



# ANNUAL REPORT 2006

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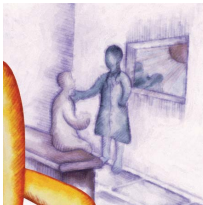
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# FOREWORD



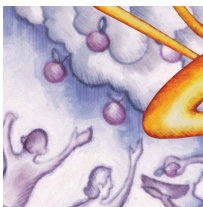
*For patients we discover effective new medicines for treating some of the world's most serious illnesses.*



*For employees we provide a culture of creativity in which they feel valued, energised and rewarded for their ideas and contribution.*



*For shareholders we deliver value through our continued focus on innovation and on being the best we can in all aspects of our business.*



*In the wider community, we want to be valued for acting responsibly and consistently.*



**WINNING THE RIGHT WAY** AstraZeneca is dedicated to providing medicines that improve health and the quality of life of people. We are striving to make a difference in the lives of patients and introducing new medicines, which help the fight against diseases and support the economic development of the communities around us.

- For patients, we discover new medicines that are innovative and effective, and which offer added benefits such as reduced side effects or better ways of taking the treatment. We also focus on getting the best from every medicine we make by exploring all the ways it can be used or improved.
- For employees, we provide a culture of creativity in which they feel valued, energized and rewarded for their ideas and contribution. And we support and encourage our people in discovering their own potential, through excellent learning and development opportunities that are available to them throughout their careers.
- For shareholders, we deliver value through our continued focus on innovation and on being the best we can in all aspects of our business.
- In the wider community, we want to be valued for paying as much attention to how we do business as to what we do, and for acting responsibly and consistently.

Along with our commitment to competitiveness and performance, we continue to be led by our core values to achieve sustainable success:

- Integrity and high ethical standards
- Respect for the individual and diversity
- Openness, honesty, trust and support for each other
- Leadership by example at all levels

*“ We believe that what we do is important. We also believe that how we do it is just as important. Only by working responsibly can we earn the trust and confidence that makes such a vital contribution to our corporate reputation and our licence to do business from stakeholders and wider society. ”*

**David Brennan**  
Chief Executive Officer  
AstraZeneca PLC

At AstraZeneca we believe winning the right way is the only way to reach our goal to becoming the most admired pharma multinational company in India.

# AstraZeneca Pharma India Limited

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## Board of Directors

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### Board of Directors

D E Udwadia, *Chairman*  
K S Shah  
Ian Brimicombe (w.e.f. 08.09.2006)  
Ruud Dobber (w.e.f. 23.02.2007)  
Andrew Howden (up to 27.11.2006)  
Henrik Nistrup Madsen  
Bhasker V Iyer, *Managing Director*

### Bankers

The Hongkong and Shanghai  
Banking Corporation Ltd.  
State Bank of India

### Auditors

BSR & Co., Bangalore

### Legal Advisors

Udwadia & Udeshi, Mumbai

### Corporate and Registered Office

"Avishkar"  
Off Bellary Road  
Hebbal  
Bangalore 560 024

### Factory

12<sup>th</sup> 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

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## Committees of Directors

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### Audit Committee

K S Shah, *Chairman*  
D E Udwadia  
Henrik Nistrup Madsen

### Shareholder/Investors' Grievance Committee

D E Udwadia, *Chairman* (up to 02.03.2007)  
K S Shah  
Bhasker V Iyer

### Company Secretary

N R Srinivasan

Annual General Meeting  
at 11.00 a.m. 30<sup>th</sup> April 2007  
Ball Room, Taj West End Hotel  
Race Course Road, Bangalore 560 001

**Notice** is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of AstraZeneca Pharma India Limited will be held at 11.00 a.m. at the Ball Room, Taj West End Hotel, Bangalore on 30<sup>th</sup> April, 2007 to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> December, 2006 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K S Shah, who retires by rotation, and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Bhasker Iyer, who retires by rotation, and, being eligible, offers himself for re-appointment.
4. To appoint M/s. BSR & Co., Chartered Accountants, as Auditors and to authorize the Board of Directors to fix their remuneration.
5. To appoint a Director in place of Mr. Ian Brimicombe who was appointed as Additional Director by the Board of Directors with effect from 8<sup>th</sup> September 2006 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. Brimicombe's candidature for the office of Director.

## Special Business

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 198, 309 (4) and all other applicable provisions, if any, of the Companies Act, 1956 (Act), or any statutory modification(s) or re-enactment thereof, so long as the Company has a Wholtime and/or Managing Director, such sum by way of commission, in no case exceeding in the aggregate 1% of the net profits of the Company computed in the manner laid down in Section 198 of the Act, for each of the five financial years of the Company commencing on and from 1<sup>st</sup> January, 2007, as may be determined by the Board of Directors be paid to and distributed amongst the Directors of the Company (including Alternate Directors but excluding Wholtime and/or Managing Director), the proportion and manner of such payment and distribution to be as the Board may from time to time decide.

RESOLVED FURTHER THAT if at any time during the aforesaid period of five years commencing on and from 1<sup>st</sup> January, 2007, the Company does not have a Wholtime and/or Managing Director, such sum by way of commission in no case exceeding in the aggregate 3% of the net profits of the Company, computed in the manner laid down in the said Section 198 of the Act, as may be determined by the Board, be paid to and distributed amongst the Directors of the Company (including Alternate Directors), for the then residual un-expired part of the aforesaid period of five years, the proportion and manner of such payment and distribution to be as the Board may from time to time decide.

RESOLVED FURTHER THAT the aforesaid commission shall be exclusive of the fees payable to such directors for the meetings of the Board or Committees of the Board attended by such Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this Resolution".

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in supersession of earlier resolutions passed at the General Meetings of the Company in this regard, and pursuant to Section 293(1)(d) of the Companies Act, 1956 and all other applicable

provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing, from time to time, any sum or sums of monies which together with the monies, already borrowed by the Company, (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), if any, may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed Rs.75 crores”.

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

“RESOLVED that pursuant to Section 293(1)(a) of the Companies Act, 1956, and all other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors for creating such mortgages, charges and hypothecations on all or any assets of the Company, wheresoever situated, both present and future, in such manner as the Board may direct, in favour of lenders, to secure amounts upto Rs.75 crores, that may be borrowed by the Company as set out above in Resolution at item no.7 of this Notice.

RESOLVED FURTHER that the Board be and is hereby authorised to finalise the documents for creating the aforesaid mortgages / charges / hypothecations and to accept and make any alterations, changes, variations to or in the terms and conditions and to do all such acts and things as may be necessary for giving effect to the above Resolution.”

## 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.**
2. An Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 (“the Act”), in respect of item Nos. 5 to 8 is annexed hereto. The relevant details as required by clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under Item Nos. 2, 3 and 5 above, are also annexed.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 27<sup>th</sup> April, 2007 to 30<sup>th</sup> April, 2007 (both days inclusive).
4. Members are requested to immediately notify change of address, if any, to the Company's Registrars and Share Transfer Agents, M/s. Alpha Systems Private Limited, 30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore – 560 003 (Telephone No.080-23460815 / 6 / 7 / 8 – Fax No.080-23460819).
5. For the convenience of Members and for proper conduct of the Meeting, entry to the place of the 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.
6. 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 Registrars and Share Transfer Agents.
7. Members are requested to quote the Folio Numbers / Client Id / DP Id in all correspondence.
8. In view of the circular no.DCC/FIT/Cir-3/2001 dated October 15, 2001 issued by SEBI, the Electronic Clearing Service (ECS) facility should mandatorily be used by Companies for the distribution of dividend to its members. To avail of this facility for dividends that may be declared in future, those members holding shares in physical form, are requested to return the duly filled in ECS form annexed herewith to the Company's Registrars and

Share Transfer Agents. In case of members holding shares in demat mode, they are requested to provide the details to National Securities Depository Ltd. (NSDL) / Central Depository Services (India) Ltd. (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 up to 1993-94 have been transferred to the credit of the General Revenue Account of the Central Government in terms of Section 205A of the Act. 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, 2<sup>nd</sup> Floor, 'E' Wing, Koramangala, Bangalore. 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 and 1998-99 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 Securities and Exchange Board of India (SEBI), trading in securities of the Company are 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 National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for demat facilities.

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



**N R Srinivasan**  
Company Secretary

Dated: March 17, 2007  
Place: Mumbai

**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. Ian Brimicombe was appointed as an Additional Director by the Board with effect from 8<sup>th</sup> September 2006. In terms of Section 260 of the Companies Act, 1956 ("the Act") read with Article 116 of the Articles of Association of the Company, Mr. Brimicombe holds office as Additional Director, only up to the date of the forthcoming 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. Brimicombe as a candidate for the office of Director, alongwith a deposit of Rs. 500/- (Rupees Five Hundred only), which shall be refunded to the Member, if Mr. Brimicombe is elected as a Director.

The Directors consider that the appointment of Mr. Brimicombe 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. Brimicombe may be deemed interested in the resolution at item No.5 since it relates to his appointment as Director. A brief resume of Mr. Brimicombe has been given in the Annexure attached to the Notice.

### Item No. 6

At the Twenty Third Annual General Meeting of the Company held on 27<sup>th</sup> May, 2002, the shareholders granted consent, by a Special Resolution passed pursuant to Section 309 of the Companies Act, 1956 (Act), to the payment of commission not exceeding 1% of the net profits of the Company for each of the five financial years commencing on and from 1<sup>st</sup> January, 2002, 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 was no Wholetime Director and/or Managing Director at any time during the said period of five financial years.

As per the provisions of Section 309(7) of the Act, such special resolution shall not remain in force for a period of more than five years, but can be renewed from time to time, by a Special Resolution, for further periods of not more than five years each at a time.

Accordingly, it is proposed to seek the approval of the shareholders to renew the Special Resolution passed at the Annual General Meeting held on 27<sup>th</sup> May 2002 to the payment of commission to the Non-Wholetime Directors for a period of five financial years from 1<sup>st</sup> January, 2007, in the manner and to the extent indicated in the first paragraph of the Special Resolution No. 6 set out in the Notice.

The Company presently has a Managing Director. In view thereof the commission payable to Non-Wholetime Directors pursuant to Section 198, 309 (4) of the Act cannot exceed 1% of the net profits of the Company.

The second paragraph of the said Special Resolution No. 6 set out in the Notice deals with a situation where the Company does not to have a Managing Director or Wholetime Director at any time during the period of five years commencing from 1<sup>st</sup> January, 2007; in which case the maximum commission payable to the Non-Wholetime Directors pursuant to Section 309 (4) of the Act would be 3% of the net profits of the Company.

All the Directors of the Company, except Mr. Bhasker V Iyer, Managing Director, may be deemed to be interested in the Special Resolution set out in Item No.6 of the Notice to the extent of the commission that may be received by them.

### Item Nos. 7 & 8

Your Company has been a zero debt Company since the year 2000. It has no borrowings from banks or other financial institutions. With the objective of returning to the shareholders, amounts in excess of its requirements in the near future, the Board in its meeting held on 8<sup>th</sup> September, 2006 approved a Scheme of Arrangement ('Scheme') for issuance of 8% secured fully paid redeemable non-convertible Bonus Debentures, from General Reserves of the



Company, having face value of Rs.25/- per debenture for every equity share held by the shareholders of the Company, redeemable at the end of 12 months from the date of allotment aggregating to Rs.62.5 Crores.

The Bonus Debentures, if issued in terms of the Scheme as aforesaid, to the equity shareholders, would constitute borrowings of the Company. The said Bonus Debentures are proposed to be secured by a charge on identified immovable and movable properties of the Company, whose value will be not less than the aggregate value of the Bonus Debentures and interest outstanding thereon, and will be created in favour of IL&FS Trust Company Limited, the Debenture Trustees, in accordance with the terms of the Scheme. While it has been ensured that the Company retains sufficient liquidity to maintain and grow its business operations and consequently have incremental cash flows, should there be an exceptional situation such as say large acquisition opportunities, the Company may need to look at options for raising resources including by way of borrowings.

Under Section 293(1)(d) of the Companies Act, 1956 (Act), the Board of Directors of a Company cannot, except with the consent of the Company in a general meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. Shareholders approval is therefore being sought, pursuant to Section 293(1)(d) of the Act, to authorize the Board to borrow amounts upto Rs.75 Crores.

Approval of the Shareholders is being also sought, pursuant to Section 293(1)(a) of the Act, to create a charge for securing the redemption of Bonus Debentures as aforesaid, if issued, as also, secure any further indebtedness that the Company may in the future assume.

The Directors commend the resolution at item nos.7 & 8 of the accompanying Notice being enabling in nature, for approval by the Members.



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

**N R Srinivasan**  
Company Secretary

Dated: March 17, 2007  
Place: Mumbai

**Registered Office:**

"Avishkar"  
Off Bellary Road  
Hebbal  
Bangalore - 560 024

**Brief resume of the Directors Seeking Appointment / Re-appointment and Directors Appointed since last Annual General Meeting**

Particulars	Directors seeking appointment / re-appointment at the Annual General Meeting		Director appointed since last Annual General Meeting
	Mr. K S Shah	Mr. Bhasker V Iyer	
<b>Name</b>			<b>Mr. Ian Brimicombe</b>
Date of Birth	3 <sup>rd</sup> September 1940	7 <sup>th</sup> March 1956	15 <sup>th</sup> October 1963
Date of Appointment	5 <sup>th</sup> May 2004	6 <sup>th</sup> May 2004	8 <sup>th</sup> September 2006
Qualifications	Graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India and a Fellow Member of Institute of Company Secretaries of India.	B. Sc. In Microbiology & Chemistry Masters in Marketing Management from Bombay University	B.Sc. Hons. King's College, London, Chartered Accountant (Institute of Chartered Accountants of England & Wales), Chartered Tax Adviser (Chartered Institute of Taxation)
Expertise in specific functional area	Mr. Shah has Wide experience in the industry including Finance, General Management & Administration.	Mr. Iyer has had a successful career in the pharmaceutical industry in India for over 25 years in various capacities in Sales & Marketing and as business head of several functions, including Manufacturing, Formulations Development, Finance, Human Resources, Information Technology and Medical Affairs.	He trained in audit, tax and corporate finance at Coopers & Lybrand, London (now PricewaterhouseCoopers) from 1986 to 1994, qualifying as a Chartered Accountant and a Chartered Tax Adviser. He has been Director of Group Tax, responsible for global tax operations and delivery of AstraZeneca's group tax targets
Directorships held in other a Public Companies (excluding foreign companies)	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Membership/ Chairmanships of Committees of other public companies (included only Audit and Shareholders/ Investors Grievance Committee)	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Shareholdings in the Company (No. of shares)	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>