest of the portfolio which is 2x of the industry.

COVID-19 Response. Like in previous year, at home, our priority was uninterrupted supply of our medicines to patients, especially our oncology patients which are dependent on us for direct supplies at home. Safeguarding the health of adjoining facilities as well as regarding the health of our employees was our key focus area. And we saw some of that being touched upon by the Honorable Chairman.

Transforming patient lives during the pandemic became an extremely important objective for all of us, which is basically saying, how can we help ensure that we don't leave any patient behind? We had over 150-plus partners and 35-plus onboarded to create a system of care and really look at the conversation which is basically having a patient and experience which is far better than having a physical experience because here we were really chasing the goals of treatment from pure drug treatment to outcome-based impact. And the impact is very, very visible, we touch lives of over 250,000 patients, 800-plus consultants are onboarded and 2,000-plus daily patient records with 600 remote consultations.

As a Company, we are committed to having a positive impact on community. Notwithstanding the pandemic, we continue to make significant drives in terms of ensuring business continuity in these challenging times. Our employees have played a key role. The sales team quickly adapted to the new normal which was really, really important, and as we partnered with third-party tech players to ensure that uninterrupted treatment of critical patients was continued. Our IT team provided uninterrupted support to the Company and grateful for their efforts as well as seamless and secure work from home environment for our employees. Apart from this, our community impact meant, food distribution, blood donation by employees as well as our medics who stepped out and participated in the fight against COVID.

Therapy Area Update. AstraZeneca continues to be the fastest growing oncology company in India. As I shared we launched Adaura indication this year in helping better management of disease for lung cancer patients. Both Tagrisso and Lynparza continue to lead in their respective segments, while Calquence is gaining increased acceptance among hematologists. Our second largest oncology field force in the country positions us to have a wide geographical and specialty coverage now.

Again, to make sure that our therapies are landed well with the patient, it's very important to develop the companion diagnostics. And AstraZeneca here again has been at the forefront of helping and bringing innovation to India, not only just for medicines, but also for diagnostics, for example, a partnership with local introduced liquid biopsy, affordable next-generation sequencing, testing. And those are some of the things we're very proud of from a patient perspective.

One of the focus that you see today in terms of CVRM disease is that there is an increasing view that you need a continuum of treatment here. And this is what we're displaying on this chart as well. You're largely dealing with a metabolic disorder which cannot be limited only to a single disease. And therefore you need to address overlapping disease. And this clear interdependence of metabolic, renal and CV diseases are seen, physicians are confidently recognizing the link between these diseases and coordinate care among specialties in their daily routine. And here is an opportunity for AstraZeneca to really shape the market because of its wide presence of the portfolio, which helps in the continuum of care that a patient needs across his journey with the disease.

I think if you look at the respiratory, despite COVID challenges, we have progressive growth and sustained in Symbicort, Fasenera as well launched, we're very confident of going forward with this portfolio, being a major contributor to AstraZeneca's future growth.

Sustainability. The Hon'ble Chairman did touch upon it, but I will elaborate on expanding our access and awareness via CSR as well as our digital outreach. The Ganga Godavari cancer screening program for women in Phase-1 conducted in 77 camps and touched more than 4,000 lives. Phase-2 was launched in 2021 near Varanasi in partnership with VHU. Similarly, the new normal same cancer, 148 cancer centers were covered, and we had 25% drops in cancer care services with 30% of the centers is almost half the usual services. Given that this drive was significantly appreciated. The campaign was rolled out across all media channels and received tremendous response.

Next slide please. AZ is committed to furthering healthcare innovation under the Healthcare Innovation Hubs, we had 14 startup solutions winning India-Sweden Innovation Challenge being incubated. Project Heart Beat in partnership with Tricog now has 7 hubs and 32 spokes, approximately 4,000 lives have been saved because of this initiative.

Our system of care develop a holistic management of diabetes and cardiovascular diseases has touched 3,00,000 patient lives. Our Young Health Program, the longest running program globally, with 10 years and functional across 10 communities has now touched the lives of 4,75,000 young people.

I will come closer home now and talk about, "AstraZeneca is a Great Place to Work." We feel recognized three years in a row as a great place to work. 92% of our employees believe AstraZeneca is a great place to work, which was significantly higher than the peer companies or the region that we report into. Our external recognition, apart from certification from Great Place to Work, also certified AstraZeneca as a Best Place Work Places for Women by Great Place to Work Institute, as well as we continue third year in a row to be recognized among the "100 Best Companies for Women" by the Working Mother and Avtar Group.

Industry continues to recognize our efforts, be it as a guardian of health or certificate of awards, which has flown our way for New Normal Same Cancer campaign.

I'll conclude my presentation by saying, moving forward, our focus continues to be to remain scientific leaders in the industry by bringing innovative solutions for addressing patient needs in the country. With launch of new products and indication, we will accelerate our growth and create shareholder value, along with business priorities leading sustainability and building capability via people development will continue to remain our key focus areas as we transform to a new reality. Thank you once again for your patient listening. Hand it back to you, sir.

**Narayan K. Seshadri:**

Thank you, Gagan. I think that was extremely useful insight too. And my compliments to the management team. Now, getting back to the main event of the meeting, let me give you a quick explanation on the six items on the agenda.

Item No.1 of the notice pertains to adoption of the financial statements for the year ended March 31, 2021, and reports of the board of directors and auditors thereon.

Item No.2 pertains to confirmation of the payment of interim dividend of Rs.2 per equity share for the financial year 2021.

Item No.3 pertains to appointment of a director in place of Mr. Ankush Nandra who retires by rotation, and being eligible, offers himself for reappointment.

Item No.4 pertains to reappointment of M/s. Price Waterhouse and Co., Chartered Accountants LLP as the statutory auditors for a term of five years, i.e., from the conclusion of this AGM until conclusion of the 47<sup>th</sup> AGM.

Item No.5 pertains to reappointment of Ms. Revathy Ashok as an independent director of the board of the company for a term of five years, i.e., from December 2, 2021 to December 1, 2026, not liable to retire by rotation.

Item No.6 pertains to the payment of remuneration to M/s. Rao, Murthy and Associates cost accountants appointed by the board as cost auditors of the company.

The explanatory statement forming part of the notice provides necessary details in respect of business items four to six.

As required under Sec. 108 of the Companies Act 2013, the Company provided remote e-voting facility to shareholders to cast their votes electronically in respect of all items of business and notice dated May 25, 2021. The remote e-voting facility which was kept open for a period of four days from August 5, 2021, 9 a.m. closed at 5 p.m. on August 8, 2021.

Mr. Vijayakrishna K.T., practicing company secretary is the scrutinizer appointed by the board of directors of the company for scrutinizing the remote e-voting process in a fair and transparent manner and to submit his consolidated report on both cast for and against each of the resolutions as per items one to six of the notice to the chairman or a director or officer authorized by the chairman.

As the AGM is held virtually, the option for physical voting at the AGM is not available this time. However, the company has enabled e-voting facility during the AGM. Members who have not cast their vote on resolutions through remote e-voting and/or otherwise not debarred from doing so, shall be eligible to vote through the e-voting system during the AGM. The icon for e-voting is available on top of the screen under e-voting tab, which will redirect the members to the voting platform of NSDL. The e-voting facility would close after 15-minutes from the conclusion of this AGM.

I would like to share with you some information of general interest to shareholders. Number of shareholders, 67,019 as on August 2, 2021. Number of employees 1,257. Number of board meetings held during 2020-21, five, all well attended. Number of Audit Committee meetings

held during 2020-21, four, all well attended. Number of independent directors, three. Book value per share, Rs.182.47. Earnings per share Rs.37.3. Share price latest closing price Rs.3,405.05. Last AGM Rs.3,379.30. Amount transferred to Investors Education and Protection Fund, there were no amounts which were required to be transferred to IEPF by the company in the year 2021.

Key focus areas of the company, diabetes, cardiovascular, oncology, respiratory. Company's growth brands, Brilinta and partner brands, Forxiga, Xigduo and partner brands. Tagrisso and Lynparza, Symbicort. Top brands sales Rs in million, Tagrisso 1,215, Brilinta 1,056, Forxiga 1,002, Oxa 713, Oxramet 528, Lynparza 497, Xigduo 439, Crestor 390, Seloken XL 318, Betaloc 244. Single largest selling products of the Company, Tagrisso contributing 15.6% of total sales. It is used to treat non-small cell lung carcinomas with specific mutations in adult patients. It was launched in India in 2017.

Inventory holding on sale: 75 days in line with the previous year. Total Revenue down by 3.1%. Net sales decreased by 3.1%. Material consumption to sales 37.97%. Employee cost as a percentage to sales 28.26%, previous year 27.05%. The company is a zero debt company. The company has one business segment, namely Healthcare.

Shareholders who have registered as speaker shareholders are invited to express their views or ask the questions which they might have on the items of the business of the meeting. The queries shall be answered after all the allowed speaker shareholders have raised their questions. The members who wish to speak are kindly requested to be brief in view of the available time. When referring to any item in the annual report, kindly indicate the page number. Please do not repeat the same questions already asked by another shareholder. I would request the moderator to unmute the speaker shareholders to begin the question-and-answer session.

**Moderator:**

Our first registered speaker shareholder was Ms. H.S. Patel. However, Ms. Patel has not connected to the AGM. Hence, we will now move to our next participant, that's Mr. Satish Bhat.

**Satish Bhat:**

Thank you sir for giving me an opportunity to speak at the AGM. I would have loved to come down to Bangalore and give my speech as usual as I have been giving for so many years. It's a small speech. I have been a shareholder for this Company since last 19-years. But last year has been one of the most gratifying years of the journey of the shareholders. It's not in terms of share price performance, but in terms of the validation that science can do wonders to human life. And sir, I am a strong believer in new scientific innovations rather than the artificial intelligence in saving human lives. I am grateful to the scientists of Oxford University/AstraZeneca for coming out with one of the effective and the cheapest vaccine available in the world. I don't know what would have been the state of this country like India without our vaccine. Our global CEO's vision of Mr. Pascal (Inaudible), cost to world in this COVID pandemic time, will be remembered as the biggest philanthropic work any corporate has done in this century. It really makes me proud to be associated as a minority shareholder for this global corporation. I will mention on the performance. I would congratulate your team for the excellent performance in this pandemic era. Though our sales has degrown but bottom line was up by 27%. The

performance is commendable as even the management explained because we had gone loss of exclusivity of Brilinta and also pandemic sales (Inaudible) testing for the cancer patients. Though our testing has been quite low, our cancer business has grown at plus-40% in the last year that is really commendable to the teams. I really congratulate Gagan's teams for that. Regarding our DAPA business, which is around 40% of sales, it started coming from the month of November and they are selling at 70% discount to our price. Even though they are selling at 70% discount, we have still maintained our market share in this area. I hope we can double our DAPA revenues in the years to come when we reduce our prices in line with the generics (Inaudible) and even with new indications in the CKD and the heart failure segment where DAPA is doing great. Sir, with our global acquisition of Alexion, we now have a rare disease in our kitty. I would like to know what is the market potential for such type of rare disease in India from Alexion franchises because as what we have done in cancer by bringing more diagnostics and giving more to the people, how are we going to start because rare disease is a, different phenomena, we have found only 100, 200 patients and how are we going to do basically (Inaudible) and the cost of which I think our drugs like Alexion (Inaudible). What type of patient population will be able to garner for such high products? Sir, globally, we have now become a \$32 billion after Alexion acquisition. And parent has given a guidance of around double digit for the next five years and they are even planning to go even at the same for the year from '25 to '30. Sir, we have the excellent pipeline in cancer, cardiovascular immunology, respiratory and now we added **rare disease** portfolio. In China also, we have grown in last two decades by around 22% CAGR. Sir, I just want to know with our now new portfolio, when do we see the first milestone of a billion dollars in terms of therapeutic coverage in financial things. So, is it fair to assume that by FY'30, our target should be to reach a billion dollar company, maybe in the next decade should be for innovative company like us? I think I have already given my questions to Mr. Rudra Pratap Singh which I think the management will give answers to it at the end of the AGM. Sir, what would be our dividend payout ratio? We have around Rs.350 crores of cash in the books, but our payout still I think is miniscule, Rs.2 per share. I will be happy if you can throw some light on that. That's all from my end. Thank you, sir.

**Narayan K. Seshadri:** Thank you, Satish.

**Moderator:** The next question is from Rahul Jain.

**Rahul Jain:** Congratulations and thanks for all the good work, innovative work done on the COVID vaccine specifically, so, we really thank you the entire team at Astra globally for this wonderful job done. Seshadri sir, coming to the question, I have sent the questions, but I will just quickly go through the questionnaire. Sir, AstraZeneca India, our sales CAGR for last 3, 5 and 10-years has been around 3%, 8% and 13%. What we see is that there is a marked acceleration in sales growth and also product launches in the last three to four years. In fact, from March '16 to March '18 our top line was almost flat at around Rs.550 crores. Post that we clocked about 27% growth in March '19, then further 15% growth in March '20 to reach about Rs.830 crores. Of course, March '21 probably due to pandemic somewhere that growth path got hindered. Sir, what has changed in last three, four years, is it like there is an increased focus by our parent on the Indian market? Would be happy if we could understand the significance of the Indian subsidiary for our parent?

Considering India is a large market, we have been also talking about in our both global annual report as well as Indian annual report whereby India is expected to be among the top three pharmaceutical markets by incremental growth going ahead. So what is the long-term vision, the plans, the strategy for the Indian entity that could be quite helpful? In your speech as well as in our annual report, we have been continuously talking about this for last three, four years now about prioritizing investments in focus area in line with the global platform. If you could share more details about it -- is it more related to the therapies we are talking about, just to understand more details? What kind of product launches we are looking for the next three to five years? If not the product specific, but at least the details with regard to the therapies could be quite helpful? How many number of products do we plan to launch in next three to five years? And what would be the potential size of these new launches? In next three years, the new product launches could contribute what kind of growth to our top line? Sir, we spoke about various market authorizations with regards to Forxiga in the treatment of HF, CKD and also the introduction of Fasentra with regards to severe uncontrolled asthma. If you could share some potential size of these products over next three, four years, that could be helpful? We have done exceptionally well on the oncology side. Our top line has jumped from about Rs.60 crores to Rs.250 crores in just four years. That is quite commendable. So, what has led to the sharp growth, if you could make us understand what kind of strategy, steps did we take which has helped us this growth apart from of course the products which we have bought from our parent but in case some kind of steps which we have taken that would help us to understand probably where other therapies also we could do well? And how do we look at onco for the next three to five years again? Sir, one segment where we have lagged behind. We have done exceptionally well on onco and also cardiovascular. But as far as respiratory is concerned, considering that our country has a very high prevalence of asthma and COPD both, but our respiratory business has been just flat at around Rs.15 crores for last four, five years. What would possibly be the reasons for this -- is it like we have not focused on this therapy? Do we plan to change the strategy going ahead? What kind of steps we are taking to grow in this therapy which again we are doing a lot of innovative work from our parent side also? So with regards to both Brilinta and DAPA, because both of them going off-patent, what are we trying to do to protect our market share? We understand probably both places it must have affected our revenues but in terms of volumes, are we able to protect our market share or are we losing incremental volumes and market share more so with DAPA? Selling and distribution expenses sir, what I have seen has come down from about Rs.80 crores in FY'19 to almost Rs.45 crores in FY'21, in fact in FY'20 also, it was reduced sharply. So, is there some change in distribution strategy or there is some kind of planned reduction in cost? How do we look at this considering that there is a huge amount of growth ahead for us? Sir, our cash on balance sheet is Rs.350 crores. Our FCF generation has been exceptionally good in last three years, but in spite of that, our dividend ration has been quite low at around 5%. Do we plan to increase this ratio? What is the plan of action to utilize the CAPEX? Any plan to utilize the cash? Any large CAPEX ahead? Number of employees has reduced from 1,450 to 1,325 to 1,283 in three years. So any specific reason for this large reduction, is this a planned reduction or this is normal attrition? Sir, EBITDA margins have done very well in last three years, of course, this has been led by operating leverage being played out. So do we see some further scope for operating leverage going ahead? I have sent my questions. Probably I have

covered all of them. In case any of them missed, I would be happy if you could answer them?  
Thank you for the patient hearing. Thank you so much, sir.

**Moderator:** We have now heard from all the speaker shareholders. I now hand it over to Mr. Narayan K Seshadri. Over to you, sir.

**Narayan K. Seshadri:** Okay. Thank you. I have the list of questions. What I will do is state the question and wherever appropriate seek Gagan's help in answering the questions.

The first one, I will take the easy ones obviously, sales of DAPA co-marketing with Sun and Abbott in FY'21. '2021 sales, DAPA company marketing sales from Sun and Abbott was 1,288 million. For our reference, Sun was substantial part of it and the rest is Abbott.

Sales of top-10 products brand wise, I think I have already taken you through that. So, let me not repeat that.

New products planned in current year and expected marketing cost for the same last year we had around 1.5-2% of sales of new product marketing. Gagan, would you like to respond?

**Gagandeep S. Bedi:** Again, we have always been launching new products keeping patient interest in mind, patient-centricity continues to be the core value. And your company's innovative products are in therapeutic areas with high disease burden requiring significant effort, investments for market shaping and awareness. The launch of new product is also dependent on regulatory approval. Phase-III clinical trials and global approval. Just to remind ourselves that in spite of the pandemic, we have launched Fasentra in respiratory space in April '21. Calquence was just launched in October last year and still is in a launch phase. Apart from this, in lieu of indications like Adaura, DAPA, CKD which has been launched and reminding ourselves even DAPA HF is less than one year approval. And a marketing spend on these brands is likely to be comparatively higher as we need to shape the market to establish the brand in this market.

**Narayan K. Seshadri:** Thank you. The next one, market size for products like Tagrisso in adjuvant study.

**Gagandeep S. Bedi:** Tagrisso is dedicated for adjuvant treatment in EGFR-positive lung cancer patient who undergone complete tumor resection. The current incidence of adenocarcinoma of the lungs in the early stage is approximately 25,000 patients which is about 25% of the total lung cancer cases that we have in the country. And approximately 45% of these patients are eligible for resection which is targeted patient pool for Tagrisso. Tagrisso in the first EGFR TKI that is approved in the adjuvant EGFR NSCLC space. It is recommended for finite therapy for 36-months, as seen the diagnosis of early lung cancer in India is very low and hence AZ has undertaken a holistic market shaping exercise to enable reduction of lung cancer in early stages.

**Narayan K. Seshadri:** The next one, any plans to manufacture or packing for new products. In the last two years, we have started manufacturing, packing products like Brilinta and DAPA. We have always been looking for opportunities to localize wherever possible. High volume tablet products supplied to India already moved to India operations. And any further opportunities will be evaluated based

on the existing infrastructure and the future product portfolio and volume by global strategy team. The new products currently launched in India are supplied through the global sites since they are consolidated in a single site for multiple markets due to level of volume, nature of product and the required technology.

The next question, I will move on to post loss of exclusivity of DAPA, strategy to grow the brand in all segments like diabetes, heart failure and CKD, market size for DAPA in heart failure and CKD segment.

**Gagandeep S. Bedi:**

First of all, I would like to remind ourselves that we continue to remain confident in our patent for Dapagliflozin. We are building the value story for Forxiga to create the differentiation and also looking at digital innovation and omni-channel connect with HCPs given the new pandemic. The new indications like heart failure, CKD are a completely new dimension which gets added to this fabulous drug. We are really proud of the drug that it's actually entire pipeline which is built inside a product. High focus on DAPA would be on specialized, whether it's cardios, endos, diabetologies and nephros as it will help us not only gain advocacy, but more importantly, shape the market. There is a new category of diabetes drug being used for heart failure and CKD. Currently, the market size is not very well defined by IQVIA. There is an overlap of molecules and multiple indications because the disease have a lot of interdependence, mainly ACE inhibitor, ARPs beta blocker which are used for hypertension, MI, HF and CKD. It's very difficult to estimate the market size.

**Narayan K. Seshadri:**

Moving on to the next. Last year, we had received Rs.5 crores as licensing income. What is this income for and for which product? It was a one-time upfront income received from Sun for Oxra Duo towards marketing and promotion carried out by the Company in order to create a market presence for the products.

Permanent saving in marketing costs because of digitization in the long run? Gagan?

**Gagandeep S. Bedi:**

Again, there will be some savings from our omni-channel strategy and digital platforms. Whether it's virtual marketing or promotional programs, they've been effective, and we're applying the blended approach to our medico-marketing efforts. However, we believe that there is no substitute to face-to-face program, which will pick up pace as more and more vaccination happens in the country. And we will continue to look for opportunities to improve our effectiveness of the overall program. So, blended approach is what we anticipate from here.

**Narayan K. Seshadri:**

Next question relates to incremental employees required to grow the existing and new products planned in near future.

**Gagandeep S. Bedi:**

Again, let's remind ourselves, our purpose is to follow the science and focusing on chronic and patented portfolio. We do require a highly skilled workforce. Most of our end products are science-led and backed by data and innovation in its own class. Having the right balance of skilled workers is key to ensure that the commercialization of new products is addressed appropriately. Hence there's a two pronged approach adopted in order to address this critical

business needs and workforce demand. One is we continue to upskill high potential internal talent pool to meet the new product portfolio demands, along with balancing the newer digital capabilities which are emerging. The other aspect of our workforce buildup is hiring from external market, which will help us support the newer science digital and product demand.

**Narayan K. Seshadri:**

Next one is about dividend payout policy and FCF generation. This been repeated kind of question, I do appreciate that on the face of it, the dividend payout, maybe a low percentage, it's around 5%, 6% or so in terms of payout ratio. I do also know that the balance sheet is strong insofar as cash reserves are concerned. But when you put all of this in the context of wanting to become a billion dollar company in the next whatever period, which we are talking about, all of us seem to be very clearly having that as the objective, the need for making sure that we have sufficient dry powder for all the contingencies and future investments as we go along is important. So keeping that in mind and keeping total shareholder return as the way in which we need to look at this particular aspect, we moderate the dividend payout on a regular basis and you do appreciate that as an independent directors, we sit there and question all of these to make sure that when we talk about what needs to happen, how it can be done, we take into account not just the cash out by way of a dividend, but also all other aspects to ensure that we are in the right place insofar as future growth is concerned because that is where the real benefits in my view are to come from, not merely in terms of high dividend payout and not enough cash for the future. And this is a zero debt company as you know, and we are not in any way looking to dilute or anything, but using the resources to grow is the important part.

Sales CAGR. The question was 3%, 8% and 13% respectively. You heard from Rahul the question. Would you like to react to that Gagan ?

**Gagandeep S. Bedi:**

Again, if you look at it, Rahul, the increase in growth rate is on back of new products and new indications, be it in our oncology or diabetes during the last few years. If I just jot back on memory that we launched our Forxiga, Xigduo, Tagrissoo, Lynparsa, which are now our top selling brands, were launched in the past three to four years. The Company secured quick approvals for a couple of new indications as well. And you can clearly see whether it was Tagrisso or Lynparza, we've continued to expand from where we started in terms of indications. Company was also able to get 17 clinical trial application approvals in India during the past period. And additionally, in the past, India and Sweden have also inked bilateral innovation partnerships, and AstraZeneca Global had announced commitments for India with aim to improve overall health outcomes in the country. So, if you put all this in context, the Company has undertaken these initiatives across various factors be it in terms of product innovation, be it in terms of patient centricity, be it in terms of diagnostics build up as an ecosystem or be it finally in terms of innovation partnerships in the country, essentially aimed at driving not only just our CAGR on sales forward, but also AstraZeneca as a brand being partnered in healthcare with the Government of India.

**Narayan K. Seshadri:**

The next one relates to oncology has jumped four times. What has led to the sharp growth? We have already discussed it quite a few times. It's primarily the science, the product and the kind of impact it has created. Tagrisso happen to be the number three brand by value in the oncology

market. And the outlook is extremely bullish, let us be clear, we are not going to grow to a billion dollars if we don't have the right kind of pipeline and the products which we're looking to launch and bring about a change in this oncology therapeutic segment.

Next is high prevalence and incidence of both asthma and COPD. Respiratory business has been flat, market size for products like Fasenra in severe asthma category.

**Gagandeep S. Bedi:**

There's two perspectives. First of all, I think you should see the performance of the respiratory team. In the context of that it was just had one product, which is Symbicort. And in the context that if at all COVID had an impact on particular specialty, it was around the respiratory group for two very valid reasons. One, of course, patient load was much, much lower in OPD, but also because most of the pulmonologists and general physicians were at the forefront of really fighting COVID and had significant COVID-led duties. And this meant that their ability to treat a large population of asthma patients as I referred became challenge. Now, the second part of your question is on market size of Fasenra and severe asthma category. First of all, severe asthma is approximately 10% of the total asthma burden. And it is a huge burden for patients and 60% of the total asthma cost is related to severe asthma, that includes direct costs such as hospitalization, frequent visits emergency and oral steroids. Biologics as a therapeutic area are pretty nascent in the country with only two available biologics in the country, and this is one category which is still developing. So today to take biologics as a category and think of it as a market segment would be a really small segment, but if you were to look at the overall asthma burden, like 10% in severe asthma burden, that's the market segment that we are trying to address.

**Narayan K. Seshadri:**

And all I can say is that my doctor did recommend Symbicort! Moving to the next question, it is more to do with loss of LOE and what we plan to do, etc., That again, has been spelt out in the presentation as well as the kind of efforts which are on. Is there anything more you would like to add, Gagan apart from what has already been said?

**Gagandeep S. Bedi:**

No, I think the only thing I will continue to emphasize is that as a company, we continue to emphasize behind Forxiga, the fabulous indications that we have and the science that we have, we would really like to expand the opportunity of reaching more and more patients in the country. And in line with that, we've also dropped the prices of Dapagliflozin so that more patients can afford the drug as well as patients who afford it, can do it for a longer period of time.

**Narayan K. Seshadri:**

The percentage to total revenue of three top products are being sought. Forxiga plus partners is 23%, Tagrisso 14%, Brilinta 15%.

EBITDA margins have improved from 8% to 17% in FY'21. With increasing sales, operating leverage has played out. That's a conclusion which has already been... Is there room for further operating leverage? As was pointed out, lean approach to look at how we can continue to be more effective, more impactful, that is the only way to look at it. And as we go along, hopefully, we will extract every bit from the operating leverage as possible.

Sales, marketing and distribution expenses are down. How do we look at this in the years to come? Gagan would you like to react to that ?

**Gagandeep S. Bedi:** One of the things we got to realize is that we are looking at a year which is an exception by itself, due to COVID and a lot of activities which we would have usually pursued, were at a far lower level due to the lockdowns as well as digital way of operating. So, for sustainable growth, I think we will continue to invest significantly behind our new launches and growth platform. And our endeavor will be to ensure that maximum patients are benefited.

**Narayan K. Seshadri:** Question about CAPEX came up. CAPEX is not the only way to sort of necessarily grow, it is best sort of looked at in the context of overall long-term possibilities, besides CAPEX to look at growing. I generally believe in more slim balance sheets which generate a lot of positive FCF, etc., So, I wouldn't want to sort of get into whether there will be CAPEX or not at this point in time.

Number of employees reduced from 1,452 to 1,283 in FY'21. Any reason for such?

There is no targeted reduction as such. It's been general attrition, but we have also made sure that things move along. And most importantly, during the pandemic environment, we haven't added more people as yet.

What portfolio is under manufacturing and traded goods? All DAPA franchise and CVRM brands are in manufacturing portfolio. Traded goods portfolio is all oncology, respiratory and Saxa franchise.

I think that effectively completes the entire set of questions. I hope between us we have answered all the points which have been raised. What I would like to do is to thank all members for their interest in the Company's operations and the questions which you have raised definitely indicate your interest in the enterprise. If there are any more queries from you, please write to the [comp.secy@astrazeneca.com](mailto:comp.secy@astrazeneca.com) which will be responded to you by management.

I think we're coming to the conclusion. Ladies and gentlemen, this concludes the business of the day. As informed, the e-voting facility would close after 15-minutes. The results of the remote e-voting will be declared by Wednesday, August 11, 2021 after receipt of the scrutinizer's consolidated report. The results shall be placed on the Company's website and will be intimated to the stock exchanges. Thank you for being with us this afternoon. I wish the shareholders all the very best, good health and please do stay safe. I now declare the meeting as closed.

**Moderator:** Dear Shareholders, the time for e-voting has come to an end. Thank you all for attending the 42nd Annual General Meeting of AstraZeneca Pharma India Limited