

Health in the real world



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Foreword



AstraZeneca (AZ) is a global, innovation-driven biopharmaceutical business. Our mission is to make the most meaningful difference to the health of patients through great medicines. We do this with a range of medicines designed to improve patients' health and quality of life around the world.

We are committed to developing each activity within our business in a responsible way. Our work is supported by our values and the conduct of employees in working with each other and our stakeholders.

We believe that our approach delivers lasting value for patients, society and our shareholders.

AZ India embarked on a strategy to significantly enhance its presence in the Indian Pharma market. As part of this strategy, we have launched eight products in the Indian market in 2009, including an international blockbuster drug – CRESTOR™.

We have also significantly expanded the field force size in the country to improve our presence in the market.

These initiatives have helped position the company to effectively compete in the market place vis a vis larger players in the Indian market, in terms of market presence and coverage. By increasing our market presence and coverage we expect to deliver medicines that will improve the health of a larger number of patients in India and thereby create value for our shareholders.

AstraZeneca Pharma India Limited

Board of Directors

Mr. D.E.Udwadia, *Chairman*
 Mr. K.S.Shah
 Mr. Ian Brimicombe
 Mr. Bhaskar V. Iyer (till February 23, 2010)
 Mr. Francis McNamara III
 Mr. Luigi Felice La Corte (w.e.f March 25, 2010)
 Mr. Anandh Balasundaram, *Managing Director*

Auditors

BSR & Co., Bangalore

Legal Advisors

Udwadia & Udeshi, Mumbai

Bankers

The Hongkong and Shanghai
 Banking Corporation Limited

Corporate and Registered Office

'Avishkar', Off Bellary Road
 Hebbal, Bangalore 560 024

Factory

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

Sales Outlets

Ahmedabad, Bangalore*, Chennai, Cuttack,
 Dehradun, Delhi*, Ghaziabad, Guwahati,
 Secunderabad, Indore, Jaipur, Kochi, Kolkata
 Lucknow, Mumbai, Patna, Ranchi, Vijayawada,
 Chandigarh, Panchkula and Zirakhpur.

*Company outlets

Committees of Directors

Audit Committee

Mr. K.S.Shah, *Chairman*
 Mr. D.E.Udwadia
 Mr. Bhaskar V.Iyer(till February 23, 2010)
 Mr. Luigi Felice La Corte (w.e.f March 25, 2010)

Shareholders'/Investors' Grievance Committee

Mr. K.S.Shah, *Chairman*
 Mr. Anandh Balasundaram

Chief Financial Officer

Mr. S.J.V.Chelliah

Company Secretary

Mr. N.R.Srinivasan

Annual General Meeting

at 3:30 PM. on Thursday, May 20, 2010
 at The Ball Room,
 The Taj West End Hotel, Race Course
 Road, Bangalore 560 001

Notice

Notice is hereby given that the 31st Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held at 3:30 P.M. on Thursday, May 20, 2010 at The Ball Room, The Taj West End Hotel, Race Course Road, Bangalore 560 001, to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at December 31, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon
2. To declare a Dividend
3. To appoint a Director in place of Mr. Francis McNamara III, who retires by rotation, and, being eligible, offers himself for re-appointment
4. To appoint a Director in place of Mr. Anandh Balasundaram, who retires by rotation, and, being eligible, offers himself for re-appointment
5. To appoint a Director in place of Mr. Luigi Felice La Corte who was appointed as an Additional Director by the Board of Directors with effect from March 25, 2010 under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting, and, being eligible, offers himself for re-appointment, and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the said Act, signifying his intention to propose Mr. Luigi Felice La Corte's candidature for the office of Director
6. To appoint M/s. BSR & Co., Chartered Accountants, as Statutory Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration

Special Business

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The relevant details as required by Clause 49 of the Listing Agreement executed with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under item nos. 3, 4 and 5 are annexed. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 ('the Act'), in respect of Item no. 5 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, May 8, 2010 to Thursday, May 20, 2010 (both days inclusive).
4. The Dividend, if any, that may be declared at the Meeting will be paid on or before Saturday, June 19, 2010 to those members entitled thereto whose names appear in the Register of Members of the Company at the close of business hours on Friday, May 7, 2010.
5. Members are requested to immediately notify change of address, if any, to the Company's Registrar & Share Transfer Agents, M/s. Alpha Systems Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 (Telephone No. 080-23460815 -18, Fax No. 080-23460819).
6. For the convenience of Members and for the proper conduct of the Meeting, entry to the place of Meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members/Proxies attending the meeting are kindly requested to complete the enclosed Attendance Slip and affix their signature at the place provided thereon and hand it over at the entrance.
7. Members holding more than one Share Certificate in different folios are requested to kindly apply for consolidation of share folios and send the relative share certificates to the Company's Registrar & Share Transfer Agents. Members are requested to quote the Folio numbers / Client ID / DP ID in all correspondence.
8. Members are advised to avail of the National Electronic Clearing Service (NECS) facility for dividends that may be declared. To avail of this facility, those members holding shares in physical form, are requested to return

the duly filled in NECS form enclosed herewith to the Company's Registrar & Share Transfer Agents. Members holding shares in demat mode are requested to provide the details to NSDL and CDSL, as the case may be, through their respective Depository Participant (DP).

9. (a) Members may please note that unpaid or unclaimed Dividends in respect of the financial years upto 1993-94 have been transferred to the credit of the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the dividend warrants for the aforesaid financial years are requested to claim the amount from the Registrar of Companies-Karnataka, Kendriya Sadan, 2nd Floor, 'E' Wing, Kormangala, Bangalore 560 034. Intimations have been sent to the Members concerned, pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
- (b) Members may also please note that consequent to the amendment to Section 205A (5) of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, all amounts transferred to the Unpaid Dividend Account of the Company for the years 1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-00, 2000-01 and 2001(nine months) remaining unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer have been transferred to the Investor Education and Protection Fund.
10. Members are requested to note that as prescribed by the Securities and Exchange Board of India (SEBI), trading in securities of the Company is in dematerialised form only. Hence, Members who are yet to dematerialise their shares are advised to do so. The Company has entered into agreements with NSDL and CDSL for demat facilities.

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

N R Srinivasan
Company Secretary

Place: Mumbai
Dated: March 25, 2010

Registered Office:

'Avishkar', Off Bellary Road
Hebbal, Bangalore - 560 024

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5

Mr. Luigi Felice La Corte was appointed as an Additional Director by the Board with effect from March 25, 2010. In terms of Section 260 of the Act, read with Article 116 of the Articles of Association of the Company, Mr. La Corte holds office as an Additional Director only upto the date of this Annual General Meeting of the Company, but is eligible for re-appointment.

Notice in writing has been received from a Member under Section 257 of the Act, signifying his intention to propose Mr. La Corte as a candidate for the office of Director, along with a deposit of Rs. 500/- (Rupees Five Hundred Only), which shall be refunded to the Member, if Mr. La Corte is elected as a Director.

A brief resume of Mr. La Corte is given in the Annexure to the Notice. Relevant details concerning Mr. La Corte are contained in the last column of the Annexure to the Notice.

The Directors consider that the appointment of Mr. La Corte as a Director will be beneficial to the Company having regard to his knowledge and experience. The Directors accordingly recommend that he be appointed as a Director.

Mr. La Corte is interested in the resolution at Item no. 5 since it relates to his appointment as Director.

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

N R Srinivasan
Company Secretary

Place: Mumbai
Dated: March 25, 2010

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

Annexure to Notice

Details of the Directors seeking appointment/re-appointment at the 31st Annual General Meeting

Particulars	Mr. Francis McNamara III	Mr. Anandh Balasundaram	Mr. Luigi Felice La Corte
Date of Birth	January 8, 1965	September 22, 1965	December 9, 1969
Nationality	American	Indian	Italian
Date of Appointment	February 18, 2009	June 1, 2007	March 25, 2010
Qualifications	<p>University of Pittsburgh School of Law, Pittsburgh, Pennsylvania Juris Doctor, Cum Laude, May 1990 Honors: University of Pittsburgh Law Review</p> <p>The Pennsylvania State University, University Park, Pennsylvania- Bachelor of Arts in Political Science, May 1987</p>	<p>Post Graduate Diploma In Management (MBA) from Indian Institute of Management (IIM-Ahmedabad)</p> <p>Bachelor of Technology from Indian Institute of Technology, Delhi</p>	<p>Graduated with honours in 'Economia e Commercio' (Business & Economics) at LUISS University in Rome, Italy.</p> <p>Obtained a Research Scholarship for the final dissertation.</p> <p>Completed two terms at the Management School of Lancaster University (UK) within the Erasmus Scholarship/Exchange Program.</p> <p>Scientific Upper School Diploma ('Maturità Scientifica') in Rome.</p> <p>Studied four years in Williamsburg, Va., USA.</p>
Expertise in specific functional area	<p>Mr. McNamara has over 17 years of experience.</p> <p>He is Regional Compliance Director working in AsiaPac Region. Currently Mr. McNamara is a part of the AsiaPac Regional Compliance Committee and is responsible for all aspects of compliance in the Region.</p> <p>Compliance in the marketing companies is supported by Mr. McNamara, including initiating, overseeing and monitoring of audits, investigating policy breaches/non-compliant activities and conducting compliance training as necessary.</p>	<p>Mr. Balasundaram has over 20 years of experience.</p> <p>Mr. Balasundaram has joined the Company in the year 2005 as Vice President –Sales & Marketing. He took over the charge as the Managing Director from year 2007. Before joining the Company, he worked with Cadbury's and Unilever in various capacities in Sales and Marketing. He headed all India Sales in Cadbury's and E-business initiatives in Unilever.</p>	<p>Mr. La Corte has 17 years of experience.</p> <p>He is Regional Finance Director of AstraZeneca working in AsiaPac Region leading Finance, IS, Purchasing. Prior to this he was the CFO and member of the Board for AZ Italy for over 3 years.</p> <p>Before joining AstraZeneca, he has worked as a Director-Finance & Administration at Alliance Unichem Italy, Senior Consultant at Bain & Company, Italy, Manager International Corporate Finance at PepsiCo for Europe and Middle East Region, Group Manager Financial Planning & Analysis at P&G Nordic, Manager-Capital</p>

Particulars	Mr. Francis McNamara III	Mr. Anandh Balasundaram	Mr. Luigi Felice La Corte
	<p>Before taking up the role of Regional Compliance Director, he was Regional Legal Affairs Director leading licensing and business development transactions, providing commercial brand support, dealing with prescription drug law and marketing and sales matters, providing advise with respect to the arrangement with Merck & Co. Inc., and counselling the clinical development function.</p> <p>Prior to joining AstraZeneca, he was engaged in a diverse corporate and transactional private practice involving mergers and acquisitions, securities matters and general counselling of senior management.</p>		Markets/ Treasury at P&G Europe and Financial Analysis & Planning at P&G Belgium.
Directorships held in other Public Companies (excluding foreign companies)	NIL	Member of Organisation of Pharmaceutical Producers of India (OPPI)	NIL
Memberships/ Chairmanships of Committees of other public companies (included only Audit and Shareholders'/ Investors' Grievance Committee)	NIL	NIL	NIL
Shareholding in the Company (No. of shares)	NIL	NIL	NIL

Directors' Report

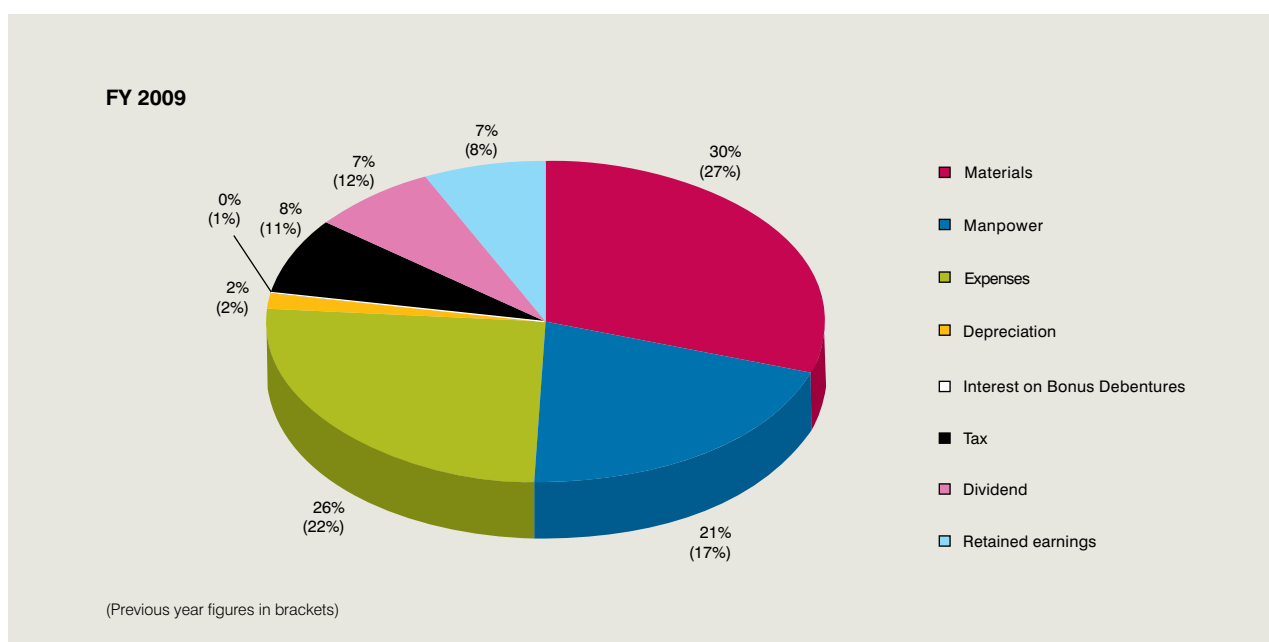
Your Directors have pleasure in presenting their 31st Report together with the Audited Accounts of the Company for the year ended December 31, 2009.

FINANCIAL RESULTS

Particulars	2009		2008
Sales and Other Income	4024		3681
Profit Before Tax	884		1144
Provision for Taxation			
- Income Tax	310	395	
- Adjustment for Deferred Tax	(6)	(6)	
- Fringe Benefit Tax	4	17	406
Profit after Taxation	576		738
Surplus brought forward from the previous year	409		496
Total amount available for appropriation	985		1234
Appropriation made by Directors			
Transfer to General Reserve	57		74
Transfer to Debenture Redemption Reserve	-		312
Transfer from Debenture Redemption Reserve	(312)		-
Appropriation recommended by Directors			
Dividend	250		375
Tax on proposed Dividend	42		64
Surplus carried over	948		409

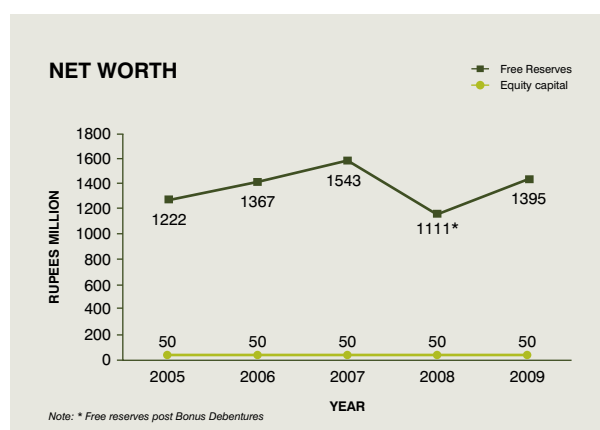
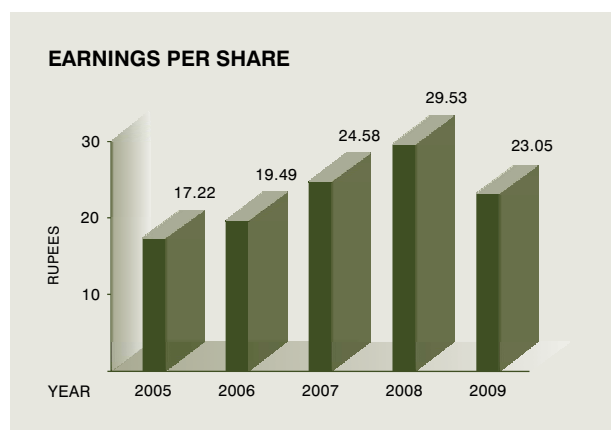
Members are informed that at the Board meeting held on February 23, 2010, the Board approved the change in the accounting year of the Company from 'January-December' to 'April-March' and consequently, the accounting period would be a 15 months period i.e. from 'January 2010 to March 2011'.

DISTRIBUTION OF GROSS REVENUE



DIVIDEND

The Directors are pleased to recommend payment of a Dividend of 500% (Rs.10/- per Equity Share of the face value of Rs.2/- each), which, if approved by Members at the Annual General Meeting will involve an outflow of Rs. 250 Mio towards Dividend and Rs. 42.49 Mio as Dividend Distribution Tax resulting in a total outflow of Rs. 292.49 Mio.



SALES AND MARKETING

The Company registered a healthy growth of 13.5% (excluding export sales) over the previous year with sales of Rs. 3,679 Mio (excluding export sales).

As a part of the growth strategy, 7 new products were launched in year 2009. Your Company also launched an AstraZeneca original research brand, viz. Crestor (Rosuvastatin) in the Cardiovascular Therapeutic Area for Lipid Management. The new products launched under the Company's growth strategy have contributed to the overall performance of the Company, within six months of their respective launch.

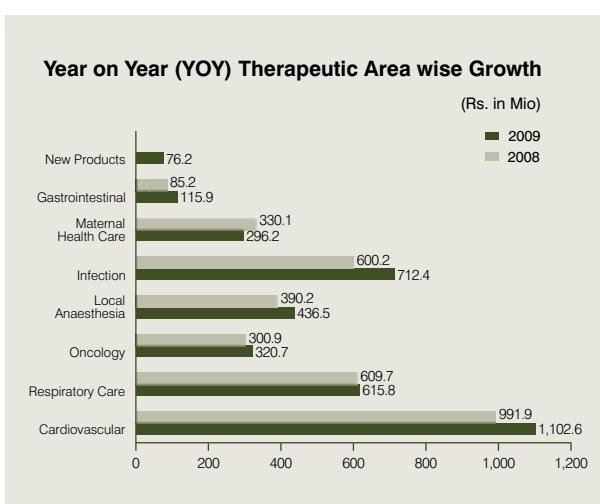
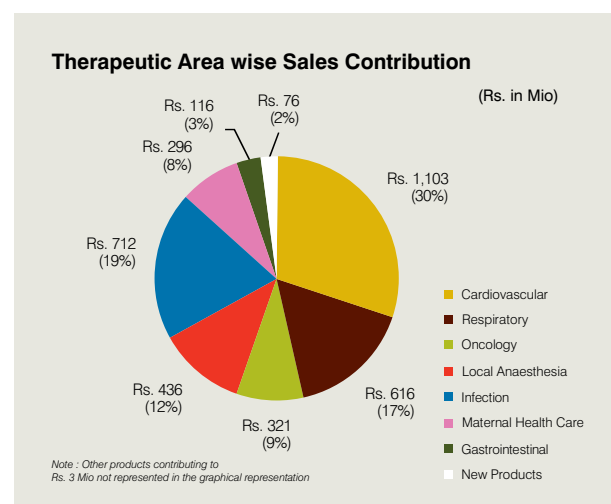
During the year, the Cardiovascular Therapeutic Area (TA) grew by 11%. 'Seloken XL' and 'Selomax' continued to show good performance. The launch of 'Crestor' further boosted the performance of this TA.

Infection TA grew by 19%. Both 'Meronem' and 'Vancocin' registered double-digit growth and 'Meronem' continued to be the No. 1 hospital product.

'Neksium', the Company's product in the Gastrointestinal TA posted an impressive growth of 36%, during the year.

The Local Anaesthesia TA continued to grow with both 'Xylocaine' and 'Sensorcaine' registering steady growth.

Therapeutic Area wise Sales contribution – 2009



SALES FORCE EFFECTIVENESS (SFE)

SFE played a key role in the Company's growth strategy by facilitating deployment of Field Force and Sales Training for the new recruits.

A massive Segmentation & Targeting exercise was undertaken for profiling the customer and key accounts. The Sales Training Team ensured timely, quality induction training for all the new recruits. The E-learning platform - AZLEARN- was effectively employed in the induction training programmes, launch of new products and for retraining the existing Field Force.

MEDICAL, REGULATORY AND CLINICAL TRIALS

During the year 2009, medical support was provided for the launch of global brand 'Crestor' and other new products. Strategic medico-marketing initiatives such as setting up and conducting of Advisory Board meetings, Web casts, scientific meetings and symposium in order to disseminate scientific knowledge to the medical fraternity were undertaken.

Physician's awareness increased on Adverse Event Reporting and its importance through Pharmacovigilance workshops. Timely renewals of various licenses including import license and site registrations were obtained for the Company's products.

Your company continued to participate in, and contribute to, pivotal global clinical trials as per Good Clinical Practice (GCP) norms for AstraZeneca pipeline products.

MANUFACTURING

Operations team supported launch of 7 new products during the year. Productivity continues to improve both in terms of value & volume at manufacturing plant.

The Company also continued with its initiatives towards better-cost management through purchasing efficiency, improved Overall Equipment Effectiveness and pack rationalizations / process improvements in formulations and Active Pharmaceutical Ingredients (APIs).

The manufacturing plant also successfully underwent Global SHE audit with no critical observations.

The members are informed that at the Board meeting held on March 25, 2010, the Board has approved of an investment of USD 14.6 Mio (approx Rs. 700 Mio) by the Company towards setting up of a New Tablet Manufacturing Plant and Facility at the Company's existing site at Yelahanka.

SAFETY HEALTH AND ENVIRONMENT

During the year 2009, the Company's operation site has been accredited with the latest version for Occupational Health Safety Assessment Series (OHSAS) 18001 for health and safety and successfully sustained surveillance audit for ISO 14001 for the environment by M/s Germanischer Lloyd, Germany. The Company continued with its emphasis on 'Driver Safety'. We are happy to inform you that there was no fatality despite the substantial increase in the field force strength.

HUMAN RESOURCES AND EMPLOYEE RELATIONS

Attracting, retaining and developing talent continued to be a focus area for the Company, in the year 2009. The Company's strong Goal Alignment Process continued to ensure that every individual's effort were fully aligned to the overall business objective. Employee Relations continued to be cordial at all levels. The Company has a total employee strength of 1464.

INFORMATION SYSTEMS

During 2009, the Company rolled out SAP (ERP) which went live in April 2009. The Company implemented web based E-learning solution to the field force which helped in training new recruits and bringing them on board quickly and to enhance the product knowledge of the field force. The Company also implemented a world class weighing and dispensing system in the factory for further improving the GMP compliance.

FACTORY LAND AT YELAHANKA

In the last Directors' Report members were informed that the National Highways Authorities of India (NHAI) had acquired a portion of the factory land at Yelahanka for expansion of the Hyderabad – Bangalore Highway. The Special Land Acquisition Officer (SLAO) had awarded compensation of Rs.23,709,554/- for the said acquisition. The SLAO had subsequently reduced the compensation to Rs.4,98,879/-, claiming that the original award was amended on the basis of a direction received from the Government of Karnataka. The Company has not accepted the amended award and has disputed the same. The Company has invoked the arbitration provisions under the National Highways Act, 1956. The Company has further filed a Writ Petition challenging the direction given by the Government of Karnataka and for directing the SLAO to pay compensation as per the original amount awarded.

The Writ Petition filed by the Company is part heard before the Hon'ble High Court of Karnataka.

In this connection reference may be made to note No.2 in Schedule 17 of the Annual Accounts.

DRUG PRICE CONTROL ORDER

The Writ Petitions filed by the Company challenging the Demand Notices issued by the Central Government under the provisions of the Drug Price Control Order were heard in the Hon'ble High Court of Karnataka. The Hon'ble High Court of Karnataka has by its Order passed on October 14, 2009, allowed the Writ Petitions filed by the Company challenging the Demand Notices issued by the Central Government under the provisions of the Drug Price Control Order in respect of Rifampicin and Ibuprofen.

In this connection, reference may be made to note No.1 in Schedule 17 to the Annual Accounts.

OPEN PUBLIC OFFERS MADE BY ASTRA PHARMACEUTICALS AB, SWEDEN TO THE SHAREHOLDERS OF THE COMPANY

Members have been regularly advised of the status of the Writ Petitions filed by the under mentioned shareholders challenging the First Open Public Offer made pursuant to the Letter of Offer dated May 11, 2002 and the Second Open Public Offer made pursuant to the Letter Of Offer dated October 29, 2002, by Astra Pharmaceuticals AB, Sweden (APAB). The position as of December 31, 2009 is as under:

First Open Offer pursuant to the Letter of Offer dated May 11, 2002

The Writ Petitions filed by Mr. Arun Kumar Agarwal and Ms. A Prameela, two members of the Company, in the Karnataka High Court, Bangalore were fully heard. They have been dismissed by the Hon'ble Court by its Order dated September 7, 2009.

The Writ Petition filed by Ms. Annie Koshy, a member of the Company, in the Kerala High Court, Kochi, is pending hearing before that Court.

Second Open Offer pursuant to the Letter Of Offer dated October 29, 2002

The Writ Petitions filed by Mr. Arun Kumar Agarwal and Ms. A Prameela, in the Karnataka High Court, Bangalore were fully heard. They have been dismissed by the Hon'ble Court by its Order dated September 7, 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 ('the Act'), the Board of Directors states that in the preparation of the Company's Annual Accounts, the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable. The Board of Directors has selected such accounting policies which have been applied consistently and made judgments 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 of the financial year ended December 31, 2009 and of the profit of the Company for that period. The Board of Directors has 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.

It is confirmed that the financial statements have been prepared on a going concern basis.

BOARD'S RESPONSE TO AUDIT OBSERVATION

The observation made by the Auditors under Para (ix) (a) of the Annexure to the Auditors' Report regarding Sales Tax dues aggregating to Rs. 11,631,873/- pertains to C & F Forms pending collection for the Financial Years 2007-08 and 2008-09. The Company is energetically following up on collection of the said C & F Forms and will endeavour to collect them before the assessments for the respective years are completed.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

Information required under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in [Annexure-I](#) and forms part of this Report.

Information required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of the Employees) Rules, 1975, is given in [Annexure-II](#) and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company continues to make a positive contribution to the local communities through charitable donations, sponsorships and other initiatives that help make a difference to people's lives.

In the year 2009, the Company continued its community activities focused on making the Katigenahalli Primary School, Yelahanka, a better place to study for the children. Your Company also continues to contribute to the monthly operating cost of the emergency ambulance service 'Operation Sanjeevini' run by the Comprehensive Trauma Care Consortium, Bangalore.

CORPORATE GOVERNANCE REPORT

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed by the Listing Agreement of the Stock Exchanges on which the Company's shares are listed, have been complied with.

The Management Discussion & Analysis is attached as [Annexure-III](#) and forms part of this Report.

A Report on Corporate Governance forming part of the Directors' Report, along with a certificate from the Statutory Auditors' confirming compliance, is attached as [Annexure-IV](#) and forms part of this Report.

DIRECTORS

Mr. Bhasker V. Iyer resigned as a Director with effect from February 23, 2010. The Board places on record its appreciation of the services rendered and contribution made by Mr. Bhasker Iyer to the Company, during his tenure as a Director.

Mr. Luigi Felice La Corte was appointed as an Additional Director with effect from March 25, 2010. Mr. La Corte will hold office as a Director only upto the date of the forthcoming Annual General Meeting of the Company, but is eligible for re-appointment. The Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company. Your Board of Directors has recommended his re-election.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Francis McNamara III & Mr. Anandh Balasundaram, Directors will retire by rotation at the forthcoming Annual General Meeting and, being eligible, they offer themselves for re-election. Your Board of Directors has recommended their re-election.

AUDITORS

The present Auditors M/s. BSR & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting. However, being eligible, they offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank AstraZeneca Pharmaceuticals AB, Sweden and AstraZeneca PLC, for their continued support.

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

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

On behalf of the Board of Directors

D E UDWADIA
CHAIRMAN

Place : Mumbai

Date: March 25, 2010

Annexure I to Directors' Report

Form A

1. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

SI No.	Particulars	2009 Jan-Dec	2008 Jan-Dec
A	POWER AND FUEL CONSUMPTION		
1	Electricity Purchased Unit (Kwh) Million Total amount (Rs in Million) Rate/Unit (Rs) (i) Own Generation Through Diesel Generation Unit (Kwh) Million Unit per Litre of Diesel Cost/Unit (Rs) (ii) Through Steam Turbine/Generator Units Unit per Litre of Fuel Oil/Gas Cost/Unit (Rs)	2.48 12.47 5.02 0.21 2.84 10.80 NIL	2.55 13.12 5.15 0.33 2.99 10.64 NIL
2	Coal (including Agro Husk & Briquettes) Quantity (Tonne) Total Cost (Rs. in Million) Average Rate (Rs. /Tonne)	1059.04 4.97 4693.94	1199.14 4.68 3900.28
3	Furnace Oil Quantity (Kilo Litre) Total Amount (Rs. in Million) Average Rate	NIL	NIL
4	Other/Internal Generation Quantity (Kilo Litre) Total Amount Average Rate	NIL	NIL
B	CONSUMPTION PER UNIT OF PRODUCTION Standards* (if any) (i) Electricity (ii) Furnace Oil (iii) Coal (iv) Others	2009+ Jan-Dec	2008+ Jan-Dec

* Owing to the range of products manufactured and the ever changing product mix, it has not been possible to establish standards relating to consumption of energy per unit of production.

+ For the same reasons and as per the Records and Books, maintained by the Company, under the Companies Act, 1956, the Company is not in a position to furnish the required information in the prescribed format for the current year and the previous year.

Annexure I to Directors' Report

Form B

2. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D)

1	Specific areas in which R&D was carried out by the Company	The Company continued its R&D activities in following therapeutic categories: Cardiovascular Formulations Maternal healthcare products: Bulk drug Carboprost tromethamine & Dinoprostone
2	Benefits derived as a result of the above R&D	R&D in the above areas is expected to yield substantive benefits in the years to come. We have filed one Indian patent and one International process patent in the year 2007 and 2008. Both are published and awaiting to be granted.
3	Future plan of action	Further attempts are focused on further cost reduction of Carboprost by alternate route. Process development work is in progress. Formulations development department will continue its focus on cost optimization.
4	Expenditure on R&D Capital Recurring Total Total R&D expenditure as a percentage of total sales.	Rs. 1,855,684 Rs. 21,061,982 Rs. 22,917,666 0.59%
5	Technology absorption, adaptation and innovation. Efforts in brief made towards technology absorption, adaptation and innovation.	In the year 2009 the size of the Plendil tablets was reduced from 11mm to 9mm to meet the Pharmacopoeial specification. The formulation and technology is adopted from AZ Sweden and commercialized successfully.
6	Benefits derived as a result of the above efforts e.g., Product development, import substitution, etc.	The Technology has been fully absorbed and commercialized successfully to meet the Compliance requirement.
7	In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished. Technology imported Year of Import	AstraZeneca Pharmaceuticals AB, Sweden, the Company's foreign promoter continue to extend from time to time additional know-how for the following products licensed by them to the Company. Such technical know-how is adapted and absorbed as ongoing activity. Vancomycin CP Inj. 2006-2007
8	Has technology been fully absorbed, areas where this has not taken place, reasons therefore and future plan of action.	Technologies have been fully absorbed.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Activities relating to Exports, etc.:

The Company has exported goods amounting to Rs. 175,490,493/- during the year ended December 31, 2009.

(ii) Total foreign exchange used and earned:

The Company used foreign exchange amounting to Rs. 1,648,070,595/- and earned Rs. 111,120,847/-.

Annexure II to Directors' Report

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended December 31, 2009

Sl. No.	Name	Age	Education Qualification	Designation	Date of Joining	Expe- rience (in Years)	Gross Remuneration	Previous Employment
1	Mr. Anandh Balasundaram	44	B TECH, PGDBM	Managing Director	1-Mar-05	21	12,974,087*	Cadbury India Ltd
2	Mr. Uma Nandan Misra	58	M. PHARM, M.S (PHARMACY)	Vice President - Operations	1-Jan-97	37	4,964,308	Wockhardt Limited
3	Mr. S J V Chelliah	42	B.COM, FCA, CISA	Chief Financial Officer	4-Apr-98	23	6,066,849	Alsthom India Ltd
4	Mr. Gopinathan K Menon	55	B.SC, MBA	Vice President - Commercial Excellence	10-Mar-03	33	4,763,146	Novartis India Ltd
5	Mr. Kumar K S	51	B.SC, MMM	Vice President - Strategic Marketing & Business Development	16-Sep-04	29	7,006,525	Novartis India Ltd
6	Mr. Suresh Subramanian	46	B.SC, MMM	Vice President - Sales & Marketing	20-Sep-04	27	4,189,782	Novartis India Ltd
7	Mr. Gagan Singh	38	BA, MBA	Vice President - Sales & Marketing	1-Feb-06	16	4,332,093	Baxter India Pvt Ltd
8	Mr. N R Srinivasan	41	B.COM, LLB, ACS, PGDFM	Vice President-Legal & Company Secretary	1-Dec-06	19	3,896,671	Tata Industries Ltd
9	Mr. Alok Mehta	39	BA, MA	Vice President-Human Resources	30-Apr-07	17	9,630,368	Deutsche Bank
10	Dr. Paurus M Irani	43	MBBS, MD	Vice President-Medical & Regulatory	11-Aug-08	16	6,599,837	Ranbaxy Laboratories
11	Mr. Shashank Shanhag	40	M.SC, PGDM	Vice President - Sales & Marketing	2-Mar-09	16	6,765,025	Johnson & Johnson Ltd
12	Mr. Ramesh Kadaba Venkatapathi	57	B. PHARM	Director- Quality Assurance & Technical Services	9-Nov-81	33	3,023,303	MIT Laboratories

Sl. No.	Name	Age	Education Qualification	Designation	Date of Joining	Experience (in Years)	Gross Remuneration	Previous Employment
13	Dr. Bhide K S	58	B. SC, M SC, Ph.D	Director-R&D (Pg)	20-Dec-89	34	2,815,759	FDC Limited
14	Mr. Rao R S V	56	PGDAS, M. PHARM	Director-Supply Chain	31-Jul-90	32	3,004,460	Cadila Laboratories Ltd
15	Dr. Premnath Shenoy K R	54	M. PHARM, DMS, PHD	Director-Regulatory	2-May-94	28	3,472,204	Cosmed Analytical & Centre Services
16	Mr. Ratnakar Kekre	56	B.COM	Director - Distribution	20-Nov-00	35	3,033,224	Cipla Limited
17	Mr. Sameer Giri	44	B.SC, M.SC, M.B.A	Director Purchase	28-Sep-06	18	3,314,374	Ranbaxy Limited
18	Mr. P Mohan	55	B.SC, DBM	Director IS/IT	25-Oct-06	32	4,370,241	Nicholas Piramal India Ltd
19	Mr. Vijay Kumar Saliyan	47	B.SC, M.S.C	National Sales Director - Primary Care	19-Mar-99	24	2,556,089	Glaxo India Ltd
20	Dr. Ramesh Jagannathan	40	MBBS, M.D, M.PHIL	Associate Director - Clinical Research	8-Jul-02	12	2,443,271	Cadila Laboratories Ltd
21	Mr. Rajesh Desraj Mehra	49	B.SC, DIPLOMA IN BUSINESS MANAGEMENT	Business Director	1-Jan-03	28	2,782,813	Baxter India Pvt Ltd
22	Mr. Rajendar E Reddy	45	B.SC, MPM	Sales Director - Cardiac Care	18-Apr-03	23	2,710,971	Novartis India Ltd
23	Mr. Krishnanand Atreya CA	37	B.E., DEGREE	Marketing Director - Cardiac Care	12-Jan-04	13	3,072,895	Pfizer Limited
24	Mr. Chetan Kumar Joshi	36	B.COM, C A	Sr.Manager-Taxation, Treasury & Risk Mgmt	28-Jan-05	13	2,636,769	Sanofi Synthelabo (India) Ltd
25	Mr. Abhijeet Kamasamudram	37	ICWA, C.A., EXECUTIVE MBA	Finance Controller	7-May-08	11	2,954,202	Virtusa

* Includes an amount of Rs. 810,574/- being a provision for performance-linked bonus for the financial year 2009.

Notes :

1. All appointments are contractual and terminable by notice on either side.
2. None of the employees mentioned above are related to any of the Directors of the Company.
3. Remuneration includes Salary, Allowances, Company's Contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Leave encashment, Leave Travel Concession, Medical Expenses, Bonus, House Rent Allowance, Expenses for providing residential accommodation and money value of perquisites.

Annexure III to Directors' Report

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry structure and developments

During the financial year 2009, the total Indian Pharmaceutical market was over Rs. 400,517 Mio and has grown by 17%. The IMS ORG Report shows that your Company has a market share of about 0.60%. (Source: IMS ORG SSA MAT DEC 2009)

Opportunities and threats / Risk and concerns

The efforts being put in by the industry bodies to bring in certain changes in the current Patent Act are yet to materialise. The Central Government is still to take action on the report submitted by Inter-ministerial Committee on Regulatory data protection. The draft Pharma Policy has been referred to a Group of Ministers to submit its report before implementation. The proposal in the draft policy to expand the number of drugs covered by Drug Price Control Order (DPCO) by including drugs listed in national list of essential medicines, if accepted could be an area of concern for the pharmaceutical Industry in India. It is hoped that Government would take right steps to encourage innovation in the country by suitably revising the relevant policies and guidelines in this area.

Risk Management

The Company has a formal Risk Management process and the risk register is established and updated periodically. A Business Continuity plan has been established which is reviewed on an ongoing basis.

Segment-wise or product-wise performance

The Company has two business segments, namely:

- Healthcare
- Clinical Trial Services

The healthcare division engages in the manufacture and sale of pharmaceutical products. During the year, the healthcare division generated total revenue of Rs.3858 Mio out of which domestic sales were of Rs. 3682.50 Mio and exports sales of Rs. 175.50 Mio.

The Clinical Trial division renders clinical trial services on pharmaceutical products to its group companies. During the year the division generated revenue from export of services of Rs. 111.12 Mio.

A separate disclosure as required under Accounting Standard 17 - Segment Reporting, is being made in the financial statements.

Outlook

The Company, with a view to significantly enhance its market presence, has embarked on a growth strategy to expand its product portfolio by launching both AZ Global brands as well as local brands coupled with expansion in the field force over the next two to three years. In the Year 2009, the Company significantly increased its market presence by doubling its field force and launched 8 products including Global blockbuster, Crestor. In the Year 2010, the Company intends to continue expanding its product portfolio by introducing new brands for the Indian market.

Internal control systems and their adequacy

The Company has a robust system of internal control comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The system is reviewed and updated on an on-going basis. The Company is continuously upgrading its internal control systems by measures such as strengthening of Information Technology infrastructure and use of external management assurance services. The Group Internal Audit team (GIA) of AstraZeneca continues to support the internal audit function. Deloitte, the Internal Auditors, continues to audit the Depots of the Company based on an audit plan approved by the Audit Committee. The

Audit Committee and the Management have reviewed the recommendations of the Internal Auditors and suitable steps have been taken to implement their recommendations. The Company also rolled out SAP (ERP) which went live in April 2009.

Discussion on financial performance with respect to operational performance

During the financial year 2009, the Company's total sales grew by 13.5 %. With the launch of the new products and continued investment in the major therapy areas, the total cost registered an increase of 23.7%. As a result, PBT declined by 23% and PAT by 22% over the previous year.

Material developments in Human Resources/Industrial Relations front, including number of people employed.

As on December 31, 2009, the Company had 1464 employees on its rolls. Employee relations at all levels continued to remain cordial.

Annexure IV to Directors' Report

REPORT ON CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS

1. Company's Philosophy on Code of Governance

AstraZeneca Pharma India Limited (Company) is a subsidiary of AstraZeneca Pharmaceuticals AB, Sweden, which is an indirect subsidiary of AstraZeneca Plc United Kingdom. The Company follows the Code of Conduct of its ultimate parent Company. The Company's philosophy on Corporate Governance is sustained growth, increase in stakeholder value, transparency, disclosure, internal controls and risk management, internal and external communications, and high standards of safety, health, environment management, accounting fidelity, product and service quality. The Company also complies with the listing requirements of the Stock Exchanges where its shares are listed. A Senior Management Team headed by the Managing Director is responsible for implementing its broad policies and guidelines and has set up adequate review processes.

The Company believes in, and has been practicing, the various elements of Corporate Governance since its inception. 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 mark the operations and management of the Company.

2. Board of Directors

a. Composition and number of other Boards or Board Committees in which the Director is a member or chairman

The present strength of the Board is six Directors. There are five Non-Executive Directors on the Board, of which two Directors are independent. Three Directors represent the parent Company, AstraZeneca Pharmaceuticals AB, Sweden. The Non-Executive Directors bring strong business judgment in the Board deliberations and decisions. The Company is in compliance with the requirements of Clause 49 of Listing Agreement as amended from time to time.

The Company paid Rs. 1,910,971/- (excluding out of pocket expenses) for the year ended December 31, 2009 to the law firm of Udwadia & Udeshi and Udwadia Udeshi & Co. as fees for professional services that were provided by the firm to the Company on specific legal matters entrusted by the Company to it for legal advice from time to time. Mr. D E Udwadia is a partner of the above firm. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgment of Mr. Udwadia as a Director of the Company.

The Company has not had any pecuniary relationship/transaction with any of the Non-Executive Directors.

Name of The Director	Category	Number of Directorships and Committee Memberships/ chairmanships excluding AstraZeneca Pharma India Limited as at December 31, 2009			
		Other Directorships #	Committee Memberships	Committee Chairman	Number of shares held
Mr. D. E. Udawadia <i>Chairman</i>	Non- Executive Independent Director	12	8	1	5
Mr. K. S. Shah	Non- Executive Independent Director	-	-	-	-
Mr. Ian Brimicombe	Non- Executive Non-Independent Director	-	-	-	-
Mr. Bhasker Iyer	Non- Executive Non-Independent Director	-	-	-	-
Mr. Francis McNamara III <i>(Appointed w.e.f. February 18, 2009)</i>	Non- Executive Non-Independent Director	-	-	-	-
Mr. Anandh Balasundaram <i>Managing Director</i>	Executive Non-Independent Director	-	-	-	-

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

b. Number of Board meetings held during the year 2009 and Attendance of each Director at Board Meetings and the last Annual General Meeting

Five Board meetings were held during the year. Details of the Board meetings and Annual General Meeting are:

Name of the Director	Dates of Board Meeting in 2009					Date of last AGM
	February 18, 2009	March 16, 2009	April 23, 2009	July 27, 2009	October 27, 2009	May 18, 2009
Mr. D. E. Udawadia	✓	✓	✓	✓	✓	✓
Mr. K. S. Shah	✓	✓	✓	✓	✓	✓
Mr. Ian Brimicombe	x	x	x	x	✓	x
Mr. Bhasker Iyer	✓	x	✓	✓	✓	✓
Mr. Francis McNamara III *	✓	x	x	x	✓	✓
Mr. Anandh Balasundaram	✓	✓	✓	✓	✓	✓

* Mr. Francis McNamara III was appointed on the Board with effect from February 18, 2009, as a Director in a Casual Vacancy resulting from the resignation of Mr. Graham Baker.

3. Audit Committee

a. Brief description of terms of reference

The terms of reference of the Audit Committee cover all areas prescribed by Clause 49 II (c) and Clause 49 II (D) and include the following: to review reports of the Internal Auditors and to meet the Statutory Auditors to discuss their findings, suggestions and other related matters; and to review weaknesses in internal controls reported by the Internal and Statutory Auditors and to review the financial statements.

The Audit Committee has also been granted the following additional powers as prescribed under the Listing Agreement:

1. Re-appointment and, if required, the replacement or removal of the statutory auditor
2. Reviewing with management, matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
3. Reviewing with the management, the quarterly financial statements before submission to the board for approval
4. Reviewing the performance of statutory and internal auditors
5. Reviewing the functioning of the Whistle Blower mechanism
6. Reviewing related party transactions
7. Reviewing Management Discussion & Analysis

b. Composition, Names of Members and Chairman

As on December 31, 2009, the composition of the Audit Committee was as under:

Name of the Audit Committee Member	Position	Category
Mr. K. S. Shah	Chairman	Non- Executive Independent Director
Mr. D. E. Udwadia	Member	Non- Executive Independent Director
Mr. Bhasker Iyer	Member	Non- Executive Non- Independent Director

Mr. K. S. Shah possesses financial and accounting knowledge, as he is a Fellow Member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and a Commerce Graduate. The Managing Director, Chief Financial Officer, representatives of Internal Auditors and representatives of Statutory Auditors are invitees to all meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee.

c. Number of meetings and attendance during the year

Five meetings of the Audit Committee were held during the year 2009. The details of which are as under :

Name of the Audit Committee Member	February 18, 2009	March 16, 2009	April 23, 2009	July 27, 2009	October 27, 2009
Mr. K. S. Shah	✓	✓	✓	✓	✓
Mr. D. E. Udwadia	✓	✓	✓	✓	✓
Mr. Bhasker Iyer	✓	x	✓	✓	✓

The Chairman of the Audit Committee, Mr. K. S. Shah, was present at the Annual General Meeting held on May 18, 2009.

In the year 2010, the Audit Committee met on February 22, 2010 to review the Annual Accounts for the year ended December 31, 2009 and recommended acceptance of the Annual Accounts by the Board of Directors of the Company.

4. Remuneration Committee

The Remuneration Committee was disbanded by the Board of Directors at its meeting held on November 26, 2003 as there is only one Executive Director. His remuneration is decided by the Board of Directors of the Company subject to the approval of the shareholders.

Managing Director

Mr. Anandh Balasundaram is the Managing Director. There is no other Executive Director on the Board. The Managing Director's remuneration was approved by the shareholders of the Company at the Annual General Meeting held on April 28, 2008.

Non-Executive Directors

The compensation of the Non-Executive Directors is in the form of commission upto 1% of the net profits of the Company so long as the Company has a Wholetime Director and/or Managing Director and commission not exceeding 3% of the net profits of the Company in case there is no Wholetime Director and/or Managing Director at any time.

The Non-Executive Directors are also paid sitting fees of Rs. 20,000/- each for every Board/Committee meeting attended by them, as permitted under the relevant statutory provisions.

Details of remuneration paid to the Directors during the year 2009

Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)	Commission # (Rs.)	Total (Rs.)
Mr. D. E. Udawadia	200,000	600,000	800,000
Mr. K. S. Shah	220,000	810,000	1,030,000
Mr. Ian Brimicombe	--	--	--
Mr. Bhasker Iyer	--	--	--
Mr. Francis McNamara III	--	--	--

The payment of remuneration by way of commission to Non-Executive Directors is determined having regard to the number of Board and Committee meetings attended and their participation at the said meetings. Commission for the year ended December 31, 2008 was paid during the above period.

Managing Director

Name of the Director	Salary (Rs.)	Perquisites (Rs.)	P.F & other Funds (Rs.)	Total (Rs.)
Mr. Anandh Balasundaram	10,353,490*	1,589,049	1,031,548	12,974,087

* Includes an amount of Rs 810,574/- being a provision for performance-linked bonus for the financial year 2009. The same has been provided based on overall assessment of the Managing Director's performance including financial parameters.

Remuneration to Mr. Anandh Balasundaram does not include cost of retirement benefits such as gratuity and compensated absences since provision for the same is based on actuarial valuation carried out for the Company as a whole.

Mr. Anandh Balasundaram has been issued 3500 Share Options under the AstraZeneca Share Option Plan by AstraZeneca Plc. The cost incurred by AstraZeneca Plc pursuant to the said AstraZeneca Share Option Plan for the year ended December 31, 2009 amounts to Rs. 4,23,967/-

5. Shareholders' Committees:

a. Shareholders'/Investors' Grievance Committee:

As on December 31, 2009, the following is the composition of the Shareholders'/Investors' Grievance Committee:

Name of the Committee Member	Position	Category
Mr. K. S. Shah	Chairman	Non- Executive Independent Director
Mr. Anandh Balasundaram	Member	Managing Director

During the year 2009, only one meeting of the Committee was held on April 23, 2009 and both Members were present at the meeting.

b. Name and designation of the Compliance Officer

Mr. N R Srinivasan, Vice President - Legal & Company Secretary is the Compliance Officer of the Company.

c. Details of Shareholders'/Investors' complaints:

The Committee looks into inter-alia redressal of Shareholders'/ Investors' complaints. All complaints /grievances were also placed before the Board for information. Based on information provided by the Company's Registrar & Share Transfer Agents, the status of Investor's Grievances for the financial year 2009 is:

Particulars	Non-receipt Dividend Warrant(s)	Non-receipt of refund Order/ Allotment Letter	Non-receipt of Share Certificate(s)	Non-receipt of Annual Report	Total No. of Complaints received	Complaints pending
Direct	14	Nil	2	8	24	Nil
Through Stock Exchange/ SEBI	1	Nil	Nil	Nil	1	Nil

d. Share Transfer Committee:

In addition to the above, the Board also has a Share Transfer Committee comprising Mr. Anandh Balasundaram, Mr. S. J. V. Chelliah and Mr. N R Srinivasan as Members. The Chairman is elected at each meeting. The Share Transfer Committee deals with matters relating to transfers / transmissions /

transposition / consolidation / deletion of name / issue of share certificates in exchange for sub-divided / consolidated / defaced share certificates / issue of duplicate share certificates, rematerialization of shares, etc.

The meetings of the Share Transfer Committee are need based. Thirteen meetings of the said Committee were held during the year under review, viz., on February 06, 2009, March 06, 2009, April 15, 2009, May 26, 2009, June 23, 2009, July 14, 2009, July 30, 2009, August 13, 2009, September 1, 2009, September 15, 2009, October 14, 2009, November 14, 2009 and December 23, 2009.

The Minutes of the Share Transfer Committee Meetings are noted at the Board Meetings.

6. General Meetings

a. Date, time and location of the last 3 Annual General Meetings held:

Date	Year	Type	Venue	Time
May 18, 2009	2008	30 th Annual General Meeting	Taj West End Hotel, Bangalore	3:00 P.M.
April 28, 2008	2007	29 th Annual General Meeting	The Grand Ashok, Bangalore	2:30 P.M.
April 30, 2007	2006	28 th Annual General Meeting	Taj West End Hotel, Bangalore	11:00 A.M.

b. Whether any special resolutions passed in the previous 3 Annual General Meetings:

All resolutions moved at the last Annual General Meeting were passed by a show of hands by majority of members attending the meeting. The following are the Special Resolutions passed at the Annual General Meetings held in the past 3 years:

Date of AGM/EGM	Whether Special Resolution passed	Summary
April 30, 2007	Yes	Renewal of the Special Resolution passed by the shareholders for payment of Commission (exclusive of the sitting fees paid) to Non-Executive Directors, not exceeding in the aggregate 1% or 3% of the net profits of the Company, in accordance with Section 309 of the Companies Act, 1956, and as the Board may, from time to time, decide.

c. Whether special resolutions were put through Postal Ballot last year, details of the voting pattern, person who conducted the Postal Ballot exercise, proposed to be conducted through Postal Ballot and procedure for Postal Ballot:

None

7. Disclosures

The Audit Committee is briefed on the related party transactions undertaken by the Company.

(i) Materially significant related party transactions during the year ended December 31, 2009.

Name of the Entity	Relationship	Nature of transaction	Amount (Rs.)
AstraZeneca Pharmaceuticals AB, Sweden	Holding Company	i) Dividend Payment ii) Interest on debentures iii) Redemption of debentures	337,499,250 1,232,874 562,498,750
AstraZeneca AB, Sweden	Holding Company of AstraZeneca Pharmaceuticals AB, Sweden	i) Purchase of Raw Materials and traded goods ii) Payment towards Royalty iii) Payment towards reimbursement of expenses iv) Receipts towards reimbursement of expenses v) Service Income vi) Sale of Goods	104,892,559 2,692,071 2,108,756 4,637,655 111,120,847 80,411,656
AstraZeneca UK Ltd., United Kingdom	Parent company of AstraZeneca AB, Sweden	i) Purchase of Raw materials and traded goods ii) Payment towards reimbursement of expenses iii) Receipts towards reimbursement of expenses	452,438,617 7,226,561 69,377,921
AstraZeneca Pty Ltd., Australia	Group Company	Purchase of traded goods	12,497,568
AstraZeneca GIA-Asia Pacific, Malaysia	Group Company	Sale of Goods	95,078,837
AstraZeneca Singapore Pte Ltd.	Group Company	i) Receipts towards reimbursement of expenses ii) Payment towards reimbursement of expenses	93,947,453 1,597,851
AstraZeneca India Pvt Ltd.	Group Company	i) Payment towards reimbursement of expenses ii) Receipts towards reimbursement of expenses iii) Rent expenses	2,331,192 130,171 17,141,697
IPR Pharmaceuticals INC	Group Company	Purchase of Raw Materials	62,088,970
AstraZeneca Thailand	Group Company	i) Payment towards reimbursement of expenses ii) Receipts towards reimbursement of expenses	41,013 23,782
AstraZeneca Belgium	Group Company	Receipts towards reimbursement of expenses	518,054

Name of the Entity	Relationship	Nature of transaction	Amount (Rs.)
AstraZeneca China	Group Company	Payment towards reimbursement of expenses	520,798
Astrazeneca Pharmaceutical-USA	Group Company	Receipts towards reimbursement of expenses	534,477
Anandh Balasundaram	Managing Director	Managerial Remuneration	12,974,087

There were no material individual transactions with related parties which were not in the normal course of business. Further there were no material individual transactions with related party or others, which were not at arm's length basis.

- (ii) The Senior Management has made disclosures to the Board that none of the material, financial and commercial transactions with any of the parties were in conflict with their personal interest.
- (iii) The Company follows Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. The Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- (iv) Details of non-compliance by the Company, penalties, structures imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during the last three years:

During the year ended December 31, 2004, a letter was received from Securities and Exchange Board of India (SEBI) on violation of Takeover Regulations – Settlement of Consent Order for violation of Regulations 6(2) and 6(4) for 1997 and 8(3) for 1998 and 2000 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The Company has responded appropriately denying any violation of Regulations 6(2) and 8(3). SEBI is yet to respond to the Company's letter.

During the year ended December 31, 2004, the Company received a letter from the Stock Exchange, Mumbai, on non-compliance of Clause 40A of Listing Agreement, relating to minimum public shareholding. A detailed reply was sent to the Stock Exchange denying non-compliance by the Company of Clause 40A of the Listing Agreement.

- (v) The Company has a process in place that meets the objectives of the Whistle Blowing Policy. In the opinion of the Board, there are no cases where a person was denied access to the Audit Committee.
- (vi) The Managing Director (CEO) and the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the year ended December 31, 2009.
- (vii) The Company has complied with all mandatory requirements. Adoption of non-mandatory requirements is given later in this Report.

8. Means of Communication

- The quarterly, half yearly and annual financial results of the Company were sent to the Stock Exchanges immediately after the Board approved, first by fax followed by courier. The same were published in 'The Business Standard' (English) and 'Hosadigantha'(Kannada) newspapers.
- The financial results are displayed on the website of the Company at www.astrazenecaindia.com.
- The website also displays official news releases. In the current period, the Company has not made any presentation to institutional investors or to analysts.

9. Shareholder Information

(i) Annual General Meeting:

Date & Time of AGM	Thursday, May 20, 2010 at 3:30 P.M.
Venue	The Ball Room, The Taj West End Hotel
Financial Year	2009
Book Closure Date	Saturday, May 8, 2010 to Thursday, May 20, 2010
Dividend Payment Date	If approved, payment on or before Saturday, June 19, 2010.

(ii) Financial Calendar & announcement of financial results

The Board of Directors at their meeting held on February 23, 2010 had approved the change in the Company's accounting year from 'January-December' to 'April-March'. Accordingly the next financial accounts and annual report shall be for a period of 15 months i.e. from January 2010 to March 2011.

First Quarter Results	On or before April 30, 2010
Second Quarter Results	On or before July 31, 2010
Third Quarter Results	On or before October 31, 2010
Fourth Quarter Results	On or before January 31, 2011
Fifth Quarter & Annual Results	On or before June 30, 2011

(iii) Listing of Shares

The Company's Shares are listed on:

Bangalore Stock Exchange Limited (BgSE)

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

Bombay Stock Exchange Limited, (BSE)

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

National Stock Exchange of India Limited (NSE)

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

Listing fees for the financial year 2009-10 have been paid to all the above Stock Exchanges.

(iv) Stock Code

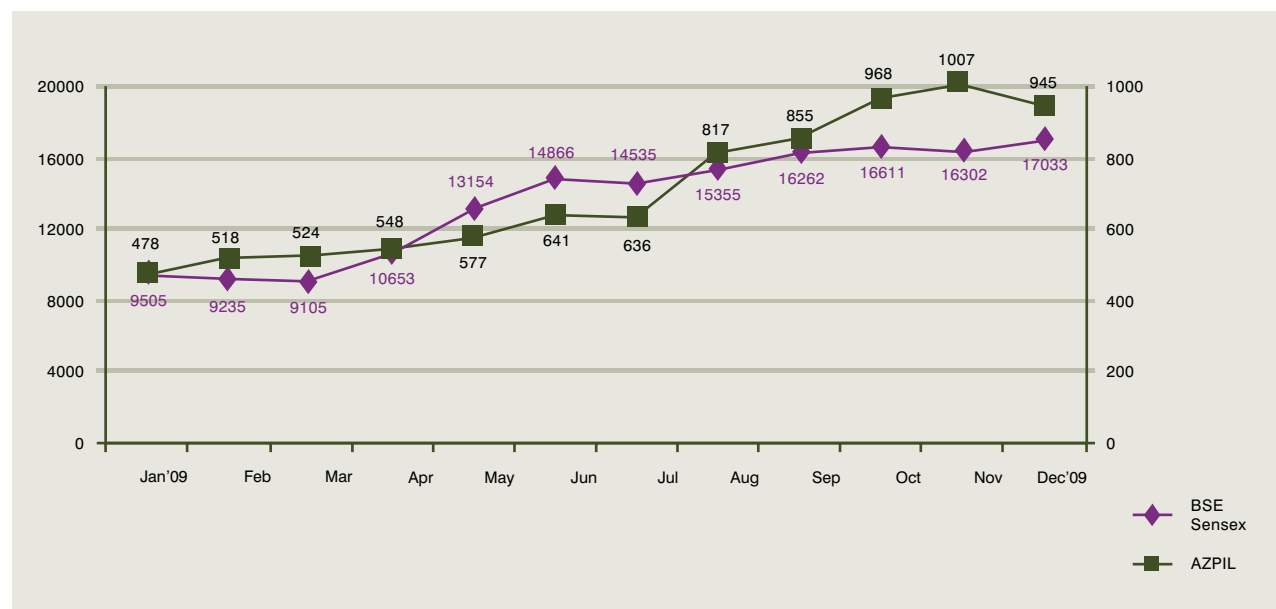
Bangalore Stock Exchange Limited	ASTRAZEN
Bombay Stock Exchange Limited	506820
National Stock Exchange of India Limited	ASTRAZEN
ISIN for NSDL and CDSL	INE203A01020

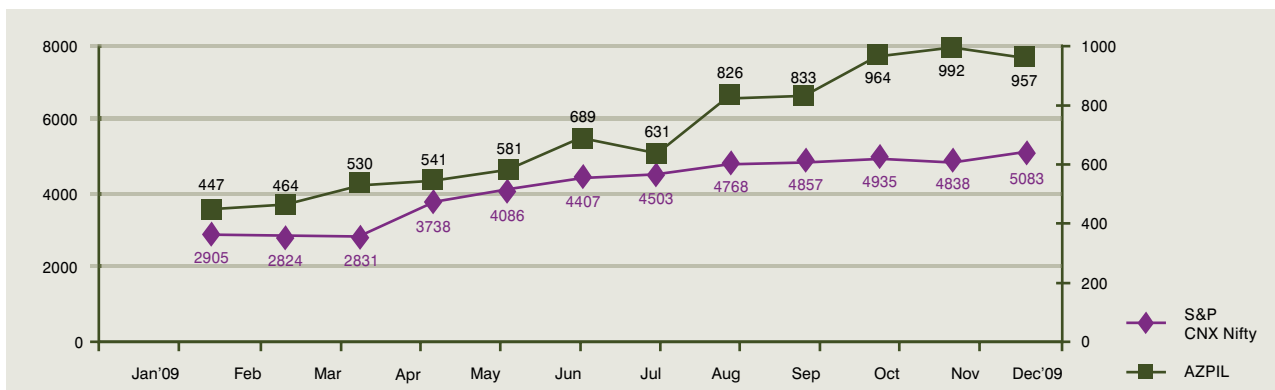
(v) Market Price Data: High, Low during each month in the financial year 2009

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

Period	Bombay Stock Exchange (Rs.)		BSE Sensex Index		National Stock Exchange (Rs)		NSE S&P CNX Nifty Index	
	High	Low	High	Low	High	Low	High	Low
January '09	515.00	440.10	10335.93	8674.35	518.00	375.65	3147.20	2661.65
February	615.00	421.00	9647.47	8822.06	550.00	378.90	2969.75	2677.55
March	575.00	472.00	10048.49	8160.40	588.80	472.10	3123.35	2539.45
April	580.00	515.00	11403.25	9901.99	580.00	501.00	3517.25	2965.70
May	654.00	500.00	14625.25	11682.99	651.95	510.05	4509.40	3478.70
June	679.10	603.00	15466.81	14265.53	771.40	606.00	4693.20	4143.25
July	703.00	570.10	15670.31	13400.32	700.00	562.00	4669.75	3918.75
August	950.00	683.00	15924.23	14784.92	965.00	687.00	4743.75	4353.45
September	917.95	791.00	17126.84	15398.33	912.90	752.20	5087.60	4576.60
October	1,109.00	826.70	17326.01	15896.28	1098.00	830.00	5181.95	4687.50
November	1,098.00	915.00	17198.95	15404.94	1078.85	904.30	5138.00	4538.50
December '09	990.00	900.00	17464.81	16601.20	1,052.95	862.00	5221.85	4943.95

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

(vi) Performance of the Company's equity shares in comparison to BSE Sensex and S&P CNX Nifty Index during the financial year 2009:



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

The shares of the Company have not been traded on the Bangalore Stock Exchange during the year.

(vii) Registrar & Share Transfer Agents

M/s. Alpha Systems Private Limited,
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bangalore – 560 003
Tel: (080) 23460815-18

Fax: (080) 23460819

(viii) Share Transfer System

All the transfers received in physical form are processed and approved by the Share Transfer Committee of the Board. The Company's Registrar & Share Transfer Agents, M/s Alpha Systems Private Limited has adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as required from time to time.

In compliance with the Listing / SEBI Guidelines –

- a Practicing Company Secretary carries out Secretarial Audit on 'Dematerialized shares and shares in Physical form' every quarter and the necessary Reports issued by him are filed with the Stock Exchanges. The shares in Dematerialized form and Physical form tally with the issued/paid-up capital of the Company.
- a Practicing Company Secretary carries out a Due Diligence survey, pertaining to share transfers, transmissions etc., every six months and necessary certificates to that effect are issued and the same are filed with the Stock Exchanges.
- Shareholding Pattern and financial results are being uploaded in 'Electronic Data Information Filing and Retrieval' (EDIFAR) quarterly and Annual Report annually.

(ix) Distribution of Shareholding as on December 31, 2009

No. of equity shares held	No. of Shares	%	No. of Shareholders	%
Upto 5,000	1784729	7.14	6997	99.60
5,001 to 10,000	66771	0.27	10	0.14
10,001 to 20,000	109924	0.44	8	0.11
20,001 to 30,000	47141	0.19	2	0.03
30,001 to 40,000	76428	0.31	2	0.03
40,001 to 50,000	0	0.00	0	0.00
50,001 to 100,000	131654	0.53	2	0.03
100,001 and above	22783353	91.12	4	0.06
Total	25000000	100.00	7025	100.00

(x) Shareholding pattern as on December 31, 2009

Particulars	Physical Holdings	Electronic Holdings	Total Holdings	Percentage to the total shareholding
AstraZeneca Pharmaceuticals AB	13394850	9105100	22499950	89.99
Banks	125	250	375	0.00
Trusts	0	275	275	0.00
Mutual Funds	0	283403	283403	1.13
FII's	0	0	0	0
Non-Resident Indians	2250	34234	36484	0.15
Indian Corporate Bodies	3375	91685	95060	0.38
Directors and their Relatives	5	1515	1520	0.01
Others – Public	703680	1366934	2070614	8.29
Demat shares pending settlement (In clearing member A/c)	0	12319	12319	0.05
Total	14104285	10895715	25000000	100.00
Percentage	56.42	43.58	100.00	

(xi) Dematerialization of shares and liquidity

43.58% of total equity capital is held in dematerialized form with National Securities Depository Limited and Central Depository Securities (India) Limited.

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

None

(xiii) Plant location

The Company's plant is located at:
12th Mile on Bellary Road
Kattigenahalli Village
Yelahanka, Bangalore - 560 063

(xiv) Company's Address for correspondence

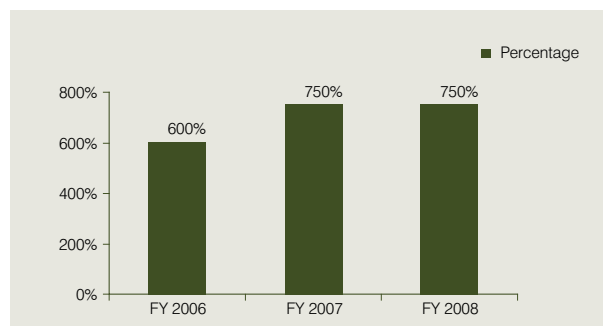
Company Secretary / Compliance Officer
AstraZeneca Pharma India Limited
'Avishkar', Off Bellary Road, Hebbal
Bangalore 560 024 - Karnataka.
Tel: (080) 23622020 – 27
Email: comp.secy@astrazeneca.com

Fax: (080) 23622015

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

(xv) Dividend declared in earlier years

Dividend for the year	Percentage
2006	600%
2007	750%
2008	750%



(xvi) Nomination Facility

The Companies (Amendment) Act, 1999 introduced through Section 109A, the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all holders holding the shares / debentures / deposits in single name.

Investors are advised to avail of this facility, especially investors holding securities in single name, to avoid the lengthy process of transmission formalities.

The nomination form may be availed on request from the Company / Registrar & Share Transfer Agents. However, if the shares are held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.

NON-MANDATORY REQUIREMENTS

(i) Shareholders Rights

The quarterly, half-yearly and annual financial results, after they are approved by the Board of Directors, are forthwith sent to the Stock Exchanges where Company's shares are listed. The results, in prescribed proforma, are published in 'The Business Standard' (English) and 'Hosadigantha' (Kannada) newspapers, although the same was not sent separately to shareholders residence.

(ii) Audit Qualifications

The same has been covered in the Directors' Report.

(iii) Training of Board Members/ Mechanism for evaluating non executive Board Members

All the Non-Executive (including independent) Directors are senior professionals in Legal, Finance and Sales and Marketing. Several are also members on the Board of other Companies. All of them actively take part in the deliberations of the Board Meeting and contribute effectively to the business. In the opinion of the Board, neither training of Board members nor any evaluation is required.

(iv) Whistle Blowing Policy

A Whistle Blowing Policy of the Company exists from Year 2004. This has been effectively communicated to all the employees across the Company. All complaints received under the Whistle Blowing Policy are investigated and action taken where appropriate. A Whistle Blower has a right to approach the Chairman of the Audit Committee whose contact details are included in the policy.

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

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's web site.

I confirm that the Company has in respect of the financial year ended December 31, 2009, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, the Company Secretary and employees in the Vice President cadre as on December 31, 2009.

On behalf of the Board of Directors

ANANDH BALASUNDARAM
MANAGING DIRECTOR

Place: Ramnagar

Date: February 23, 2010

Auditors' Certificate

To the Members of AstraZeneca Pharma India Limited

We have examined the compliance of conditions of Corporate Governance by AstraZeneca Pharma India Limited ("the Company"), for the year ended on 31 December 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

for **B S R & Co.**

Chartered Accountants

Rajesh Arora

Partner

Membership No.: 76124

Place: Ramnagar

Date: February 23, 2010

Auditors' Report

To the Members of AstraZeneca Pharma India Limited

We have audited the attached balance sheet of AstraZeneca Pharma India Limited ("the Company") as at 31 December 2009, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors of the Company as on 31 December 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the balance sheet, of the state of affairs of the Company as at 31 December 2009;
 - b. in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

for **BSR & Co.**

Chartered Accountants

Rajesh Arora

Partner

Membership No. 76124

Place: Ramnagar

Date: 23 February 2010

Annexure to the Auditors' Report

Annexure referred to in the Auditors' Report to the Members of AstraZeneca Pharma India Limited ("the Company") for the year ended 31 December 2009. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods - in - transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regards to the explanation that purchases of certain items of inventory are for the Company's specialised requirements and similarly certain goods sold are for specialised requirements of the buyer and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for purchases of certain items of inventories which are for the Company's specialised requirements and similarly for sale of certain goods and services for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of bulk drugs and formulations and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. With respect to Sales Tax, except for amounts as mentioned below, the amounts deducted/ accrued in the books of accounts have been generally regularly deposited with the appropriate authorities though there has been slight delays in a few cases.

Further, since the Central Government has till date not prescribed the amount of Cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

According to the information and explanations given to us, *except for sales tax dues aggregating to Rs. 11,631,873* no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears as at 31 December 2009 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Wealth Tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Sales tax, Customs Duty, Excise Duty and Service Tax, have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	698,427	1996-1997 to 1999-2000	Customs Excise and Service tax Appellate tribunal, Bangalore
Chapter V of Finance Act, 1994	Service tax	47,712	1 July 2001 to 15 August 2002	Deputy Commissioner, Service tax, Bangalore
Chapter V of Finance Act, 1994	Service tax	543,460	16 November 1997 to 2 June 1998	Commissionerate-Service Tax, Bangalore

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	406,677	August 1998 to July 1999	Customs Excise and Service Tax Appellate Tribunal, Bangalore
Customs Act, 1962	Customs duty	21,248,482	2006	Deputy Commissioner, Customs, Mumbai

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its debenture holders. The Company did not have any outstanding dues to any financial institution or banks during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us, the Company is not a chit fund/ nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company had created a charge in respect of debentures issued in the previous year, which has been released during the current year.

- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Co.**

Chartered Accountants

Rajesh Arora

Partner

Membership No. 76124

Place: Ramnagar

Date: 23 February 2010

AstraZeneca Pharma India Limited

Balance Sheet as at 31st December 2009

(Amount in Rs.)

	Schedule	As at 31 December 2009	As at 31 December 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	50,000,000	50,000,000
Reserves and surplus	3	1,395,182,402	1,111,497,461
Secured loans	4	-	625,000,000
		1,445,182,402	1,786,497,461
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	828,039,608	810,658,920
Less: Accumulated depreciation		(527,857,308)	(507,014,424)
Net block		300,182,300	303,644,496
Capital work-in-progress		3,254,237	859,124
		303,436,537	304,503,620
Investments	6	56,916	56,916
Deferred tax asset, net	17(11)	29,400,014	23,711,601
Current assets, loans and advances			
Inventories	7	352,000,803	340,064,002
Sundry debtors	8	682,060,613	501,362,441
Cash and bank balances	9	682,353,768	1,438,039,453
Loans and advances	10	262,602,541	199,309,876
Other current assets	11	26,754,838	80,512,440
		2,005,772,563	2,559,288,212
Current liabilities and provisions			
Current liabilities	12	461,985,715	475,016,509
Provisions	13	431,497,913	626,046,379
		893,483,628	1,101,062,888
Net current assets		1,112,288,935	1,458,225,324
		1,445,182,402	1,786,497,461
Significant accounting policies			
Notes to the accounts			

The Schedules referred to above form an integral part of the balance sheet.

As per our report attached
for **B S R & Co.**
Chartered Accountants

Rajesh Arora
Partner
Membership No. 76124

Place: Ramnagar
Date: 23 February 2010

for and on behalf of the Board of Directors

D E Udwadia
Chairman

N R Srinivasan
Company Secretary

Place: Ramnagar
Date: 23 February 2010

Anandh Balasundaram
Managing Director

SJV Chelliah
Chief Financial Officer

AstraZeneca Pharma India Limited

Profit and Loss account for the year ended 31st December 2009

(Amount in Rs.)

	Schedule	For the year ended 31 December 2009	For the year ended 31 December 2008
Income			
Gross sales		3,935,564,383	3,582,708,506
Less: Excise duty		(80,352,668)	(185,023,528)
Net sales		3,855,211,715	3,397,684,978
Service income		111,120,847	144,961,874
Other income	14	57,439,751	138,757,703
		4,023,772,313	3,681,404,555
Expenditure			
Materials cost	15	1,209,593,991	995,071,220
Other expenses	16	1,868,120,269	1,425,179,974
Depreciation	5	60,766,684	68,763,008
Interest on debentures		1,369,863	48,630,137
		3,139,850,807	2,537,644,339
Profit before tax		883,921,506	1,143,760,216
Provision for tax:			
Current tax		309,920,374	395,205,470
Wealth tax		150,438	151,541
Deferred tax credit		(5,688,413)	(6,448,622)
Fringe benefit tax		3,366,666	16,500,000
		307,749,065	405,408,389
Profit for the year		576,172,441	738,351,827
Balance in profit and loss account brought forward		409,201,625	495,916,231
Amount available for appropriation		985,374,066	1,234,268,058
Appropriations			
Transfer to general reserve		57,617,244	73,835,183
Transfer to debenture redemption reserve		-	312,500,000
Transfer from debenture redemption reserve		(312,500,000)	-
Proposed dividend		250,000,000	375,000,000
Tax on proposed dividend		42,487,500	63,731,250
Balance in profit and loss account carried forward		947,769,322	409,201,625
		985,374,066	1,234,268,058
Earnings per share (equity shares, par value Rs 2 each)	17(7)		
- Basic and diluted		23.05	29.53
Significant accounting policies	1		
Notes to the accounts	17		

The Schedules referred to above form an integral part of the profit and loss account.

As per our report attached
for **B S R & Co.**
Chartered Accountants

for and on behalf of the Board of Directors

Rajesh Arora
Partner
Membership No. 76124

D E Udwadia
Chairman

Anandh Balasundaram
Managing Director

N R Srinivasan
Company Secretary

SJV Chelliah
Chief Financial Officer

Place: Ramnagar
Date: 23 February 2010

Place: Ramnagar
Date: 23 February 2010

AstraZeneca Pharma India Limited

Cash flow statement for the year ended 31st December 2009

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
A) Cash flow from operating activities:		
Net profit before tax	883,921,506	1,143,760,216
Adjustments for :		
Depreciation	60,766,684	68,763,008
Interest income		
- on deposits	(35,809,845)	(99,453,692)
- on income-tax refund	-	(6,132,404)
Interest on debentures	1,369,863	48,630,137
Loss on sale of fixed assets, net	5,489,661	2,991,698
Dividend income	-	(300)
Operating profit before working capital changes	915,737,869	1,158,558,663
Adjustments for:		
Increase in trade and other receivables	(250,445,961)	(55,277,673)
Increase in inventories	(11,936,801)	(102,185,016)
Increase in current liabilities and provisions	28,443,630	135,485,618
Cash generated from operations	681,798,737	1,136,581,592
Interest received on income-tax refund	-	6,132,404
Direct taxes paid, net of refund	(347,666,508)	(313,567,524)
Fringe benefit tax paid	(8,418,107)	(12,664,920)
Net cash from operating activities (A)	325,714,122	816,481,552
B) Cash flow from investing activities:		
Interest received	87,814,814	97,967,739
Purchase of fixed assets	(71,190,100)	(48,273,472)
Sale of fixed assets	5,281,605	2,932,434
Sale of investments	-	9,500
Dividend received	-	300
Net cash from investing activities (B)	21,906,319	52,636,501

AstraZeneca Pharma India Limited

Cash flow statement for the year ended 31st December 2009

(Continued)

(Amount in Rs)

	For the year ended 31 December 2009	For the year ended 31 December 2008
C) Cash flow used in financing activities:		
Dividend paid	(373,884,235)	(371,483,253)
Tax on dividend paid	(63,731,250)	(169,950,000)
Repayment of debentures	(621,490,844)	-
Interest on debentures	(49,719,268)	-
Net cash used in financing activities (C)	(1,108,825,597)	(541,433,253)
D) Net (decrease) / increase in cash and cash equivalents (A+B+C)	(761,205,156)	327,684,800
E) Cash and cash equivalents as at the beginning of the year *	1,438,039,453	1,110,354,653
F) Cash and cash equivalents as at the end of the year (D+E) *	676,834,297	1,438,039,453

[Net of book overdraft of Rs 5,519,471 (previous year Rs Nil) included in Schedule 12]

* Refer to Schedule 9 to the financial statements

As per our report attached
for **B S R & Co.**
Chartered Accountants

for and on behalf of the Board of Directors

Rajesh Arora
Partner
Membership No. 76124

D E Udwadia
Chairman

Anandh Balasundaram
Managing Director

N R Srinivasan
Company Secretary

SJV Chelliah
Chief Financial Officer

Place: Ramnagar
Date: 23 February 2010

Place: Ramnagar
Date: 23 February 2010

AstraZeneca Pharma India Limited

Schedules to the Accounts

1 Significant Accounting Policies

(i) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and mandatory Accounting Standards ('AS') prescribed by Companies (Accounting Standards), Rules 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

(ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

(iii) Revenue recognition

Revenue from sale of goods (including sale of scrap) is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amount recognised as sale is exclusive of sales tax and net of trade discounts and sales returns. Sales are presented both gross and net of excise duty.

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

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

The Company derives its rental income from group companies for the assets leased. Income is accrued based on the agreement entered.

(iv) Fixed assets and capital work-in-progress

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Intangible assets are recorded at their acquisition cost.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

(v) Depreciation

Depreciation on fixed assets is provided on the straight-line method, based on useful lives of assets as estimated by management.

AstraZeneca Pharma India Limited Schedules to the Accounts (Continued)

Management's estimate of the useful lives of fixed assets is as follows:

	Years
Buildings	6 to 20
Roads and culverts	10
Plant and machinery	5 to 10
Vehicles	5
Furniture and fixtures	10
Office equipment	2 to 10

License for use and application of know-how and trademark is being amortised on straight-line method over its useful life of 60 months as specified in the contract, from the date it was available for use.

Pro-rata depreciation is provided on all assets purchased and sold during the year. Assets costing individually Rs 5,000 or less are depreciated fully in the year of purchase.

(vi) Impairment of assets

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

(vii) Foreign exchange transactions

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date, the resultant exchange differences are recognised in the profit and loss account.

(viii) Employee benefits

Contribution to provident and pension funds, which are defined contribution schemes, are charged to the profit and loss account on an accrual basis.

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

Liability for gratuity, which is a defined benefit, is provided based on an actuarial valuation at the balance sheet date, carried out by an independent actuary using projected unit credit method and charged to the

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

profit and loss account. The Company makes contributions towards gratuity into the approved gratuity fund administered by ICICI Prudential Life Insurance.

Liability for compensated absences, which is a defined benefit, is provided on the basis of an actuarial valuation and is charged to the profit and loss account on an accrual basis.

(ix) Investments

Long-term investments are stated at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

(x) Other current assets

Stock of samples have been valued at cost, as in the ordinary course of business they have a realisable value at least equal to cost.

(xi) Inventories

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present location and condition.

The comparison of cost and net realisable value is made on an item-by-item basis.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

The methods of determination of cost of various categories of inventories are as follows:

(i) Raw materials and packing materials	Monthly moving weighted average cost
(ii) Work-in-process and finished goods (Manufactured)	Weighted average cost of production. Fixed production overheads are allocated on the basis of normal capacity of production facilities
(iii) Traded goods	Weighted average cost
(iv) Goods in transit	Actual cost

(xii) Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires outflow of resources and a reliable estimate can be made of the amount of the obligation.

The disclosure of contingent liability is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require outflow of resources.

No provision or disclosure is made when, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of outflow of resources is remote.

AstraZeneca Pharma India Limited Schedules to the Accounts (Continued)

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(xiii) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets/ liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Income-tax expense also comprises Fringe Benefit Tax (FBT) for the period until 31 March 2009. Provision for FBT until March 31, 2009 is made based on the tax liability computed in accordance with the provisions of Income-tax Act, 1961. Effective 1 April 2009, no provision for FBT is made as FBT stands abolished as per the Finance Act, 2009.

(xiv) Earnings per share

The basic earnings per share is computed by dividing the net profit or loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

(xv) Leases

Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

(xvi) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

(xvii) Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is depreciated over the estimated useful lives of the related assets.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
2 Share capital		
Authorised		
25,000,000 (previous year: 25,000,000) equity shares of Rs 2 each	50,000,000	50,000,000
Issued, subscribed and paid up		
25,000,000 (previous year: 25,000,000) equity shares of Rs 2 each [Of the above 12,500,000 (previous year: 12,500,000) equity shares of Rs 2 each were allotted as fully paid-up bonus shares by capitalisation of general reserve] [Of the above, 22,499,950 (previous year: 22,499,950) equity shares of Rs 2 each are held by the holding company AstraZeneca Pharmaceuticals AB, Sweden. AstraZeneca PLC, United Kingdom is the ultimate holding company.]	50,000,000	50,000,000
	50,000,000	50,000,000
3 Reserves and surplus		
Debenture redemption reserve		
At the commencement of the year	312,500,000	-
Additions during the year	-	312,500,000
Utilised during the year	(312,500,000)	-
	-	312,500,000
General reserve		
At the commencement of the year	389,795,836	1,047,179,403
Additions during the year	57,617,244	73,835,183
Utilised during the year (refer to note 20 of schedule 17)		
- Issue of 8% redeemable non-convertible bonus debentures	-	(625,000,000)
- Payment of tax on deemed dividend	-	(106,218,750)
	447,413,080	389,795,836
Profit and loss account	947,769,322	409,201,625
	1,395,182,402	1,111,497,461
4 Secured loans		
Nil (previous year: 25,000,000) 8% Redeemable non-convertible bonus debentures of Rs 25 each. (refer to note 20 of Schedule 17)	-	625,000,000
(The above debentures were secured by way of first mortgage created on immovable property situated in Mehsana district, Gujarat and lien over the deposits with scheduled bank amounting to Rs 691,039,375. The above debentures have been redeemed in the current year and consequently the charge has been released).		
	-	625,000,000

AstraZeneca Pharma India Limited

Schedules to the Accounts

5 Fixed assets

(Amount in Rs)

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 1 January 2009	Additions	Deletions	As at 31 December 2009	Charge	Deletions	As at 31 December 2009	As at 31 December 2008
Tangible assets								
Freehold land	5,073,921	-	-	5,073,921	-	-	5,073,921	5,073,921
Buildings	132,167,877	-	2,324,771	129,843,106	5,202,871	1,936,955	68,179,975	73,770,662
Roads and culverts	2,015,544	-	-	2,015,544	35,756	-	133,497	169,253
Plant and machinery	466,255,095	33,358,292	4,500,380	495,113,007	28,046,887	4,254,527	154,335,323	149,269,771
Vehicles	32,784,125	7,825,288	2,560,568	38,048,845	6,142,504	1,982,647	18,008,722	16,903,859
Furniture and fixtures	28,231,318	3,427,379	2,116,781	29,541,916	1,958,958	1,873,323	9,492,815	8,267,852
Office equipment	114,062,591	23,464,795	39,192,566	98,334,820	13,366,018	29,876,348	38,054,661	37,272,102
Total	780,590,471	68,075,754	50,695,066	797,971,159	54,752,994	39,923,800	293,278,914	290,727,420
Intangible assets								
Technical know-how and trademark	30,068,449	-	-	30,068,449	6,013,690	-	6,903,386	12,917,076
Total	30,068,449	-	-	30,068,449	6,013,690	-	6,903,386	12,917,076
Grand total	810,658,920	68,075,754	50,695,066	828,039,608	60,766,684	39,923,800	300,182,300	303,644,496
Previous year	828,345,871	47,536,979	65,223,930	810,658,920	68,763,008	59,299,798	303,644,496	

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
6 Investments		
Long term		
Trade, quoted		
Equity shares, fully paid-up		
100 (previous year: 100) equity shares of TTK Healthcare Limited of Rs 10 each	5,325	5,325
100 (previous year: 100) equity shares of Torrent Gujarat Biotech Limited of Rs 10 each	1,935	1,935
	7,260	7,260
Trade, unquoted		
Equity shares, fully paid-up		
100 (previous year: 100) equity shares of Dee Pharma Limited of Rs 10 each	3,568	3,568
100 (previous year: 100) equity shares of Mesco Pharmaceuticals Limited of Rs 10 each	3,768	3,768
100 (previous year: 100) equity shares of SOL Pharmaceuticals Limited of Rs 10 each	7,820	7,820
	15,156	15,156
Non trade, unquoted		
Others		
National Savings Certificates	34,500	34,500
Total unquoted investments	49,656	49,656
	56,916	56,916
Market value of quoted investments	40,300	10,530
7 Inventories		
Raw materials	64,450,683	45,364,485
Raw materials-in-transit	2,527,335	-
Packing materials	18,440,972	22,672,880
Work-in-process	51,161,286	48,795,500
Finished goods		
- Manufactured	89,966,226	82,584,480
- Traded	125,454,301	140,646,657
	352,000,803	340,064,002
8 Sundry debtors		
Unsecured		
Debtors outstanding for a period exceeding six months		
- Considered good	5,912,788	5,719,066
- Considered doubtful	32,534,067	23,975,045
Other debts, considered good	676,147,825	495,643,375
	714,594,680	525,337,486
Provision for doubtful debts	(32,534,067)	(23,975,045)
	682,060,613	501,362,441
<i>Debts due from companies under the same management</i>		
AstraZeneca AB, Sweden	28,818,555	56,072,035

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
AstraZeneca, Malaysia	74,981,980	1,844,117
9 Cash and bank balances		
Cash on hand	240,500	240,500
Balances with scheduled banks		
- Current and cash credit accounts	-	7,551,467
- Exchange earners foreign currency account	2,275,876	632,921
- Unclaimed dividend accounts, redeemable debentures and interest on debentures	16,207,466	11,301,813
- Deposit accounts	663,629,926	1,418,312,752
[Deposits include Rs 9,436,611 (previous year: Rs.6,639,659) pledged with bank as margin money against guarantees issued and Rs Nil (previous year: Rs 691,039,375) pledged against 8 % redeemable non-convertible bonus debentures.]		
	682,353,768	1,438,039,453
10 Loans and advances		
Secured, considered good		
Advances recoverable in cash or in kind or for value to be received	21,342,277	19,275,568
Unsecured		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	213,383,342	148,839,571
- Considered doubtful	5,957,815	5,957,815
	219,341,157	154,797,386
Less: Provision for doubtful advances	(5,957,815)	(5,957,815)
	234,725,619	168,115,139
Others, unsecured, considered good		
Advance tax, net of provision for tax	18,679,607	30,987,365
Fringe benefit tax, net of provision for tax	4,100,001	-
Balance with excise authorities	5,097,314	207,372
	262,602,541	199,309,876
<i>Amount due from companies under the same management</i>		
AstraZeneca Singapore Pte Limited	5,904,588	3,591,644
AstraZeneca India Private Limited	14,330,171	14,000,000
AstraZeneca PLC, United Kingdom	4,538,991	4,263,040
AstraZeneca, Indonesia	20,543	20,543
AstraZeneca Philippines	60,971	60,971
AstraZeneca, Malaysia	-	852,924
AstraZeneca, Belgium	518,054	2,289,772
AstraZeneca, Sweden	1,009,449	-
AstraZeneca Pharmaceuticals LP USA	534,477	-
AstraZeneca, Thailand	23,781	-

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
<i>Maximum amount due from the Companies under the same management</i>		
AstraZeneca Singapore Pte Limited	51,895,486	5,322,289
AstraZeneca India Private Limited	14,330,171	14,193,148
AstraZeneca PLC, United Kingdom	40,467,386	48,678,247
AstraZeneca Indonesia	20,543	3,772,782
AstraZeneca Philippines	60,971	60,971
AstraZeneca, Malaysia	852,924	990,445
AstraZeneca, Belgium	2,289,772	2,289,772
AstraZeneca, Sweden	4,637,678	-
AstraZeneca Pharmaceuticals LP USA	534,477	-
AstraZeneca, Thailand	23,781	-
11 Other current assets		
Stock of samples	5,913,592	7,666,225
Compensation receivable from NHAI for sale of land (Refer to note 2 to Schedule 17)	19,691,797	19,691,797
Interest accrued but not due on deposits	1,149,449	53,154,418
	26,754,838	80,512,440
12 Current liabilities		
Sundry creditors		
- Due to micro and small enterprises (refer note 18 to Schedule 17)	-	24,090
- Others	121,569,937	74,305,610
Other liabilities		
- Statutory liabilities	22,382,357	30,265,773
- Others	281,202,724	292,770,965
Book overdraft	5,519,471	-
Security deposit on leased asset	9,860,000	9,860,000
Dealers' deposits	5,243,760	7,858,121
Investor Protection and Education Fund shall be credited when due		
- Unclaimed dividends	12,417,578	11,301,813
- Unclaimed redeemable debenture	3,509,156	-
- Unclaimed interest on debenture	280,732	-
Interest accrued and not due on debentures	-	48,630,137
	461,985,715	475,016,509
13 Provisions		
Taxation, net of advance tax	63,953,528	113,856,982
Fringe benefit tax, net of advance tax	1,926,789	2,878,229
Proposed dividend	250,000,000	375,000,000
Tax on proposed dividend	42,487,500	63,731,250
Gratuity	3,417,251	3,681,271
Compensated absences	48,464,363	36,307,229
Provision for contingencies (refer note 21 to Schedule 17)	21,248,482	30,591,418
	431,497,913	626,046,379

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs.)

		For the year ended 31 December 2009	For the year ended 31 December 2008
14 Other income			
Interest on deposits		35,809,845	99,453,692
[Tax deducted at source Rs 8,158,740 (previous year: Rs 25,243,851)]			
Interest on income-tax refund		-	6,132,404
Gain on foreign exchange transactions/ translations, net		-	16,566,795
Rent received		517,550	372,000
Sale of scrap		3,125,784	3,283,867
Dividend from trade investments		-	300
Processing income		-	12,418,515
Miscellaneous income		17,986,572	530,130
		57,439,751	138,757,703
15 Materials cost			
Materials consumed			
Raw materials		325,574,425	306,446,837
Packing materials		131,966,471	146,386,191
	A	457,540,896	452,833,028
Cost of traded goods sold	B	765,968,992	575,751,121
Decrease in manufactured finished goods, work-in-process			
Opening stock			
- Manufactured finished goods		82,584,480	69,987,169
- Work-in-process		48,795,500	39,250,557
		131,379,980	109,237,726
Less: Excise duty on opening stock of finished goods		(13,950,056)	(25,320,731)
Add: Excise duty on closing stock of finished goods		9,781,691	13,950,056
Less: Closing stock			
- Manufactured finished goods		(89,966,226)	(82,584,480)
- Work-in-process		(51,161,286)	(48,795,500)
		(141,127,512)	(131,379,980)
	C	(13,915,897)	(33,512,929)
	A+B+C	1,209,593,991	995,071,220

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
16 Other expenses		
<i>Employee costs</i>		
Salaries, wages and bonus	678,149,253	501,902,391
Contribution to provident and other funds	44,846,405	48,532,743
Workmen and staff welfare	105,298,548	71,292,586
	828,294,206	621,727,720
Travel and conveyance	240,200,407	148,778,079
Conference and symposia	110,679,119	73,637,189
Publicity and literature	80,471,999	61,802,693
Other marketing expenses	101,354,509	56,313,660
Legal and professional fees	113,054,122	37,254,773
Carriage outwards	44,188,020	37,885,788
Clinical trial expenses	79,074,678	132,593,115
Repairs and maintenance		
- Buildings	1,262,174	2,899,692
- Plant and machinery	6,050,062	2,783,330
- Others	17,607,555	20,136,281
Power and fuel	19,612,520	22,508,261
Rent	32,960,017	29,464,815
Stores, spares and loose tools consumed	21,949,501	20,227,502
Communication expenses	20,509,996	16,172,852
Commission	36,251,770	40,429,947
Cost of samples distributed	32,930,542	23,655,678
Excise duty	1,276,614	6,359,244
Provision for doubtful debts, net	8,559,022	10,012,611
Provision for loans and advances, net	-	3,395,763
Printing and stationery	11,947,262	6,296,747
Insurance	6,553,885	4,524,900
Processing charges	8,516,326	7,605,979
Rates and taxes	4,561,557	5,845,257
Discounts	1,111,656	2,495,667
Royalty expenses	2,692,071	1,922,227
Loss on sale/ discard of fixed assets, net	5,489,661	2,991,698
Loss on foreign exchange transactions/ translations, net	5,566,225	-
Miscellaneous expenses	25,394,793	25,458,506
	1,868,120,269	1,425,179,974

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

1. Contingent liabilities and commitments

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
Claims against the Company not acknowledged as debts in respect of:		
a) Demands for payments into the credit of the Drugs Prices Equalisation Account under Drugs (Price Control) Order, 1979*	-	27,891,200
b) Excise and service tax matters	1,696,276	1,696,276
Other commitments/ contingent liability		
a) In respect of bank guarantees	9,436,611	6,639,659
b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	3,481,145	5,702,119
* in the current year a favourable court order has been received.		

2. The net compensation awarded amounting to Rs 19,691,797 by the National Highways Authorities of India (NHAI) vide the award dated 8 March 2004 for acquiring a portion of factory land, has been subsequently reduced to Rs 498,879 by an amended award dated 8 September 2006. The revised compensation is based on the cost at which the land was originally obtained from Karnataka Industrial Area Development Board. The Company has not accepted the amended award and has disputed the same. The Company has invoked the arbitration provision under the National Highways Act, 1956. Additionally the Company has also filed a writ petition before the honourable High Court of Karnataka on 9 October 2007, praying for the quashing of the amended award. As per legal advice received, the Company has adequate grounds for challenging the amended award.
3. Research and development expenditure (including depreciation) amounting to Rs 21,061,982 (previous year: Rs 23,609,724) incurred during the year has been charged to the respective heads of account in the profit and loss account.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

4. Auditors' remuneration (included in legal and professional fees)*

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
Audit fees	3,001,250	3,001,250
Tax audit fees	367,500	367,500
Other taxation matters	685,000	885,000
Other services	-	1,285,000
Reimbursement of out of pocket expenses	383,395	325,860
	4,437,145	5,864,610

* Excludes service tax

5. Managerial remuneration

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
Directors' remuneration		
a) Managing director		
(i) Salary	10,353,490	9,792,989
(ii) Contribution to provident and other funds	1,031,548	882,581
(iii) Perquisites	1,589,049	1,216,969
	12,974,087	11,892,539
b) Non-executive directors		
Commission	1,610,000	1,410,000
	14,584,087	13,302,539
Sitting fees	420,000	380,000
	15,004,087	13,682,539

Managerial remuneration does not include cost of retirement benefits such as gratuity and compensated absences since provision for the same is based on actuarial valuation carried out for the Company as a whole.

Anandh Balasundaram (Managing Director) has been issued 3,500 (Previous year: 3,155) Share Options under the AstraZeneca Share Option Plan by AstraZeneca Plc. The cost incurred by AstraZeneca Plc pursuant to the said AstraZeneca Share Option plan for the year ended 31 December 2009 amounts to Rs 423,967 (previous year: Rs 468,097).

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

6. Computation of net profits in accordance with Section 349 of the Companies Act, 1956

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
Profit before taxation, as per profit and loss account	883,921,506	1,143,760,216
Add:		
Depreciation as per accounts	60,766,684	68,763,008
Managerial remuneration	14,584,087	13,302,539
Sitting fees	420,000	380,000
	75,770,771	82,445,547
Less:		
Depreciation as per Section 350 of the Companies Act, 1956 *	60,766,684	68,763,008
	60,766,684	68,763,008
Net profit under Section 349 of the Companies Act, 1956	898,925,593	1,157,442,755
Maximum managerial remuneration available to the Managing Director including commission restricted to 5% of profits	44,946,280	57,872,138
Actual remuneration to the Managing Director	12,974,087	11,892,539
Maximum managerial remuneration available to other directors, including commission, restricted to 1% of net profits	8,989,256	11,574,428
Actual commission payable to other directors	1,610,000	1,410,000

* Depreciation computed based on useful lives, which are lower than lives as mentioned in Schedule XIV of the Companies Act, 1956.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

7. Earnings per share

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

(Amount in Rs. except number of shares)

	For the year ended 31 December 2009	For the year ended 31 December 2008
Net profit for the year attributable to equity shareholders	576,172,441	738,351,827
Weighted average number of equity shares of Rs 2 each used for calculation of earnings per share	25,000,000	25,000,000
Earnings per share, basic and diluted	23.05	29.53

8. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 (Quantitative information has been compiled from records and technical data in respect of each class of goods manufactured/ purchased by the Company).

8. (a) Details of goods manufactured and traded

Class of goods manufactured

(Amount in Rs.)

	Unit	Opening stock ⁴ as at 1 January 2009		Turnover ^{1,5} for the year ended 31 December 2009		Closing stock ⁴ as at 31 December 2009	
		Quantity	Amount	Quantity	Amount	Quantity	Amount
1. Bulk drugs ²	Tonnes	-	-	2.86 (3.17)	76,899,031 (77,421,261)	-	-
2. Formulations:							
Liquids	Kilo Ltrs	110.85 (91.24)	10,617,330 (9,679,403)	1296.24 (1,715.76)	359,309,529 (478,100,455)	88.64 (110.85)	7,447,603 (10,617,330)
Tablets and Capsules	Million Nos.	37.47 (35.50)	32,123,265 (40,872,293)	421.75 (416.76)	1,214,527,661 (1,026,183,726)	45.08 (37.47)	39,978,957 (32,123,265)
Injectables	Million Nos.	3.20 (1.91)	34,039,218 (19,195,254)	18.23 (18.58)	514,198,550 (491,837,020)	3.26 (3.20)	29,738,108 (34,039,218)
Ointments	Tonnes	13.56 (9.44)	7,041,637 (5,482,725)	195.25 (174.70)	272,641,613 (249,656,213)	20.48 (13.56)	8,999,590 (7,041,637)
Inhalation Products	Million Nos.	0.03 (0.03)	2,472,116 (2,692,244)	0.16 (0.17)	26,139,349 (28,317,337)	0.08 (0.03)	6,451,891 (2,472,116)
Total of class of goods manufactured including samples			86,293,566 (77,921,919)		2,463,715,733 (2,351,516,012)		92,616,149 (86,293,566)

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

Class of goods traded

(Amount in Rs.)

	Unit	Opening stock ⁵ as at 1 January 2009		Turnover ^{1,5} For the year ended 31 December 2009		Closing stock ⁵ as at 31 December 2009	
		Qty	Amount	Qty	Amount	Qty	Amount
Formulations :							
Tablets and capsules	Million Nos.	14.34 (9.58)	33,667,308 (32,442,384)	50.71 (56.67)	340,123,624 (302,889,777)	22.44 (14.34)	41,939,760 (33,667,308)
Injectables	Million Nos.	0.17 (0.17)	102,950,893 (47,049,797)	1.47 (1.17)	880,399,046 (725,569,898)	0.31 (0.17)	83,909,005 (102,950,893)
Dry powder	Million Nos.	0.08 (0.04)	2,037,229 (1,221,049)	0.25 (0.25)	3,626,087 (8,972,508)	0.01 (0.08)	307,824 (2,037,229)
Inhalation Products	Million Nos.	- (-)	838,506 (-)	0.03 (0.01)	19,541,947 (5,432,324)	0.01 (-)	2,561,381 (838,506)
Liquids	Kiloltrs	31.36 (-)	5,109,860 (-)	393.43 (8.29)	147,805,278 (3,304,459)	- (31.36)	- (5,109,860)
Total of class of goods traded including samples			144,603,796 (80,713,230)		1,391,495,982 (1,046,168,966)		128,717,970 (144,603,796)
Grand total			230,897,362 (158,635,149)		3,855,211,715 (3,397,684,978)		221,334,119 (230,897,362)

Notes:

1. Turnover indicated above is net of excise duty.
2. Bulk drugs are captively consumed and also sold. Opening and closing stocks of such items are included in work-in-process as these items are considered as meant for sale only when they are sold.
3. Previous year figures are given in brackets.
4. Stock indicated above is net of provision to bring down the value of the inventories to their net realisable values and to account for obsolescence.
5. Turnover quantity includes goods issued as bonus quantities, free samples and free replacements.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

8. (b) Purchase of traded goods

Class of traded goods purchased ^

(Amount in Rs.)

		For the year ended 31 December 2009		For the year ended 31 December 2008	
	Unit	Quantity	Amount	Quantity	Amount
Formulations:					
Tablets and capsules	Million Nos.	58.81	177,211,299	61.43	164,260,757
Injectables	Million Nos.	1.61	508,430,005	1.17	474,415,007
Dry Powder	Million Nos.	0.18	4,558,082	0.29	8,088,998
Liquids	Kilo Ltrs	362.07	56,167,760	39.65	6,168,276
Inhalation products	Million Nos	0.04	14,798,749	0.01	5,629,121
			761,165,895		658,562,159

^ Includes purchase of traded goods distributed as free samples

8. (c) Details of capacity and production

		Licensed capacity as at 31 December		Installed capacity* as at 31 December		Actual production*** for the year ended 31 December	
	Unit	2009	2008	2009	2008	2009	2008
1. Bulk drugs #	Tonnes	540.65	540.65	**	**	2.858	3.17
	Million units	250.00	250.00	**	**	-	-
	Gms	2,950.00	2,950.00	**	**	1603.52	884.50
2. Formulations +		++	++				
a) Liquids	Kilo ltrs	364.00	364.00	2500.00	2500.00	1274.03	1735.37
	Tonnes	2.17	2.17	-	-	-	-
	Million bottles	3.50	3.50	-	-	-	-
b) Tablets and capsules	Million nos.	614.30	614.30	690.00	690.00	429.36	418.73
	Tonnes	47.49	47.49	-	-	-	-
c) Injectables	Million nos.	4.90	4.90	33.00	33.00	18.29	19.87
	Kilo ltrs	50.00	50.00	-	-	-	-
	Tonnes	0.15	0.15	-	-	-	-
d) Ointments	Tonnes	-	-	260.75	260.75	202.17	178.82
	Million nos.	3.00	3.00	-	-	-	-

AstraZeneca Pharma India Limited Schedules to the Accounts (Continued)

17. Notes to the Accounts

		Licensed capacity as at 31 December		Installed capacity* as at 31 December		Actual production*** for the year ended 31 December	
Unit		2009	2008	2009	2008	2009	2008
e) Inhalation	Gms	2,000.00	2,000.00	-	-	-	-
products	Million nos.	0.62	0.62	-	-	0.21	0.17

Notes:

- * Installed capacities are as certified by the management and relied on by the auditors being a technical matter.
- ** Installed capacities cannot be determined as the facilities installed serve multi-purposes and will vary according to product mix.
- # Includes units captively consumed in the manufacture of formulations.
- + Licensed capacities for formulations do not include either capacities available under various exemption notifications or capacities arising from licences for manufacture of bulk drugs where capacities for dosage forms are not specified.
- ++ The Company also holds a registration certificate for formulations where licensed capacities are not mentioned. However, as per various notifications issued by Central Government, applications have been made by the Company to authorities concerned for the recognition of installed capacities for formulations and for endorsement of such capacities on the registration certificate. The applications are pending with the relevant authorities.
- *** Production includes samples produced. It also includes products manufactured through outside processors.

8. (d) Consumption of raw and packing materials

(Amount in Rs.)

		For the year ended 31 December 2009		For the year ended 31 December 2008	
Particulars	Unit	Quantity	Amount	Quantity	Amount
Raw materials:					
Codeine phosphate	Kgs	1134.75	38,212,882	1,905.84	64,507,475
*Other raw materials			287,361,543		241,939,362
			325,574,425		306,446,837
Packing material:					
Vial clear glass	Nos	7,614,702	19,104,389	7,634,288	18,756,608
Bottle amber 100ml	Nos	9,907,460	17,499,896	14,583,154	22,157,098
*Other packing material			95,362,186		105,472,485
			131,966,471		146,386,191

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

Notes:

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

8. (e) Consumption of imported and indigenous raw and packing materials

(Amount in Rs.)

	For the year ended 31 December 2009		For the year ended 31 December 2008	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	205,852,617	44.99	139,937,572	30.90
Indigenous	251,688,279	55.01	312,895,456	69.10
	457,540,896	100.00	452,833,028	100.00

8. (f) Consumption of imported and indigenous spares and stores

(Amount in Rs.)

	For the year ended 31 December 2009		For the year ended 31 December 2008	
	Amount	Percentage of total consumption	Amount	Percentage of total consumption
Imported	1,000,274	4.56	308,318	1.52
Indigenous	20,949,227	95.44	19,919,184	98.48
	21,949,501	100.00	20,227,502	100.00

9. Related parties

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

1. 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
2. Fellow subsidiaries	AstraZeneca SDN Bhd, Malaysia; AstraZeneca Singapore Pte Ltd, Singapore; AstraZeneca Philippines; AstraZeneca Belgium; AstraZeneca Korea; AstraZeneca Taiwan;

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

	AstraZeneca India Private Limited; PT AstraZeneca Indonesia; AstraZeneca Pty Ltd, Australia; AstraZeneca China; AstraZeneca Pharmaceuticals LP USA; AstraZeneca Thailand and IPR Pharmaceuticals Inc
3. Key management personnel - Managing Director - Directors	Anandh Balasundaram Ian Brimicombe Graham Timothy Baker (resigned w.e.f 31 December 2008) Bhasker V Iyer (resigned w.e.f 23 February 2010) Francis McNamara III (appointed w.e.f 18 February 2009)

(ii) Related party transactions

(Amount in Rs.)

Nature of transaction	For the year ended 31 December 2009	For the year ended 31 December 2008
Purchase of materials and traded goods		
AstraZeneca PLC, United Kingdom	452,438,617	407,800,004
AstraZeneca AB, Sweden	104,892,559	95,796,220
AstraZeneca PTY Ltd, Australia	12,497,568	22,237,736
IPR Pharmaceuticals INC	62,088,970	-
Total	631,917,714	525,833,960
Debentures issued		
AstraZeneca Pharmaceuticals AB, Sweden	-	562,498,750
Redemption of debentures		
AstraZeneca Pharmaceuticals AB, Sweden	562,498,750	-
Payment towards reimbursement of expenses		
AstraZeneca PLC, United Kingdom	7,226,561	3,312,579
AstraZeneca AB, Sweden	2,108,756	416,534
AstraZeneca Singapore Pte Ltd	1,597,851	4,031,979
AstraZeneca India Private Limited	2,331,192	2,985,458
Others	561,811	72,401
Total	13,826,171	10,818,951
Receipt towards reimbursement of expenses		
AstraZeneca PLC, United Kingdom	69,377,921	80,817,337
AstraZeneca Singapore Pte Ltd	93,947,453	13,511,662
Others	5,844,139	10,905,252
Total	169,169,513	105,234,251
Rent expenses		
AstraZeneca India Private Limited	17,141,697	15,505,680

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

(Amount in Rs.)

Nature of transaction	For the year ended 31 December 2009	For the year ended 31 December 2008
Royalty: AstraZeneca AB, Sweden	2,692,071	1,922,227
Sales of goods: AstraZeneca AB, Sweden AstraZeneca, Malaysia Total	80,411,656 95,078,837 175,490,493	72,117,395 11,676,194 83,793,589
Service income: AstraZeneca AB, Sweden	111,120,847	144,961,874
Processing income: AstraZeneca AB, Sweden	-	12,418,515
Dividend paid AstraZeneca Pharmaceuticals AB, Sweden	337,499,250	337,499,250
Director's remuneration Anandh Balasundaram	12,974,087	11,892,539
Interest on debentures AstraZeneca Pharmaceuticals AB, Sweden	1,232,874	43,767,026

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
Loans and advances		
AstraZeneca Singapore Pte Ltd	5,904,588	3,591,644
AstraZeneca India Private Limited	14,330,171	14,000,000
AstraZeneca PLC, United Kingdom	4,538,991	4,263,040
Others	2,167,275	3,224,210
Total	26,941,025	25,078,894
Sundry debtors		
AstraZeneca AB, Sweden	28,818,555	56,072,035
AstraZeneca, Malaysia	74,981,980	1,844,117
Total	103,800,535	57,916,152
Sundry creditors		
AstraZeneca PLC, United Kingdom	7,315,508	3,404,697
AstraZeneca AB, Sweden	3,578,543	6,070,378

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
AstraZeneca Singapore Pte Ltd	3,451,333	422,868
Others	1,784,830	-
Total	16,130,214	9,897,943
Debentures		
AstraZeneca Pharmaceuticals AB, Sweden	-	562,498,750
Interest on debentures accrued and not due		
AstraZeneca Pharmaceuticals AB, Sweden	-	43,767,026

The Company has implemented a new ERP system – SAP during the year ended 31 December 2009. All costs with respect to the implementation and licensing of SAP have been borne by AstraZeneca group and will not be charged to the Company.

10. Segment reporting

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

- (i) **Healthcare** - The Company engages in the manufacture, trading and sale of pharmaceutical products.
- (ii) **Clinical trial services** - The Company renders clinical trial services on pharmaceuticals products to its group companies.

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

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

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

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

Primary segment information

(Amount in Rs.)

Particulars	31 December 2009	31 December 2008
Segment revenue		
(a) Healthcare	3,858,337,499	3,413,387,360
(b) Clinical trial services	111,120,847	144,961,874
Total	3,969,458,346	3,558,349,234
Less: Inter-segment revenue	-	-
Net Income from operations	3,969,458,346	3,558,349,234
Segment results		
Profit before tax and interest		
(a) Healthcare	828,612,790	1,068,103,258
(b) Clinical trial services	2,364,612	1,231,774
Total	830,977,402	1,069,335,032
Other un-allocable income, net of interest expenses	52,944,104	74,425,184
Total profit before tax	883,921,506	1,143,760,216
Less: provision for taxation	307,749,065	405,408,389
Profit after taxation	576,172,441	738,351,827
Segment assets		
(a) Healthcare	1,568,143,582	1,286,064,604
(b) Clinical trial services	15,090,897	35,854,195
(c) Unallocated assets	755,431,551	1,565,641,550
Total	2,338,666,030	2,887,560,349
Segment liabilities		
(a) Healthcare	408,605,564	373,792,754
(b) Clinical trial services	52,901,695	71,883,223
(c) Unallocated liability	431,976,369	1,280,386,911
Total	893,483,628	1,726,062,888
Capital expenditure		
(a) Healthcare	70,470,867	46,852,273
(b) Clinical trial services	-	-
Total	70,470,867	46,852,273
Depreciation		
(a) Healthcare	60,766,684	68,763,008
(b) Clinical trial services	-	-
Total	60,766,684	68,763,008

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

Note: Certain assets and liabilities of the Healthcare segment are interchangeably used for Clinical Trials Service segment for limited purposes. Identification of such assets and liabilities is not feasible. Hence, such assets have not been allocated to any segment.

Secondary segment reporting is performed on the geographical location of customers. The Geographical segments include:

- a) Domestic
- b) Exports

(Amount in Rs.)

Particulars	31 December 2009	31 December 2008
Segment revenue		
(a) Domestic	3,682,847,006	3,317,175,256
(b) Export	286,611,340	241,173,978
Total	3,969,458,346	3,558,349,234
Segment assets		
(a) Domestic	2,234,865,495	2,829,644,197
(b) Export	103,800,535	57,916,152
Total	2,338,666,030	2,887,560,349
Capital expenditure		
(a) Domestic	70,470,867	46,852,273
(b) Export	-	-
Total	70,470,867	46,852,273

11. Details of deferred tax asset

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
Deferred tax assets		
Section 43B items	22,807,938	24,470,619
Provision for doubtful debts	11,058,329	8,149,118
Provision for expenses	16,047,626	16,129,066
Total	49,913,893	48,748,803
Deferred tax liabilities		
Depreciation on fixed assets	20,513,879	25,037,202
Total	20,513,879	25,037,202
Deferred tax assets, net	29,400,014	23,711,601

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

12. Value of imports on CIF basis

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
Raw and packing materials (net of returns)	205,809,973	138,676,509
Spare parts	915,818	271,201
Capital goods	4,545,840	395,072

13. Expenditure in foreign currency

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
Foreign travel	8,020,517	1,219,135
Royalty	2,692,071	1,922,227
Conference	1,382,580	1,299,822
Translation charges	1,545,600	-
Training	1,230,351	355,559
Subscription	1,163,525	1,058,920
Others	3,254,132	741,175

14. Earnings in foreign exchange

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
F.O.B. value of exports	175,490,493	83,793,589
Service income (Gross)	111,120,847	144,961,874
Processing income (Gross)	-	12,418,515

15. Amount remitted in foreign currency on account of dividend

(Amount in Rs. except number of shares)

Year to which dividend relates	31 December 2008	31 December 2007
Number of non-resident shareholders	1	1
Number of shares held of Rs 2 each	22,499,950	22,499,950
Amount remitted	337,499,250	337,499,250

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

- 16.** The Company is obligated under non-cancellable operating leases for residential premises. Total rental expense under non-cancellable operating leases amounted to Rs. 2,253,524 (previous year: Rs. 5,434,771) for the year ended 31 December 2009.

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

(Amount in Rs.)

Period	As at 31 December 2009	As at 31 December 2008
Not later than 1 year	533,085	2,253,524
Later than 1 year and not later than 5 years	-	533,085
Later than 5 years	-	-

The Company is also obligated under cancellable lease for residential and office premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable operating lease entered amounted to Rs. 27,641,438 (previous year: Rs. 20,841,382) for the year ended 31 December 2009.

Further the Company is obligated under operating lease agreements for vehicles. Total lease rental expense under the said agreement amounted to Rs. 3,065,055 (previous year: Rs. 3,188,662) for the year ended 31 December 2009.

- 17.** Forward contracts entered for the hedging purpose, which were outstanding as on 31 December 2009 amounted to Rs Nil (Previous year: Rs Nil). Foreign currency exposure as on 31 December 2009, which was not hedged, amounted to Rs. 131,078,346 (Previous year: Rs. 78,892,989).

Un-hedged foreign currency exposure

Underlying asset/ liabilities	USD	Swedish Kroner
Loans and advances	271,310 (231,663)	- (-)
Sundry debtors	2,231,369 (1,182,441)	- (-)
Sundry creditors	310,136 (167,022)	- (382,680)

Note: Previous year figures are given in brackets

- 18.** The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. The Ministry of Micro, Small and Medium enterprises has issued an office Memorandum dated 26 August 2008 which recommends that the Micro and Small enterprises should mention in their correspondence with its customers the entrepreneur's Memorandum number as allocated after filing of the Memorandum. The Company has not received any claim for interest from any supplier under the said Act.

AstraZeneca Pharma India Limited Schedules to the Accounts (Continued)

17. Notes to the Accounts

(Amount in Rs.)

	For the year ended 31 December 2009	For the year ended 31 December 2008
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; Principal:	-	24,090
Interest:	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

19 Gratuity plan

The Company has defined gratuity plan. Every employees who has completed 3 years or more of service, is eligible for gratuity on separation, worked out at last drawn salary as detailed below:

Completed years of service (years)	Number of days eligible for every completed year of service (days)
3 to 9	15
10 to 14	21
15 and above	30

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
Obligations at year beginning	89,206,045	87,063,409
Service cost	6,678,109	5,777,130
Interest cost	6,561,826	7,248,512
Benefits settled	(4,287,577)	(4,468,274)
Actuarial (gain)/loss	6,291,069	(6,414,732)
Obligations at year end	104,449,472	89,206,045
Change in plan assets		
Plan assets at year beginning, at fair value	85,524,774	88,615,389
Expected return on plan assets	6,170,019	6,113,685
Actuarial gain/(loss)	10,660,724	(9,562,558)
Contributions	2,964,281	4,826,532
Benefits settled (estimated)	(4,287,577)	(4,468,274)
Plans assets at year end, at fair value	101,032,221	85,524,774
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	101,032,221	85,524,774
Present value of the defined benefit obligations at the end of the year	104,449,472	89,206,045
Liability (-)/Assets (+) recognised in Balance Sheet	(3,417,251)	(3,681,271)
Gratuity cost for the year		
Service cost	6,678,109	5,777,130
Interest cost	6,561,826	7,248,512
Expected return on plan assets	(6,170,019)	(6,113,685)
Actuarial (gain)/loss	(4,369,655)	3,147,826
Net gratuity cost	2,700,261	10,059,783
Investment details of plan assets		
Equity instruments	22%	26%
Debt instruments	78%	74%
Assumptions		
Interest rate	7.50%	5.25%
Discount factor	7.50%	5.25%
Estimated rate of return on plan assets	7.50%	5.25%
Salary increase	6.00%	6.00%
Attrition rate	6.00%	6.00%
Retirement age	60 Years	60 Years

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

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.

- 20.** The Board of Directors, at their meeting held on 12 January 2008, pursuant to the scheme of arrangement sanctioned by the Honourable Karnataka High Court on 7 July 2007 and subsequent approval accorded by the Reserve Bank of India on 11 December 2007, allotted 8% secured fully paid-up redeemable non-convertible bonus debentures from the general reserve, in the ratio of one debenture of the face value of Rs 25 each for every equity share held by the shareholders of the Company as on 11 January 2008. The bonus debentures were listed on the Bangalore Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The said bonus debentures and the interest thereon of Rs 50,000,000 were redeemed on 11 January 2009. An issue of bonus debentures would be treated as a 'deemed dividend' under the provisions of the Income-tax Act, 1956. Accordingly, the Company remitted Rs 106,218,750 as dividend distribution tax and has utilised general reserve for the payment of the same, pursuant to the scheme of arrangement sanctioned by the Honourable Karnataka High Court.
- 21.** The provision for Indirect Taxes is utilised to settle adverse outcomes of cases against the Company. The provision is based on an informed advice obtained by the Company. The Company, however, cannot estimate with reasonable certainty the period of utilisation of the same.

(Amount in Rs.)

	As at 31 December 2009	As at 31 December 2008
Opening balance	30,591,418	30,591,418
Add: Charge for the year	-	-
Less: Utilisation	-	-
Less: Reversal	9,342,936	-
Closing balance	21,248,482	30,591,418

- 22.** Management believes that the Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.
- 23.** The Board of Directors of the Company at its meeting held on 23 February 2010, approved the financial statements for the year ended 31 December 2009. The Board of Directors, at the said meeting, also recommended a final dividend of Rs 10 on equity share of Rs 2 each for the year ended 31 December 2009. The Payment of the said dividend is subject to the approval of the shareholders at the Annual General Meeting.
- 24.** The board of directors at their meeting held on 23 February 2010 have approved the change in the company's statutory accounting year from "January-December" to "April- March". Accordingly, the next financial accounts and annual report shall be for a period of 15 months, i.e. from January 2010 to March 2011.

AstraZeneca Pharma India Limited

Schedules to the Accounts (Continued)

17. Notes to the Accounts

- 25.** The comparative figures have been regrouped/ reclassified, wherever necessary, to conform to the current year's presentation.

Signatures to Schedules 1 to 17

for and on behalf of the Board of Directors

D E Udwadia

Chairman

Anandh Balasundaram

Managing Director

Place: Ramnagar

Date: 23 February 2010

N R Srinivasan

Company Secretary

SJV Chelliah

Chief Financial Officer

AstraZeneca Pharma India Limited

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
<input type="text" value="-"/>	<input type="text" value="-"/>
Bonus Issue	Private Placement
<input type="text" value="-"/>	<input type="text" value="-"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities: 1,445,182 Total assests: 1,445,182

Sources of Funds (Amount in Rs. Thousands)

Paid-Up Capital	Reserves & Surplus
<input type="text" value="50,000"/>	<input type="text" value="1,395,182"/>
Secured Loans	Unsecured Loans
<input type="text" value="-"/>	<input type="text" value="-"/>
Deferred Tax liability	
<input type="text" value="-"/>	

Application of Funds (Amount in Rs. Thousands)

Net Fixed Assets	Investments
<input type="text" value="303,437"/>	<input type="text" value="57"/>
Deferred Tax Assets	Net Current Assets
<input type="text" value="29,400"/>	<input type="text" value="1,112,288"/>
Accumulated Losses	Misc. Expenditure
<input type="text" value="-"/>	<input type="text" value="-"/>

AstraZeneca Pharma India Limited

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956 (continued)

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total expenditure
4,023,772	3,139,851
Profit/ (Loss) before Tax	Profit/(Loss) after Tax
883,921	576,172
Earnings per share (Rs.)	Dividend Rate %
23.05	500%

V. Generic Names of Three principal Products/ Services of Company (as per monetary terms)

Item Code No.

ITC Code

30049099

Product description

MEROPENEM

Item Code No.

ITC Code

30044030

Product description

CODIENE PHOSPHATE

Item Code No.

ITC Code

30039034

Product description

LIGNOCAINE

For and on behalf of the Board of Directors

D E Udawadia

Chairman

Anandh Balasundaram

Managing Director

Place: Ramnagar
Date: 23 February 2010

N R Srinivasan
Company Secretary

SJV Chelliah
Chief Financial Officer

Ten Years Summary

Particulars	Unit	2000	2001	2001 (9 Months)	2002
Sales & Earnings					
Total income	Rs.	1,003.57	1,131.67	669.65	1,401.15
Profit before depn, int & tax	Rs.	260.11	264.11	85.14	217.10
Profit before int & tax	Rs.	214.74	221.81	51.68	168.57
Profit before tax	Rs.	208.29	218.88	51.26	167.79
Profit after tax	Rs.	137.29	142.74	22.65	103.62
Deferred Tax Liability for earlier years	Rs.	-	(29.12)	-	-
Balance Profit after Tax	Rs.	137.29	113.63	22.65	103.62
Dividend paid	Rs.	20.00	20.00	15.00	18.50
Retained earnings	Rs.	114.81	93.63	7.65	85.12
Capital Employed					
Fixed assets					
- Gross including Cwip & Cap Adv	Rs.	441.30	506.67	539.23	586.57
- Net	Rs.	214.51	239.00	239.63	240.24
Investments	Rs.	65.60	62.56	10.61	0.59
Deferred tax assets	Rs.	-	-	-	-
Net current assets (working capital)	Rs.	290.94	379.51	450.09	520.92
Misc. expenditure not written off		4.45	6.27	3.27	0.57
Total		575.50	687.34	703.60	762.32
Represented by					
Networth	Rs.	575.50	687.34	703.60	762.32
Share capital	Rs.	50.00	50.00	50.00	50.00
Reserves	Rs.	525.50	617.09	624.74	709.85
Borrowings - secured	Rs.	-	-	-	-
Deferred tax Liability	Rs.	-	20.25	28.86	2.47
Total		575.50	687.34	703.60	762.32
Ratios					
Measures of Performance					
PBT to total income	%	20.75	19.34	7.65	11.98
PAT to total income	%	13.68	12.61	3.38	7.40
Material consumption to sales	%	43.84	40.47	36.24	37.90
Employee cost to sales	%	14.48	14.43	22.15	21.99
Net fixed assets to net worth	%	37.27	34.77	34.06	31.51
Fixed assets usage	Times	5.06	5.16	2.93	6.25
Measures of Investments					
Return on Network	%	23.86	20.76	3.22	13.59
Earnings per share @	Rs.	5.49	5.71	0.91	4.14
Dividend payout ratio	%	72.84	70.06	331.13	89.27
Dividend coverage ratio	Times	6.86	5.68	1.51	5.60
Measures of Financial Status					
Current ratio	Unit	2.49	3.17	3.02	2.28
Quick ratio	Unit	2.08	2.46	1.87	1.22
Debt equity ratio	Unit	-	-	-	-
Inventory holding (on sales)	Days	31	41	110	116
Other information					
Contribution to exchequer *	Rs.	312.27	364.20	171.20	445.90
Employee					
- Cost	Rs.	136.74	157.49	141.39	299.43
- Numbers		809	854	893	950
Number of shareholders		11,201	10,348	10,388	3,972
Dividend	%	40.00	40.00	30.00	37.00
Book value = net worth per share @	Rs.	23.02	27.49	28.14	30.49

* inclusive of sales tax,@ Stock split since 2006

(Rupees in Million)

	2003	2004	2005	2006	2007	2008	2009
	1,808.16	1,965.45	2,328.78	2,773.65	3,135.63	3,681.40	4,023.77
	431.58	481.36	700.25	806.82	1,011.89	1,261.15	946.06
	384.70	437.21	648.31	749.51	953.49	1,192.39	885.29
	384.22	436.89	647.76	749.51	953.49	1,143.76	883.92
	245.08	257.50	430.58	487.36	614.59	738.35	576.17
	-	-	-	-	-	-	-
	245.08	257.50	430.58	487.36	614.59	738.35	576.17
	19.50	250.00	100.00	300.00	375.00	375.00	250.00
	220.72	(25.17)	316.56	145.29	175.86	299.62	283.68
	646.60	681.31	742.92	793.54	829.89	811.52	831.29
	261.73	293.07	312.16	332.77	332.34	304.50	303.44
	0.57	0.57	0.12	0.07	0.07	0.06	0.06
	-	4.58	12.24	9.81	17.26	23.71	29.40
	724.20	657.18	947.44	1,074.60	1,243.43	1,458.23	1,112.29
			-	-	-	-	-
	986.50	955.40	1,271.95	1,417.24	1,593.10	1,786.50	1,445.18
	986.50	955.40	1,271.95	1,417.24	1,593.10	1,161.50	1,445.18
	50.00	50.00	50.00	50.00	50.00	50.00	50.00
	930.56	905.40	1,221.95	1,367.24	1,543.10	1,111.50	1,395.18
	-	-	-	-	-	625.00	-
	5.94	-	-	-	-	-	-
	986.50	955.40	1,271.95	1,417.24	1,593.10	1,786.50	1,445.18
	21.25	22.23	27.82	27.02	30.41	31.07	21.97
	13.55	13.10	18.49	17.57	19.60	20.06	14.32
	34.93	35.39	33.85	34.66	31.67	29.29	31.38
	18.48	17.77	16.90	16.74	16.97	18.30	21.49
	26.53	30.67	24.54	23.48	20.86	26.22	21.00
	7.77	7.20	7.86	9.15	9.48	12.12	13.40
	24.84	26.95	33.85	34.39	38.58	63.57	39.87
	9.80	10.30	17.22	19.49	24.58	29.53	23.05
	39.78	485.43	116.12	61.56	61.02	50.79	43.39
	12.57	1.03	4.31	1.62	1.64	1.97	2.30
	2.64	1.97	2.96	2.10	2.43	2.33	2.24
	1.54	1.59	2.44	1.75	2.16	2.02	1.85
	-	-	-	-	-	0.54	-
	100	49	41	47	29	37	33
	620.22	640.64	717.52	970.29	1,024.34	1,096.15	765.51
	325.50	338.55	375.95	442.65	502.03	621.73	828.29
	948	942	902	895	937	1038	1464
	4,175	4,340	5,026	6,981	7172	7375	7025
	39.00	500.00	200.00	600.00	750.00	750.00	500.00
	39.46	38.22	50.88	56.69	63.72	46.46	57.81

AstraZeneca Pharma India Limited

Regd.Office: 'Avishkar', Off Bellary Road, Hebbal, Bangalore – 560 024

PROXY

31st Annual General Meeting

I/We _____ of _____ in the district of _____ being a Member/Members of AstraZeneca Pharma India Limited, hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/our Proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held at 3:30 P.M. on Thursday, May 20, 2010 at The Ball Room, The Taj West End Hotel, Bangalore or at any adjournment thereof.

Signed this _____ day of _____ 2010

Regd. Folio No. _____

Client ID / DP ID No. _____

No. of Shares held _____

Affix One
Rupee
Revenue
Stamp

Signature of Member

NOTE: The Proxy and the Power of Attorney (if any) under which it is signed or a notarially certified copy of that power must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

TEAR HERE

AstraZeneca Pharma India Limited

Regd.Office: 'Avishkar', Off Bellary Road, Hebbal, Bangalore – 560 024

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Full Name of the Member attending _____

Name of Proxy _____

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 31st Annual General Meeting of the Company held at 3:30 P. M. on Thursday, May 20, 2010 at The Ball Room, The Taj West End Hotel, Bangalore.

Regd. Folio No. _____

Client ID / DP ID No. _____

No. of Shares held _____

Signature of the Member/Proxy

NOTE: To be signed at the time of handing over this slip

AstraZeneca Pharma India Limited

'Avishkar', Off Bellary Road, Hebbal, Bangalore-560 024
www.astrazenecaindia.com

AstraZeneca

