



do more
feel better
live longer

*Committed to Serve
Fast-forward the future*

GlaxoSmithKline Pharmaceuticals Limited

Annual Report 2015-16

Message from the Managing Director



“To stay ahead in this new environment, we are re-engineering the business model in a way that we are able to maintain margins, but at the same time, deliver value of relevance to our stakeholders – physicians, hospitals and the government. The value creation that we are looking at will be different from what we’ve done in the past.”

Dear Shareholders,

It is a matter of great pride and privilege for me to address you, our shareholders, for the first time. I am excited to be associated with GSK Pharmaceuticals Ltd., a company that has a rich legacy and tradition of excellence in India.

India has rapidly emerged as one of the fastest growing economies in the world. Last year, India surpassed China in terms of GDP growth rate. The Indian pharmaceutical industry today presents an interesting mix of challenges and opportunities. Further inclusion of drugs in the National List of Essential Medicines (NLEM)—subject to price ceilings, along with stringent compliance and quality standards, have eroded margins.

To stay ahead in this new environment, we are re-engineering the business model in a way that we are able to maintain margins, but at the same time, deliver value of relevance to our stakeholders – physicians, hospitals and the government. The value creation that we are looking at will be different from what we’ve done in the past.

We have changed the way we engage

healthcare professionals—the new focus being the creation of multi-channel approaches to reach more physicians. We are looking at medical education from a holistic perspective using digital technology; it could be one way to add value in the new world. In sync with our global initiatives, we intend to develop new digital, personal and real-time applications to better deliver information.

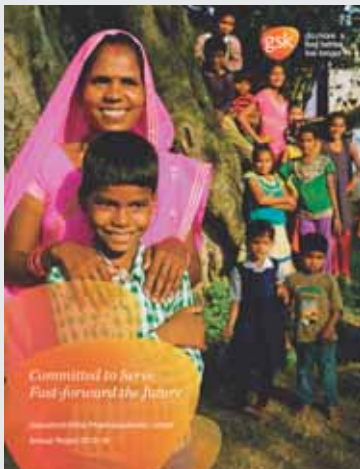
Your company has stepped up its supply chain excellence with an investment of ₹ 1000 crore in a new state-of-the-art facility at Vemgal, Karnataka. The existing facility at Nashik has also seen a further infusion of funds towards upgradation. This will ensure uninterrupted supply that will better serve our patients.

We are also committed to bring the right products from our global pipeline to India at the right price, to better serve our patients and explore the right opportunities to launch new medicines through in-licensing deals.

To widen access to our medicines into middle and rural India, we are calibrating prices of our products. The success of our pricing flexibility is validated by our recent success in Synflorix, our pneumococcal conjugate vaccine and Seretide Accuhaler in the respiratory space.

Your company puts people at the heart of everything that we do to help them do more, feel better and live longer. However, even today, millions of people still do not have access to basic healthcare. We want to change this and are working to develop innovative medicines and vaccines, while also finding new ways to get them to everybody who needs them.

A. Vaidheesh



GSK is a science-led global healthcare company with a mission to help people do more, feel better, live longer. We research, manufacture and make available a broad range of medicines and vaccines. We are committed to increase access to our medicines by selling them at affordable prices in developing countries

Committed to Serve Fast-forward the future

The Indian pharmaceuticals business has been going through a transformation in recent years, driven by regulatory challenges. Amongst key challenges is the inclusion of additional medicines to the National List of Essential Medicines (NLEM) with price ceilings set by the government, stringent compliance standards and increased quality expectations, all of which have pressured margins.

And yet, at GSK, we have always risen above challenges as we endeavour to bring quality and care standards of the future to our patients.



Vemgal project team on site

Supply chain excellence

The wide range of GSK's portfolio of products touches the lives of millions of patients everyday. We are fast forwarding our supply chain excellence to ensure every patient gets the right product at the right price.

We are investing ₹ 1000 crore in our state-of-the-art facility at Vemgal, Karnataka. Our existing site at Nashik has also been upgraded to ensure uninterrupted supply. In addition, the company plans to invest in a new state-

of-the-art topical medicine (creams and ointments) facility that will be the largest of its kind within the GSK network.

Quality, Environment & Employee Health and Safety

GSK remains committed to the highest quality standards in the pharmaceutical industry. Equally, environmental considerations have also been at the forefront of our upcoming factory in Vemgal, with an aim to achieve Leadership in Energy and Environmental Design (LEED) Gold Standard.



New Eltroxin facility at Nashik

Committed to Serve Fast-forward the future

In addition, we are investing in renewable energy for our new factory in Vemgal, in the form of a 0.5MW Photovoltaic array, which will generate a significant part of the site's energy requirement.

With this initiative, GSK reiterates its care for the environment and commitment towards sustainable development to benefit future generations.

In addition, the recently launched Regional Transformation Plan will also aim to make our supply chain more efficient.

₹ 1000 crore

investment in our state-of-the-art facility at Vemgal, Karnataka

The health and safety of our employees are of highest priority at GSK.

We have been recognised for our high safety standards with an award to our Nashik site from the National Safety Council – Maharashtra Chapter, for contributing to employee health and safety through cultural improvement, facility upgrades and procedural excellence.

The site has demonstrated record-breaking output with an increased EHS and Quality environment.

Recently, the site recorded the highest ever volume supply since its opening in 1983.

We are confident to leverage the power of the digital revolution and deliver impressive growth as we fast-forward the future while remaining committed to serve our patients with futuristic quality standards.



Our path to high growth

Leading in the digital age

Digital disruption is transforming every industry globally. With increasing Internet penetration in India and more digital-savvy healthcare professionals (HCPs), GSK is leading this transformation with a vision of an integrated solution that will increase the quality of in-clinic interactions. In a single quarter, we have achieved 400,000 digital HCP-interaction minutes by leveraging peer to peer networking. We are also in the process

of digitising our entire field force with iPads for instant detailing and real-time reporting. In addition, we are launching a Customer Relationship Management (CRM) & Sales Force Automation (SFA) tool with integration of the HCP engagement platform.

At GSK, we firmly believe that the time has come for the pharmaceutical industry to leverage technology to improve real-time flow of information and ride the digital revolution to fast forward the future.

Our products speak for us

At GSK, we continue to apply for new products that will bring innovative therapeutic options in healthcare to patients in India.

Some of these new innovative products include albiglutide (Tanzeum) for the treatment of Type 2 Diabetes Mellitus in adults, a paediatric vaccine for immunisation of children between one to twelve years of age against measles, mumps, rubella and varicella (Priorix tetra), inactivated poliomyelitis vaccine (Poliorix) indicated for immunisation against poliomyelitis from age of six weeks onwards.

Building capability for the future

Power of One team

As part of our commitment to serve patients better, GSK is harnessing the Power of One team internally. Eight cross-functional Excellence Teams have been put in place who, in addition to their usual duties, also work together to identify key action areas to bring this vision alive to fast-forward GSK's future.

The right training to hone the development of our employees

Our employees are continuously given the right training that will keep them ahead in both their personal and professional development. We also have differentiated development plans drawn up for individuals identified as key talent that includes on-the-job development, enhancing relationship and coaching skills as well as formal development and classroom training.

Our fresh recruits from leading universities and business schools undergo multiple rotations within a

business/function, providing combined depth and relevant breadth of experience early in a career at GSK. GSK's sales force undergoes rigorous training. Selected high-potential Sales Managers are put through the "GMAC—GSK Marketing Accreditation Programme" for eighteen months to develop their marketing capability.

At our Nashik site, we had an average of 8 man-days per employee or 5% of overall work time dedicated to training and improvement. During this training, employees were exposed to numerous activities, including risk identification and management, process capability improvement, emergency response, etc. This resulted in a deeper understanding of the essential elements of Safety and Quality, to equip them with the necessary skills to improve their performance.

For building teams with expertise

At GSK, the emphasis is on hiring the right people for the job.

We have recruited talent with experience in specific therapeutic areas to drive growth and engagement with doctors.

A recent example is the launch of our Eltroxin Invictus Team, a specialised team tasked with stepping up our engagement with endocrinologists to make GSK their trusted and preferred partner of choice, in order to better serve our patients.

5% of overall work time dedicated to training and improvement at our Nashik site.



Partnering with our communities

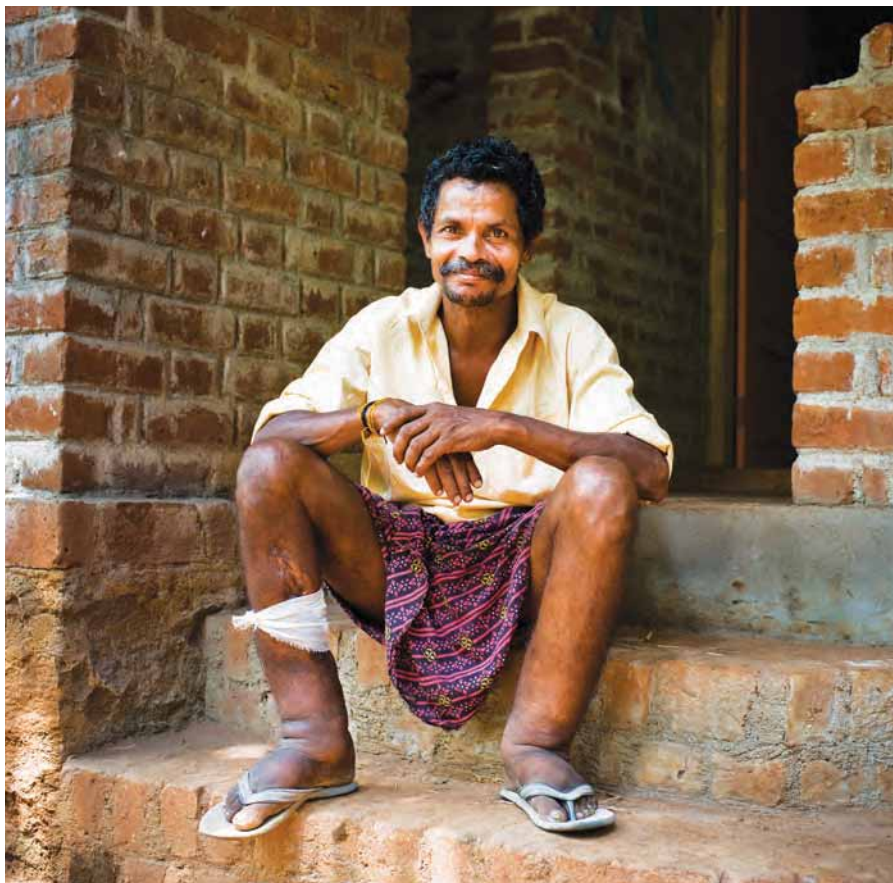
GSK India has a rich legacy of partnering with not-for-profit organisations to support our communities. We focus on making a difference through our Corporate Social Responsibility (CSR) efforts. In 2015-16, our CSR programmes touched the lives of more than a million people in India.



GSK cares for newborn survival

The healthcare need of newborn survival is an area where GSK has focused its CSR efforts. In India, every year, over 7,50,000 children die within the first 28 days of their birth. This translates to 27% of the world's newborn deaths, the highest in the world. What is even more heart breaking is that four out of five newborn deaths are caused by treatable conditions. At GSK, we have built CSR partnerships to address the entire continuum of care for newborn survival in the high-burden districts of Rajasthan and Madhya Pradesh.

We have partnered with Action Research and Training for Health (ARTH) in Rajasthan and CARE India in Madhya Pradesh to build capacity of the ASHA workers (community volunteers), train the skilled birth attendants, generate awareness and ensure improved facility-based and home-based newborn care. Our newborn survival initiative is estimated to have saved the lives of over 6,000 newborns over a span of two years.



GSK commits to eliminate Lymphatic Filariasis (LF – commonly known as Elephant Foot)

In India, Lymphatic Filariasis has been recorded in 250 districts across 20 states/union territories. Over 600 million people in India are at risk of contracting this infection, which is spread by a mosquito-borne parasite.

Over the past several years, GSK has been at the forefront in the war against Lymphatic Filariasis and in 2015-16 donated over 70 million albendazole tablets to the World Health Organisation

(WHO), which in turn partners with the Government of India to administer the medicine.

GSK manufactures albendazole tablets at its manufacturing facility at Nashik solely for this purpose and we have committed to continue to support WHO and the Government of India to eliminate Lymphatic Filariasis as a public health disease in India.



GSK's school sanitation project in Nashik

GSK has also commenced a project on school sanitation in Nashik, which is a critical aspect, not only for child health, but also for preventing drop-outs among students, especially girls.

GSK, in association with Habitat for Humanity India Trust, will construct/repair sanitation units and also communicate to students, teachers and support staff to promote the use of sanitation facilities and change existing unsanitary behaviour.

10,000 children covered by the project will carry the message of hygienic sanitary practices to their families and communities and take strides towards making our country free of open defecation, resulting in a healthier nation.



GSK Centre to accommodate cancer-affected children and their families

We recently inaugurated the GlaxoSmithKline Centre in Mumbai, run in partnership with St. Jude India ChildCare Centres. The centre will provide residential, nutritional, educational and transportation support to children affected with cancer and their families in Mumbai.

In major cities of India where low-cost cancer treatment is available, children who need treatment for cancer and their

parents come to hospitals from distant towns and villages. The hospitals do not treat them as in-patients during the long drawn-out treatment and these needy families do not have a place to stay when the child is not admitted to the hospital. Also, it is critical to ensure a safe and hygienic environment for children undergoing cancer treatment. The GSK Centre provides the children and their families this much-needed support.



Disaster relief efforts in Chennai

GSK was quick to contribute to the relief operations in Chennai by donating medicines, including anti-inflammatory, antibiotics, antihistamines, vitamins and minerals to AmeriCares. More than 20,00,000 units of medicines were donated and the field teams ensured that the medicines were utilised according to the identified medical need in the region. GSK employees also contributed generously towards relief efforts, led by Save the Children, and the company matched their contribution

equally to ensure that immediate healthcare needs of communities, especially children, were met.

Employees volunteer their time and skills

Our employees have been championing our endeavour to make a difference in society by actively participating in various platforms for volunteering that GSK offers. In fact, in 2015-16, over 3,000 employees contributed more than 13,000 volunteering hours through skill-based full-time volunteering projects, fundraising and volunteering events and payroll giving.

Building partnerships for the future

While GSK focuses internally to constantly improve our standards and bring healthcare of the future to our patients. We have also built external partnerships for a healthier future for all. GSK has built relationships with the government, Indian industry, public health organisations, universities abroad and non-governmental organisations to improve the quality of medical education, widen access to healthcare and foster business relations between countries.



The Economic Times Global Business Summit

In January this year, Sir Andrew Witty, CEO, GSK plc spoke at the prestigious Economic Times Global Business Summit in New Delhi. The event was inaugurated by PM, Narendra Modi. Sir Witty was joined by other global leaders-McKinsey's Dominic Barton, GE's John Rice, PwC's Dennis Nally and Indian leaders-Uday Kotak, Kumar Mangalam Birla and Sunil Mittal.

Sir Witty spoke on "Innovation- Accessing the next billion". He reiterated GSK's Indian legacy, "GSK has been in India for almost 100 years and we are proud of our Indian heritage."

He also reiterated GSK's commitment to make in India with a recent ₹ 1000 crore investment in a state-of-the-art facility at Vemgal, Karnataka that will manufacture the largest quantity of modern medicines within the GSK network, using the most cutting edge technology in the world.



Emerging Markets Forum at the University of Maryland

In April 2016, A. Vaidheesh, Vice President, South Asia & Managing Director, India, GSK Pharmaceuticals Ltd. weighed in on a high-level policy panel discussion at the Robert H Smith School of Business at the University of Maryland in the United States. The agenda at the Emerging Markets Forum was to explore avenues to foster greater business engagement between India and the US.

Antimicrobial Resistance Campaign

GSK Pharmaceuticals Ltd. had the opportunity to work with OPPI (Organisation of Pharmaceutical Producers on India) and the Health Ministry of Government of India and WHO in organising the first Antimicrobial Resistance – AMR Conclave at Delhi in February 2016. The AMR campaign was kicked off by the Honourable Minister of Health – J.P.Nadda with a print and radio campaign to educate doctors and patients at large on the appropriate use of antibiotics. (Refer to AMR campaign on the inside back cover of this report.)



Educational grant to Public Health Foundation

One of our core values is patient focus and in order to ensure that patients receive appropriate treatment, GSK supports continuing high-quality education of doctors. GSK gave an educational grant to the Certificate Course in Management of Thyroid Disorders (CCMTD), developed and implemented by the Public Health Foundation of India (PHFI).

The course is accredited by the South Asian Federation of Endocrine Societies (SAFES) for 2016-17 and also endorsed by Asia and Oceania Thyroid Association (AOTA) for 10 years (2016-2025), which speaks to the high quality of education delivered by the course.

GSK has also recently supported a PHFI Certificate Course in Management of Chronic Obstructive Pulmonary Disease (COPD) and Asthma, which will begin its first phase in November 2016.

Awards & Recognition

GSK Pharmaceuticals Ltd. has been recognised during the year with prestigious external awards in addition to awards won within the organisation (competing with the rest of GSK's global world class operations).



Most Respected Companies in India – Business World

GSK Pharmaceuticals ranked second in the “Most respected companies” in India in a Business World (magazine) survey in the pharmaceuticals sector.

Best Companies to Work For- Business Today

GSK Pharmaceuticals ranked second in ‘Best Companies to Work For’ in the pharmaceuticals and healthcare sector in a survey, conducted by Business Today magazine.



Best Safety Practices Award 2015- National Safety Council

GSK Pharmaceuticals India has been recognised for our high safety standards with an award from the National Safety Council – Maharashtra Chapter in collaboration with the Directorate Industrial Safety & Health, Maharashtra. At the ‘Best Safety Practices Award 2015’, GSK’s Nashik site was presented an award for contributing to employee health and safety through cultural improvement, facility upgrades and procedural excellence.

Global Manufacturing and Supply (GMS) President’s Awards

Our site at Nashik won a GMS President's Award for building a culture of zero accidents and improved occupational health. This was achieved by using internal and external experts to significantly improve and sustain safety performance.



Emerging Markets- “Winning Performance Awards 2015”

A nation-wide campaign on Congenital hypothyroidism (Early detection and management of hypothyroidism in pregnant women and neonates) ensured that doctors were educated and took action to improve screening for pregnant women. The media campaign reached two million readers through 150 publications.

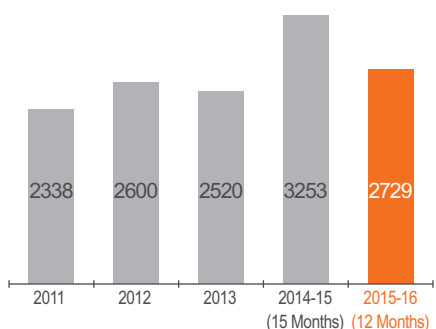
Emerging Markets- “Winning Performance Awards 2015”

The launch-readiness and affordable pricing increased patient access to Seretide. The team responsible for this was given an award for building a patient-focused sustainable business in the respiratory space.

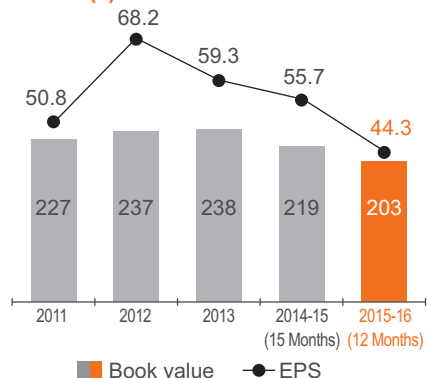
GlaxoSmithKline Pharmaceuticals Limited

Charts

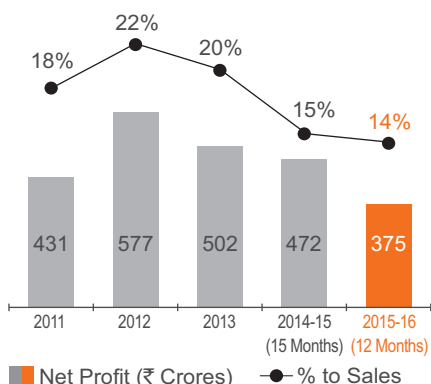
Turnover (Net)
(₹ Crores)



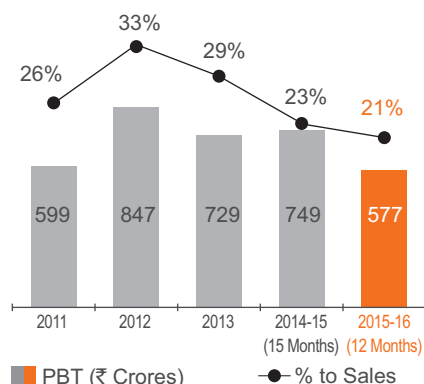
Earnings Per Share (EPS) and Book Value per share (₹)



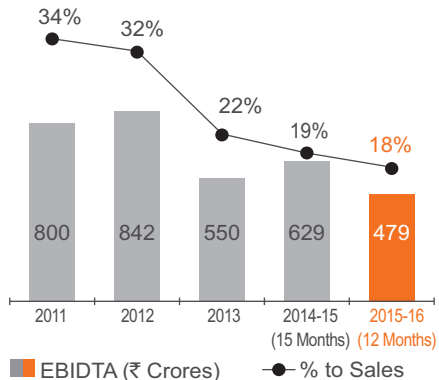
Net Profit % to Net Sales



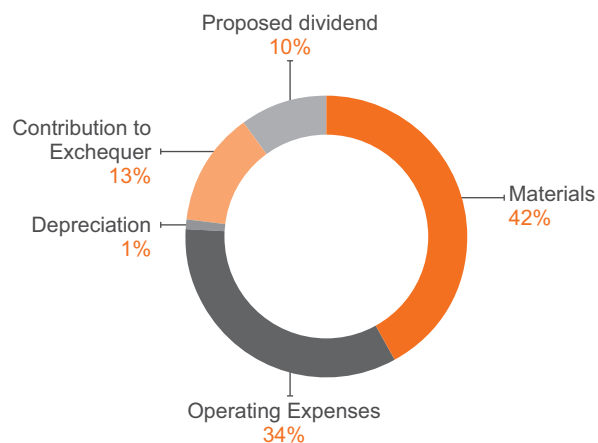
Profit Before Tax % to Net Sales



Earnings Before Interest, Depreciation and Tax % to Net Sales



Utilisation of Income



Note:
Earnings Before Interest, Depreciation and Tax is excluding Exceptional Items

Board of Directors

(As on 25.05.2016)

Chairman

D. S. Parekh

Vice-Chairman

V. Thyagarajan (upto 31.10.15)

Managing Director

Dr. H. B. Joshipura (upto 31.07.15)

A. Vaidheesh (w.e.f. 03.08.15)

Directors

A. Aristidou

R. R. Bajaj

Ms. A. Bansal

P. V. Bhide

N. Kaviratne CBE

R. Krishnaswamy

P. V. Nayak (upto 31.10.15)

A. N. Roy

R. C. Sequeira

R. Simard

D. Sundaram

Audit Committee

D. Sundaram - Chairman

P. V. Bhide

N. Kaviratne CBE

D. S. Parekh

Stakeholders' Relationship Committee

D. S. Parekh - Chairman

R. R. Bajaj

P. V. Bhide

A. Vaidheesh

Nomination & Remuneration Committee

N. Kaviratne CBE - Chairman

Ms. A. Bansal

D. S. Parekh

Corporate Social Responsibility Committee

D. S. Parekh - Chairman

Ms. A. Bansal

A. N. Roy

A. Vaidheesh

Management Team

Managing Director

A. Vaidheesh

Executive Directors

A. Aristidou

– Chief Financial Officer

R. C. Sequeira

– Human Resources

R. Krishnaswamy

– Technical

Commercial Head

S. Venkatesh

– Pharmaceuticals

Executive Vice-Presidents

B. Akshikar

– Pharmaceuticals

R. Bartaria

– Pharmaceuticals

K. Hazari

– Legal & Corporate Affairs

Vice-Presidents

Dr. (Ms.) V. Desai

– Medical

S. Dheri

– Vaccines

S. Khanna

– Finance

Registered Office

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Mumbai - 400 030

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Email: askus@gsk.com

CIN: L24239MH1924PLC001151

Factory

Ambad, Nashik

Share Department

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Mumbai - 400 030

Telephone: 022-24959415/434

Fax: 022-24981526

Email: ajay.a.nadkarni@gsk.com

General Manager - Administration & Company Secretary

A. A. Nadkarni

Auditors

Price Waterhouse & Co Bangalore LLP

Cost Auditors

R. Nanabhoy & Co.

Solicitors

Gagrat & Co.

Bankers

Citibank N.A.

Deutsche Bank

HDFC Bank Limited

Hongkong and Shanghai Banking

Corporation Limited

Registrars & Share Transfer Agents

Karvy Computershare Private Limited

Unit: GlaxoSmithKline Pharmaceuticals Limited

Karvy Selenium Tower B, Plot No. 31 & 32

Gachibowli, Financial District Nanakramguda,

Serilingampally, Hyderabad,

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GlaxoSmithKline Pharmaceuticals Limited

Performance Summary

(Amounts in ₹ Lakhs)

	2015-16*	15 Months Ended March 2015 *	2013 *	2012 *	2011 *	2010	2009	2008	2007	2006
PROFIT AND LOSS ACCOUNT										
Sales	2814,80	3358,54	2593,39	2669,97	2391,73	2155,08	1912,77	1751,56	1712,84	1677,57
Profit before tax	574,40	800,51	703,17	994,78	921,60	867,27	758,48	679,90	606,73	555,95
Tax	(200,93)	(278,10)	(226,19)	(317,59)	(290,24)	(285,89)	(253,59)	(231,54)	(209,94)	(194,23)
Profit after tax and before exceptional items	373,47	522,41	476,98	677,19	631,36	581,38	504,89	448,36	396,79	361,72
Exceptional items (net of tax)	1,74	(50,76)	24,90	(99,93)	(200,76)	(17,69)	7,40	128,21	140,87	183,79
Net Profit	375,21	471,65	501,88	577,26	430,60	563,69	512,29	576,57	537,66	545,51
Balance brought forward	887,27	1099,94	1142,95	1110,59	1164,53	1049,23	882,41	759,89	632,75	441,19
Dividends	(423,52)	(529,39)	(423,51)	(423,51)	(381,16)	(338,81)	(254,11)	(338,81)	(304,93)	(262,58)
Tax on distributed profit	(86,22)	(107,77)	(71,19)	(63,66)	(60,32)	(53,21)	(40,13)	(57,58)	(51,82)	(36,82)
Transfer to General Reserve	-	(47,16)	(50,19)	(57,73)	(43,06)	(56,37)	(51,23)	(57,66)	(53,77)	(54,55)
Balance carried forward	752,74	887,27	1099,94	1142,95	1110,59	1164,53	1049,23	882,41	759,89	632,75
BALANCE SHEET										
Equity Capital	84,70	84,70	84,70	84,70	84,70	84,70	84,70	84,70	84,70	84,70
Reserves	1632,44	1766,96	1932,49	1925,31	1835,23	1846,11	1674,45	1456,39	1276,21	1110,01
Borrowings	2,37	3,12	4,14	4,59	4,91	5,16	5,42	5,65	5,77	5,54
	1719,51	1854,78	2021,33	2014,60	1924,84	1935,97	1764,57	1546,74	1366,68	1200,25
Fixed Assets	471,71	238,28	161,93	133,19	115,32	117,65	114,17	100,35	92,90	94,46
Investments	47,67	47,67	57,67	102,58	159,80	160,35	190,91	751,87	1333,32	1139,41
Net Deferred Tax	88,61	82,91	92,11	86,54	61,47	56,40	44,69	29,60	20,14	24,61
Net Assets (Current and Non-Current)	1111,52	1485,92	1709,62	1692,29	1588,25	1601,57	1414,80	664,92	(79,68)	(58,23)
	1719,51	1854,78	2021,33	2014,60	1924,84	1935,97	1764,57	1546,74	1366,68	1200,25

* Year 2015-16, 15 Months Ended March 2015, and Years 2013, 2012, 2011 based on Revised Schedule VI

OTHER KEY DATA

Rupees per ₹10/- Equity Share										
Dividends	50.00	62.50	50.00	50.00	45.00	40.00	30.00	22.00	18.00	17.00
Special Additional Dividend	-	-	-	-	-	-	-	18.00	18.00	14.00
Total	50.00	62.50	50.00	50.00	45.00	40.00	30.00	40.00	36.00	31.00
Earnings per equity share	44.30	55.68	59.25	68.15	50.84	66.55	60.48	68.07	63.48	64.40
Book Value	202.73	218.61	238.16	237.31	226.67	227.96	207.69	181.95	160.67	141.05
Number of employees	4611	4657	5034	4706	5055	4338	4006	3722	3620	3850

NOTES

- The Company has divested its Fine Chemicals business on 30th September, 2007 and its Animal Health business on 31st July, 2006.
- Figures have been adjusted/regrouped wherever necessary in line with the financial statements, to facilitate comparison.
- The accounting year of the company has been changed from January - December to April - March with effect from the previous period. Consequently, the previous period's financial statements are for 15 months from 1st January, 2014 to 31st March, 2015. In view of this, the current year's figures are not comparable with those of the previous period. Previous period's figures have been regrouped wherever necessary.

Directors' Report

The Directors have pleasure in submitting their Report for the year ended 31st March 2016 of GlaxoSmithKline Pharmaceuticals Limited. As the accounting year of the company was changed in the prior year from January-December to April-March, in line with the uniformity provisions of the Companies Act, 2013, the prior year's Annual Accounts and Report of the Company are for a period of fifteen months from 1st January 2014 to 31st March 2015. The current year figures, therefore, are not comparable with those of the previous fifteen-month period ended 31st March 2015.

1. FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2016

Rupees in lakhs

	Year ended 31 st March 2016	15 months ended 31 st March 2015
Sale of Products (Net of Excise Duty)	2728,50.95	3253,40.98
Other Operating Revenue	28,44.74	34,16.82
Revenue from Operations	2756,95.69	3287,57.80
Profit before Exceptional items and Tax	574,39.96	800,50.43
Exceptional Items	2,61.33	(51,88.14)
Profit before Tax	577,01.29	748,62.29
Less: Tax expense	201,79.95	276,97.71
Net Profit for the year	375,21.34	471,64.58
Add: Opening Surplus brought forward from the previous year	887,24.61	1099,93.27
Less: Appropriations:		
Proposed Dividend (including tax on distributed Profits)	509,73.42	637,16.78
Transfer to General Reserve	-	47,16.46
Closing Surplus carried forward	752,72.53	887,24.61

2. DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 50.00 per Equity Share for the year (previous year ₹62.50 per Equity Share for the fifteen-month period). The Dividend is subject to the approval of Shareholders at the Annual General Meeting on 28th July 2016 and will be paid on or after 29th July 2016. If approved by the Shareholders at the Annual General Meeting, the Dividend will absorb ₹ 424 crores. The Dividend Distribution Tax borne by the Company will amount to ₹ 86 crores.

3. MANAGEMENT DISCUSSION AND ANALYSIS

Economic Scenario

Global economic activity in 2015 remained muted. Growth in emerging markets and developing economies declined for the fifth consecutive year (still contributing 70% to global growth), while a modest recovery continued in advanced economies. This has been attributed to: 1) The slow shift in focus from investment and manufacturing to consumption and services in China; 2) Lower prices for energy and other commodities; and 3) Gradual tightening in monetary policy in the US. (Source: Media reports)

In India, in the Fiscal Year 2014-2015, Gross Domestic Product (GDP) grew by 7.3 per cent, following a 6.9 per cent growth rate in the previous year. In the first half of Fiscal Year 2015-16, the growth was 7 per cent. Domestic consumption (57 per cent) and investment (33.1 per cent) were major contributors to growth in Fiscal Year 2014-15. This can be attributed to high savings rates, a growing labour force and an expanding middle class. Following the downward trend in global commodity prices, the retail inflation averaged 4.5 per cent in first half of Fiscal Year 2015-16. (Source: KPMG report, "India Soars High" (February 2016) and Finance Ministry/ Reserve Bank of India website) This has allowed RBI to cut its policy rate by 125 basis points in 2015, which is expected to underpin the domestic demand. India's current account deficit has continued to narrow, enabling the RBI to increase the foreign exchange reserves, which could protect the economy from possible disruptions in global financial markets (through monetary tightening in advanced countries).

Overview of the Indian Pharmaceuticals Market

In this economic scenario, the Indian Pharmaceuticals market has seen double-digit growth in the last one year. It is forecasted to grow at a compound annual growth rate (CAGR) of 11.8% (+3%) between 2015 and 2020, reaching ₹ 1859.5 billion by 2020. (Source: Media reports).

Business Performance

In this challenging environment, your Company has delivered value, aided predominantly by manufacturing and supply chain excellence to ensure continuity and secure supply of medicines, along with initiatives to increase reach so that patients can access medicines. Your Company continues to enjoy a leadership position in the therapy areas in which it provides healthcare solutions to patients. Seven of your Company's brands feature in the top 50 Industry brand list, namely Augmentin, Calpol, Zinetac, Betnovate - N, Betnovate - C, Synflorix and Eltroxin. Your Company has set in motion initiatives to re-engineer its business model to maintain margins and to best deliver value to patients and stakeholders.

(a) Finance and Accounts

Your Company strives to drive profitable volume growth in a competitive generic market with an underlying focus on delivering quality products to patients. To support the long term strategy, the Company is undergoing an investment initiative to upscale its existing manufacturing capabilities at its Nashik plant and has commenced the construction of its new plant at Vemgal, Karnataka.

Sale of Products (net of Excise Duty) decreased by 16% for the twelve-month period ended 31st March 2016 as compared with the previous fifteen-month period ending 31st March 2015. The corresponding Sales of the Pharmaceutical business decreased by 17% over these periods. The Gross Margin increased by a percentage as compared to last year, driven by portfolio mix. Other Expenses for the period include increased Corporate Social Responsibility spend which amounts to 2% of the last three years' average of Profit After Tax.

Profit Before Exceptional Items and Tax amounted to 21% of Sales for the year compared to the fifteen-month previous period of 25%. This reduction is mainly on account of lower Other Income as business enhances its capital investment programme.

Net Profit for the Year remained flat at 14% of Net Sales. Exceptional income for the year of ₹ 2.61 crores includes the profit on disposal of property during the year of ₹ 15.99 crores [pre-tax] that is partly offset by the rationalisation costs of ₹ 5.15 crores for Portfolio and Manufacturing activities as well as the costs relating to the Asset Sale transaction with Novartis of ₹ 7.70 crores. This compares favourably to the prior year Exceptional costs of ₹ 52 crores in the prior fifteen-month period relating to actuarial loss on employee benefits of ₹ 21.51 crores and a charge of ₹ 30.37 crores for the rationalisation of capital assets for one dosage form at the Nashik facility.

Cash generation from Operations continued to remain favourable this year and is in line with business performance. The Company utilised ₹ 232 crores of cash as capital expenditure, predominantly for the new project at Vemgal, as well as for the upgrade of the existing factory at Nashik. Your Company continues to look for ways and means of deploying accumulated cash balances as at 31st March 2016 which remain invested largely in bank deposits.

During the year, the Company remodeled its finance operating model to enhance the efficiency of end-to-end processing of transactions, increase capabilities toward finance partnering with the business as well as ensure strong financial governance across the organisation. The implementation of the finance operating model positions the Company to upscale its future Enterprise Resource Planning systems.

There are no loans, guarantees given, securities provided and investments covered under Section 186 of the Companies Act, 2013. Your Company has not accepted any fixed deposits during the year. There was no outstanding towards unclaimed deposit payable to depositors as on 31st March 2016.

There are no significant or material orders passed by the Regulators, Courts or Tribunals which impact the going concern status of the Company and its future operations. There are no material changes and commitments affecting the financial position of the Company as on the date of the report.

Key comparable figures for the 12-month period ending April - March 2016 and April - March 2015

As mentioned above, the audited results for the year ended 31st March 2016 are not comparable with those of the fifteen-month period ended 31st March 2015. However, on a memorandum basis and for comparative purposes, unaudited results for the twelve months ended 31st March 2015 are given below:

Rupees in lakhs

	Year ended 31st March 2016	Unaudited Twelve month ended 31st March 2015
Revenue from Operations	2756,95.69	2679,96.99
Profit Before Exceptional Items and Tax	574,39.96	651,75.24
Exceptional Items	2,61.33	(54,87.05)
Profit Before Tax	577,01.29	596,88.19
Less: Tax expense	201,79.95	220,41.41
Net Profit for the Year	375,21.34	376,46.78

Revenue from Operations increased 3% in the year. The first two quarters of the year were impacted by supply factors that led to a decline in sales growth for the first half of the year. The second half of the year saw recovery to a growth rate in excess of 12%, assisted by reduced constraints as well as the sales from the acquired Novartis vaccines.

The gross margin improved by 1% as compared to the prior year's unaudited twelve-month period due to portfolio mix, however, the Profit Before Exceptional Items and Tax declined by 4%, driven by a reduction in Other Income and the inflation impact on the cost base.

Exceptional income for the year, as detailed above, compares favourably to the exceptional cost of the

prior year unaudited twelve-month period of ₹ 54.87 crores relating to actuarial loss on employee benefits of ₹ 24.50 crores and a charge of ₹ 30.37 crores for the rationalisation of capital assets for one dosage form at the Nashik facility.

Net profit margin for the year of 14% of sales is comparable to the same margin as in the prior year.

Novartis Transaction

In April 2014, GlaxoSmithKline plc (GSK), London, UK, entered into three inter-conditional agreements with Novartis AG (Novartis), Basel, Switzerland. In one such agreement, GSK agreed to acquire Novartis' Vaccines Business (excluding influenza vaccine) and manufacturing capabilities and facilities from Novartis, and in the second agreement, GSK agreed to sell the rights to its Marketed Oncology Portfolio, related R&D activities and AKT Inhibitors currently in development to Novartis. Globally, these transactions with Novartis were completed on 2nd March 2015. In connection with the above transactions, the GlaxoSmithKline Pharmaceuticals Limited ("your Company") Board, in its meeting held on 12th February 2015, approved the transactions on an Asset Sale basis with Novartis Healthcare Private Limited, a private unlisted company incorporated under the Companies Act 1956. Pursuant to the global deal, your Company will have its distribution rights terminated for the oncology portfolio and acquire distribution rights for the vaccines portfolio. GSK plc and Novartis AG have obtained the approval from the Competition Commission of India. Your Company and Novartis Healthcare Private Limited had filed separate applications for approval with the Foreign Investment Promotion Board (FIPB). The closing of the asset sales between the companies was subject to the receipt of all applicable legal and regulatory approvals, consent, permissions and sanctions as may be necessary from concerned authorities. Your Company successfully completed this transaction on 30th September 2015 on receipt of all applicable legal and regulatory approvals. Your Company's sales performance for the current year was enhanced by ₹ 61 crores from the acquired sales in vaccines. Furthermore, your Company continues to sell the Oncology portfolio relating to this transaction up until the marketing authorisations transfer to Novartis Healthcare Private Limited.

Whilst the transaction is expected to be profit neutral for your Company, your Company's vaccines portfolio is enhanced predominantly from distribution of the anti-rabies vaccine as well as from the expected pipeline of vaccines from GSK.

b) Pharmaceuticals Business Performance and Outlook

The year under consideration was focused on increasing access to medicines to serve patients better. 68% of the Indian population resides in more

than 638000 villages and small towns. Access to their desired medicines is a significant challenge for them. Healthcare in most of these areas is managed through primary and community healthcare centres. Your Company invested in increasing its resources in the REACH team (with the specific task to increase access) to increase penetration into rural markets with a large portfolio of brands spanning the Company's therapeutic areas. The rural initiative is expanding for greater geographical reach and will now ensure prescription leadership and support to patients in rural markets. Your Company started its unique scientific programme, Van Scientific Promotional Meetings (SPM), conducting meetings with Doctors from a van that travels to the areas that are difficult to reach. The Doctors who benefit from this programme otherwise have limited or no access to continuous medical education due to infrastructure challenges and lack of medical expertise.

According to IMS data, the hospital segment is estimated to grow at a CAGR of 20% by 2020, almost 8% more than the retail segment. Your company expanded the Hospital Business Team reaching out to more hospitals with a customised approach, promoting mass market and mass specialty brands along with the cardiac portfolio. Some of the products like Betnovate were moved from specialty business to mass market business for greater coverage. Your Company's established products like Augmentin, Cobadex CZS and Calpol are now promoted by all the teams to ensure that the benefits are passed on to maximum number of patients possible, which has resulted in prescriptions growing from month to month during the last year.

Your Company's Respiratory team launched a price-volume initiative on Seretide Accuhaler with an objective to make Seretide Accuhaler accessible to more patients in India in order to help them better manage and control their Asthma and Chronic Obstructive Pulmonary Disorder (COPD) in a better way. As a result of this initiative, the patient share on Seretide Accuhaler has gone up by almost three times and this initiative has had a positive impact on the Seretide Evohaler.

Your company's Dermatology business maintained its leadership in the segment's market in the year under consideration; backed by above par performances from classic brands like Betnovate & Tenovate, as well as strategically important brands such as Zimig, Oilatum and Clindoxyl. Keeping the patient as the focus of all activities, the team launched different patient campaigns like 'Skinfie' skin care awareness camps which were conducted in colleges and corporate offices by renowned Dermatologists. Your company also took on the challenge of increasing awareness on the right and appropriate use of steroids by way of meetings, leaflets and posters in order to educate patients and pharmacists.

The Mass Specialty business continued its growth trajectory and Augmentin, the flagship brand of your Company regained the No. 1 position in the “Amoxy Clav” market, showing a remarkable recovery after it was bought under the NLEM (National List of Essential Medicines) list as per DPCO 2013 with an annual prescription growth of 35%. Your Company used the opportunity of the price control induced downward correction to improve access to patients and improve outcomes as is evidenced by the growth of prescriptions. The team not only focused on improving access, but also on therapy-shaping activities. It carried out various initiatives on “Appropriate use of antibiotics” by Health Care Professionals (HCPs) and “Responsible Antibiotic Adherence” by patients. The team remains focused to enable Augmentin to achieve the status of volume leader in the market and be the highest prescribed brand in the “Amoxy Clav” market.

“Eltroxin”, your Company's flagship therapeutic solution for Thyroid management achieved an annual growth of 5%. Many recent advances in prevention and management of Hypothyroidism need to be translated into practice for Health Care Professionals (HCPs) in Tier 1 and Tier 2 cities. To help rapid and early diagnosis of Thyroid disorders, your Company undertook several Scientific Promotional meetings on “Maternal Hypothyroidism” and “Translating of Thyroid guidelines”. As many as 10000 such meetings took place during the year. The ‘One-on-One’ SPMs were a good example in our pursuit of being a patient-focused organisation and taking a lead to ‘door deliver’ knowledge to equip HCPs for appropriate disease management. The Disease Awareness initiative on Congenital Hypothyroidism (CH) was conducted in many cities during the year. Feedback from doctors was encouraging as they believed that your Company is spreading awareness in the society and thus improving the future of children with CH. Your Company has taken an initiative of launching team “INVICTUS”- a dedicated task force based at various locations in the country. The team caters to key stakeholders for Eltroxin and engages them for scientific promotional activities. The key brand Ceftum also registered a double digit prescription growth in major specialty areas.

The key brands in Mass markets like Zinetac, Calpol, Betnesol, Zentel, and Cetzine have maintained dominant market leadership positions. Calpol is the No. 1 prescribed brand in the Indian Pharmaceutical Market and generates 3 prescriptions every 2 seconds. Your Company's strategy was to increase access to patients by targeting the adjacent and direct category competition and drive unit sales consistent with following your Company's policy of increasing access to medicines.

In the area of preventive healthcare, your Company continues to be the No. 1 vaccines Company in

the self-pay segment in India. Consistent with your Company's philosophy of increasing access, your Company continues to offer cost-effective presentation of a flagship pneumococcal vaccine in the form of vials to help protect more kids from pneumococcal disease, which is the leading cause of infant mortality in India. Sudden changes in interpretation of licensing requirements coupled with constraints of supplies from the parent facility led to shortages of a number of vaccines through the year. Notwithstanding that, the measure of the ability of your Company's vaccines to benefit children and women's health is indicated in the healthy growth registered. The vaccines team is gearing up for the launch of the combined MMRV vaccine - the first of its kind to be launched in India in 2016. The merger of Novartis Vaccines Business, has given a key anti-rabies vaccine, “Rabipur” to enhance the overall portfolio of vaccines.

c) Opportunities, Risks, Concerns and Threats

The Union Budget 2016-17 announced certain big changes connected to the healthcare sector. Out of nine pillars of the Union Budget, one was social healthcare. The Government announced setting up of 3000 new drug stores across the country to handle shortage of drugs, especially in rural areas under the Jan Aushadi Yojna to provide generic drugs at affordable rates. A health insurance cover of up to ₹ 1 lakh per family is also provided. With the launch of the National Dialysis Programme to deal with high costs involved in healthcare as part of the Programme, every district hospital will have facilities of dialysis. The Health Protection Scheme of ₹ 1 lakh to cover unforeseen illness for poor families with addition of ₹ 30,000/- for senior citizens, was a welcoming step in deepening access. The 15% increase in government spending on social sectors with focus on healthcare and the government's promise to provide health insurance to the under-privileged class through the new Health Protection Scheme is welcome. All these would act as a catalyst for investment in the healthcare sector and help in improving affordability and accessibility of quality healthcare in India, which in turn will help growth of your Company.

Government issued a Fixed Dose Combination [FDC] notification on 10th March 2016 pursuant to which more than 350 fixed dose combination drugs were banned. As per the said notification, Companies were not allowed to manufacture, sell and distribute the FDCs. Many companies and industry associations have filed a writ petition in the Delhi High Court challenging the abrupt ban of FDCs. The Delhi High Court has granted a stay order and the matter continues to be heard on a regular basis at the High Court. The abrupt ban on FDCs has caused an environment of uncertainty as some of the FDCs were available in the market and used by patients for many years. Your company has minimal impact on account of the said FDC Notification.

d) Regulatory Affairs

During the year under review, in order to support the commercial availability of new drugs that would benefit and improve the quality of life of Indian patients suffering from various diseases, your Company submitted necessary applications for New Products in India to the CDSCO (Central Drugs Standard Control Organization), Ministry of Health and Family Welfare, Government of India. After a thorough review of its applications, your Company has received approval for some of these products from CDSCO, which will enable timely access to new and innovative therapeutic options to patients in our country.

Some of the innovator products approved by the regulatory agency in India during the year under review includes albiglutide (Tanzeum) for the treatment of type 2 diabetes mellitus in adults, a pediatric vaccine for immunisation of children of 1 year to 12 years of age against measles, mumps, rubella and varicella (Priorix tetra), inactivated poliomyelitis vaccine (Poliorix) indicated for immunisation against poliomyelitis from age of 6 weeks onwards. All these new products approved for your Company during the year under review will be beneficial to Indian patients. In addition, your Company also received approval for import and marketing of 2 new cosmetic products in India and approval for continued marketing of 9 fixed dose combination products in India upon reassessment of efficacy and safety data presented by your Company.

Medical Affairs and Medical Governance

The Medical Affairs team has provided valuable medical inputs for the development and execution of strategy for several key products including Seretide, Augmentin, Eltroxin and also the Vaccines portfolio. The team played a crucial role in communicating high-quality scientific information to the medical fraternity and regulatory authorities. The Medical Affairs and the Medical Governance teams ensure that your Company's promotional activities and HCP (Healthcare Professional) engagements are consistent with global GSK standards and in line with all the applicable guidelines and standard operating procedures.

At the end of 2013, GSK globally announced industry-leading changes to the way the company interacts with HCPs. One of these changes includes stopping payments to Healthcare Professionals to speak at scientific meetings on behalf of GSK and by doing this, the Company increases trust by eliminating the perception of a conflict of interest. This change has been implemented in India by your Company from 1st January 2016 and in preparation for this new HCP Engagement model, your Company has taken steps to build internal medical capacity and capability to deliver this new model and enhance the way your Company interacts with HCPs. Your Company has developed

and/or supported high quality scientific educational programmes for Healthcare Professionals to update their knowledge about disease management which will ultimately help their patients receive appropriate treatment.

One such independent medical education programme supported through an educational grant by your Company is the Certificate Course in Management of Thyroid Disorders (CCMTD) which has been developed and implemented by Public Health Foundation of India (PHFI) in collaboration with Chellaram Diabetes Institute (CDI), Pune. This is a comprehensive training programme with the main objective of enhancing the knowledge and skills of primary care physicians in the management of thyroid disorders and till date, more than 700 physicians have completed this course.

Your company also planned and conducted Pulmonary Rehabilitation (PR) workshops across India, in consultation with experts in the field, in order to educate chest physicians and physiotherapists regarding various aspects of PR and its benefits in patients with respiratory disease.

e) Internal Control Framework

Your Company conducts its business with integrity and high standards of ethical behaviour and in compliance with the laws and regulations that govern its business. Your Company has a well-established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines, including suitable monitoring procedures and self-assessment exercises. In addition to external audit, the financial and operating controls of your Company at various locations are reviewed by the Internal Auditors, to report significant findings to the Audit Committee of the Board. The Audit Committee reviews the adequacy and effectiveness of the implementation of audit recommendations including those relating to strengthening your Company's risk management policies and systems. Compliance with laws and regulations is also monitored through a matrix of well laid down framework which requires individual functions to confirm and report statutory compliances on all laws and regulations concerning their respective functions and which gets integrated with the overall compliance reporting on all laws and regulations for the purposes of review and monitoring by the Audit Committee.

As required by the Companies Act 2013, your Company has implemented an Internal Financial Control (IFC) Framework. Section 134(5)(e) requires the Directors to make an assertion in the Directors Responsibility Statement that your Company has laid down internal financial controls, which are in existence, adequate and operate effectively. Under Section 177(4)(vii), the Audit Committee evaluates the internal financial controls and makes a representation

to the Board. The purpose of the IFC is to ensure that policies and procedures adopted by your Company for ensuring the orderly and efficient conduct of its business are implemented, including policies for and the safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. The IFC implementation required all processes of your Company to be documented alongside the controls within the process. All processes were satisfactorily tested for both design and effectiveness during the year.

Furthermore, the Company extended its Independent Business Monitoring (IBM) project under 'ECHO'. The ECHO IBM Framework is designed by the GSK plc group requiring a regular review of activities, data, exceptions and deviations in order to continuously monitor and improve the quality of operations. It is a risk-based enterprise approach ensuring consistency, quality, transparency and clear accountability of Risk Management and Internal Controls across all business units.

Your Company expects all employees to act transparently, respectfully and with integrity and to put the interests of patients and consumers first at all times. Your Company aims to put these core values at the heart of everything it does and every decision it makes. The GSK Code of Conduct and accompanying training, seeks to ensure everyone in your Company understands how to put values into practice. Mandatory training on the Code of Conduct helps your Company's employees gain the confidence to make the right decisions and become familiar with the policies and procedures applicable to their areas of operation, avoid conflicts of interest and report all unethical and illegal conduct. Your Company also has an Anti-Bribery and Corruption (ABAC) programme designed to prevent non-compliance through controls, practical guidance and mandatory training. The programme complies with the principles laid down under US Foreign Corrupt Practices Act and British Anti-Bribery laws.

Additionally, employees are required to certify on an annual basis whether there have been any transactions which are fraudulent, illegal or violative of the Code of Conduct. Strong oversight and self-monitoring policies and procedures demonstrate your Company's commitment to the highest standards of integrity.

Your Company has also successfully complemented its Internal Control Framework with the test of design and effectiveness of all its processes across the organisation as part of meeting the requirements of the Companies Act, 2013, to ensure the existence and effectiveness of Internal Financial Controls.

Your Company's policies and updated Global Code of Practice for Promotion and Customer

Interactions prescribe the nature of practices and prohibits specifically those which are unethical. Your Company is a signatory to the OPPI (Organisation of Pharmaceuticals Producers in India) Code of Marketing Conduct.

Risk Management

The Company has a Risk Management and Compliance Board (RMCB). Risk maps stating the significant business risks, potential consequences and mitigation plans are prepared by each function and reviewed by the RMCB on a regular basis. Business Continuity Plans are periodically reviewed and tested to enhance their relevance. The Risk Management Framework covering business, operational and financial risks is being continuously reviewed by the Audit Committee. At present, in the opinion of the Board of Directors, there are no risks which may threaten the existence of the Company.

Vigil Mechanism

Your Company has a Speak Up Programme. The Programme offers people within and outside GSK a range of channels to voice concerns and report misconduct. The Speak Up culture and procedures encourages everyone to raise concerns about potential unethical or illegal conduct and assures confidentiality and protection from retaliation, retribution or any form of harassment to those reporting such concerns. Confidential Speak Up integrity line phone numbers are available to people within and outside of your Company. An independent company manages these reporting lines and calls are logged through their central system to ensure integrity of the programme.

Your Company endeavours to treat all questions or concerns about compliance in a confidential manner, even if the person reporting a question or concern identifies themselves. Your Company also has a well laid down process to prevent, take disciplinary action and deter acts of sexual harassment. Your Company has constituted a complaint mechanism and a complaint committee to deal in a timely manner with all instances of sexual harassment and to ensure that no victims or witnesses are victimised or discriminated.

Your Company has in place a whistle blower policy with a view to provide a mechanism for its Directors/employees/customers to approach the Chairman of Audit Committee, in case of any grievance or concern. The Whistle Blower policy can be accessed on your Company's website www.gsk-india.com/investors/policies.

f) Human Resources:

Your Company in the year under consideration saw a renewed focus on the Human Resources front with initiatives in leadership & talent management, capability building, rewards & recognition, ERP systems and employee communication.

In 2015, your Company significantly strengthened its Human Resources capability in the Supply Chain organisation with particular emphasis on Quality and Employee Health & Safety. The Human Resources team partnered with the business to develop and implement a Change Management plan across the Nashik site. The focus was on sustainability of policies and processes, underpinned with a 4-day training programme, 'Gurukul' for all employees. The Nashik Site won GMS President's Award on "Building a culture of Zero Accidents" and 2nd prize at the "Best Safety award competition - 2015" by National Safety Council – Maharashtra Chapter in collaboration with Directorate of Industrial Safety & Health, Maharashtra.

Your Company continues to focus on Talent Management and Leadership to build a strong Leadership pipeline. Differentiated development plans have been drawn up for individuals identified as key talent, which covers on-the-job development, relationship/coaching skills along with formal development/classroom training. Identified high potential Sales Managers have been put through the "GMAC - GSK Marketing Accreditation Program" for 18 months to develop their Marketing capability. Your Company continues to invest in its 'Future Leaders' programme drawing on fresh talent from leading universities/business schools around the country. Managers have been through various leadership programmes, such as Accelerating Difference - for talented Women Managers, Emerging Leaders programme, first line leaders, leading delivery, coaching etc. Towards enhancing employee capability, extensive sales training programmes were launched, including distance learning programmes. For instance, 72 e-learning modules for about 44 brands were also implemented.

Your Company launched 'Workday', an ERP initiative, to enhance its HR Systems. Workday allows Managers to have access to employee information on a real-time basis that helps managers to better manage their people. Workday covers performance management, leave, talent management, query resolutions, amongst other features. Managers can also readily access Workday on smartphones and iPads to enhance efficiency.

Following the acquisition of Novartis Vaccines business globally, your Company seamlessly completed the 'asset deal' transfer. In October 2015, around 120 employees of Novartis were integrated into your Company's Vaccines business after going through an Orientation and Crossover Induction programme covering GSK values, business processes and SOPs. About 40 employees transferred to Novartis as part of divestment of our Oncology business.

A number of employee engagement initiatives were carried out such as volunteering - through the Company's 'Pulse' and 'Orange day' programmes,

the wellness and wellbeing programme, the Let's Talk programme, the Empowerment League programme, the Star Recognition programmes, the employee Health and Safety programmes, etc. During the course of the year, an employee Survey was carried out and your Company had some of the highest scores in both Engagement and Empowerment within the GSK group and these scores also compared favourably against external benchmarks.

Towards developing and growing women leaders, talented Women Managers are being put through a unique programme, 'Accelerating Difference' which will help them to hone their capability in managing senior roles. Women-friendly policies have also been put in place.

Your Company has also put in place a number of initiatives with respect to values and maturity assessment. This has led to an extensive coverage of all employees to ensure that they understand and learn to live our values of Transparency, Respect for people, Integrity and Patient Focus.

There are four recognised unions – Selling Area (zonal) based – North, East, West and South to address the grievances of employees working in the field. The Union in the West selling area also represents the workers working at Nashik site. The Unions have been committed to the growth and development of the Company.

Prevention of Sexual Harassment at Work Place

As per the requirements of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 ("Act") and rules made thereunder, your Company has adopted a policy (www.gsk-india.com/investors/policies) for prevention of sexual harassment at workplace and has constituted an Internal Complaints Committee. During the year, your Company has not received any complaints on Sexual Harassment under the said Act.

g) Supply Chain

Manufacturing:

Manufacturing operations in India continue to progress and develop. The Nashik Site has continued to deliver on its overall strategic intent and has invested heavily in Safety and Quality in the past year, while further securing supplies and capability to serve the patient. The Site has increased output capability from 2014 through 2016 by approximately 30% with a target for the end of 2016 reaching a 50% efficiency gain from 2014. The Site successfully launched new strengths in Bactroban and Eltroxin, further supporting patient need. The Site has upgraded key utilities, including electrical, HVAC and purified water systems.

The site has invested heavily in dust containment capability and fire-fighting capability to ensure a safe working environment for all staff. The site has invested in the upgradation of all manufacturing areas to improve Safety and Quality standards to GSK global expectations. Progress on the new Building for the Eltroxin Suite has progressed to plan and the facility is on track for commercial supply from January 2017.

New Manufacturing Site:

As you are aware, your Company has decided to create a new Greenfield manufacturing site in Bengaluru. The new factory, is being built to the highest International Standards. It has been designed in India and will incorporate the highest appropriate levels of technology and automation to ensure cost-effective production of the highest quality medicines. The process equipment is either being imported or sourced locally, wherever possible.

Environmental considerations have been at the forefront of the Factory Design and future operation. Your Company is aiming to achieve LEED (Leadership in Energy and Environmental Design) Gold standard which is an internationally recognised US set of rating systems for the design, construction, operation, and maintenance of green buildings, that aims to help building owners and operators be environmentally responsible and use resources efficiently. Additionally, your Company is investing in renewable energy in the form of a 0.5 MW Photovoltaic array, which will generate a significant part of the site's energy requirement. All waste water will be recycled with zero waste. Advanced 'Programme Management' techniques are being used to ensure all the various processes, quality management systems, staff recruitment, and other operational readiness activities are in place prior to start-up.

Manufacturing Excellence:

The Nashik site has significantly increased capability in the delivery of the GSK Production System (GPS) with the Site showing significant improvement in Safety, Quality and Cost as your Company drives towards Zero Accident, Zero Defect and Zero Waste. Site performance last year showed significant improvement in all performance parameters for Safety, Quality and Cost from the previous year. The Site launched two key initiatives to support knowledge and understanding. These include the launch of Site B2B programme – a 4-day intensive EHS and Quality training programme to ensure all staff are meeting a common standard for these critical activities. In addition, the Site launched its Site Learning Zone; a hands-on learning environment where staff can practice in a safe way, common, day-to-day work practices and drive improvement into the process.

End-to-End Supply Chain & Logistics:

Your Company is implementing several initiatives in driving greater safety & tracking when the products are transported from our manufacturing locations to various warehouses across the country, by using GPS tracking devices, engaging with the transporters to ensure that product handling is appropriate from pilferage & theft perspective. Your company is looking at strengthening the cold chain capability across the supply chain through the warehouses, transportation & packaging. This initiative is to further enhance compliance to patient safety & regulatory requirements.

h) Corporate Social Responsibility

Your Company has a rich legacy of partnering the communities in which we live and operate. Strong partnerships with community groups are critical, as local organisations have the greatest insights into the needs of their people and the strategies that stand the greatest chance of success. Your Company's focus is on making life-changing, long-term differences in human health by addressing the healthcare burdens of accessibility, affordability and awareness. Your Company works to fulfill this and other social change efforts, through our Corporate Social Responsibility (CSR) programmes. During the last year, the CSR programme touched the lives of over a million people across India.

Pursuant to the provisions of Section 135 and rules made thereunder of the Companies Act, 2013, the Company has constituted a CSR committee to monitor CSR activities of the Company. The CSR policy of the Company may be accessed on the Company website at the link www.gsk-india.com/investors/policies. The CSR Report on the activities undertaken during the year, given in Annexure 'C', forms a part of this Report.

- i) Certain statements in the "Management Discussion and Analysis" section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

4. DIRECTORS

Mr. V. Thyagarajan, Non-Executive Director and Mr. P. V. Nayak, Independent Director retired as Directors from 31st October 2015. Dr. H. B. Joshipura resigned as a Managing Director from 31st July 2015. The Board places on record its appreciation of the valuable services rendered by Directors, Mr. V. Thyagarajan, Mr. P. V. Nayak and Managing Director, Dr. H. B. Joshipura, during their tenure and for their contribution to the deliberations of the Board.

The Board of Directors has appointed Mr. A. Vaidheesh as Managing Director with effect from 3rd August 2015.

In terms of the provisions under Section 149 of the Companies Act, 2013, the Board and Shareholders have approved the appointment of all the existing Independent Directors, that is, viz. Mr. R. R. Bajaj, Ms. A. Bansal, Mr. P. V. Bhide, Mr. N. Kaviratne, Mr. A. N. Roy and Mr. D. Sundaram for a term of five years from 30th March 2015.

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149 (7) of the Companies Act, 2013, stating that they meet the criteria of Independence as provided in sub-section (6).

During the year ended 31st March 2016, six Board meetings were held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Remuneration Policy and Board Evaluation

In compliance with the provisions of the Companies Act, 2013 and Regulation 27 of the Listing Obligations & Disclosures Requirement, Regulations, 2015 the Board of Directors on the recommendation of the Nomination & Remuneration Committee, adopted a Policy on remuneration of Directors and Senior Management. The Remuneration Policy is stated in the Corporate Governance Report.

Performance evaluation of the Board was carried out during the period under review. The details are given in the Corporate Governance Report.

Familiarisation programmes for the Independent Directors

In Compliance with the requirements of SEBI Regulations, your Company has put in place a familiarisation programme for the Independent Directors to familiarise them with their role, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model, etc. It is also available on the Company website www.gsk-india.com/investors/policies.

5. PARTICULARS OF CONTRACTS AND RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and Listing Obligations & Disclosures Requirement (LODR), Regulations, 2015, your Company has formulated a policy on Related Party Transactions. All Related Party Transactions that are entered into during the year, were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made with the Promoters, Directors or Key Managerial Personnel which may have a potential conflict of interest with the Company at large. The Policy of Related Party Transactions can be accessed on the Company website www.gsk-india.com/investors/policies.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and /

or entered in the ordinary course of business and are at arm's length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and LODR.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2016 and of the profit of the Company for the year ended on that date;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis;
- (v) that proper internal financial controls laid down by the Directors were followed by the Company and such internal financial controls are adequate and were operating effectively, and
- (vi) that proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

7. CORPORATE GOVERNANCE & BUSINESS SUSTAINABILITY REPORT

Your Company is part of the GlaxoSmithKline plc group and conforms to norms of Corporate Governance adopted by them. As a Listed Company, necessary measures are taken to comply with the Listing Obligations & Disclosures Requirement, Regulations, 2015 with the Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, given in Annexure 'A', forms a part of this Report. Further, a Business Responsibility Report, describing the initiatives taken by your Company from an environmental, social and governance perspective, given in Annexure 'B', also forms a part of this Report.

8. AUDITORS

The Auditors in their Report dated 25th May 2016 have commented that the back-up of the books of accounts and other books and papers are not maintained in electronic mode on servers physically located in India. Your Company

would like to clarify that your Company's ERP is centralised in Global Data Centres. The back-up storage is maintained at Global Data Centres outside India. The Company is reviewing maintenance of back-up of ERP data in India as required under Rule 3 of the Companies (Accounts) Rules, 2014.

M/s. Price Waterhouse & Co Bangalore LLP, Chartered Accountants (Firm Registration No. 007567S/S-200012), the Statutory Auditors of the Company, will hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as per Section 139 of the Companies Act, 2013. Shareholders are requested to re-appoint M/s. Price Waterhouse & Co Bangalore LLP, Chartered Accountants, as the Auditors of the Company and authorise the Board of Directors to fix their remuneration. (Sec 139)

Pursuant to the provisions of Section 204 of the Act, and the Rules made thereunder, the Company has appointed M/s Parikh & Associates, Practicing Company Secretaries, to undertake Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed to the Board Report as Annexure "D", which forms a part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Pursuant to Section 148 of the Companies Act, 2013, the Board of Directors on the recommendation of Audit Committee have appointed M/s. R. Nanabhoy & Co., Cost Accountants for conducting the audit of the cost accounting records maintained by the Company for its Formulations for 2016-2017. The Board has recommended ratification of remuneration payable to them for year 2015-16 to the Shareholders of the Company at the ensuing Annual General Meeting.

As required by Section 92(3) of the Act and the Rules framed thereunder, the extract of the Annual Return in Form MGT 9 is enclosed as Annexure "G", also forms a part of this Report.

9. GENERAL

The information on Conservation of Energy, Technology, Absorption and Foreign Exchange earnings and outgo as stipulated in Section 134(3) M of the Act, and the Rules framed thereunder is annexed herewith in Annexure "E", which forms a part of this Report. The Disclosures pertaining to the remuneration and other details as required under

Section 197(12) of the Act, and the Rules made thereunder is enclosed as Annexure "F", which forms a part of this Report.

Pursuant to section 129 (3) of the Companies Act, 2013, a statement in form "AOC 1" containing the salient feature of the Financial Statements of the subsidiary Company is attached.

Although the audited statements of accounts, relating to Company's subsidiary are no longer required to be attached to the Company's Annual Report the same is enclosed as and in way of better disclosure practice.

The information on employees who were in receipt of remuneration of not less than ₹ 60 lakhs during the year or ₹ 5 lakhs per month during any part of the year forms part of this report and will be provided to any Shareholder on a written request to the Company Secretary. In the terms of Section 136 of the Act, the said annexure is open for inspection at the registered office of the Company during the business hours on any working day of the Company up to the date of Annual General Meeting.

10. ACKNOWLEDGEMENTS

The Directors express their appreciation for the contribution made by the employees to the significant improvement in the operations of the Company and for the support received from all other stakeholders, including shareholders, doctors, medical professionals, customers, suppliers and business partners.

The Board and the Management of your Company are indeed appreciative of the substantial support being received from GSK plc, the parent organisation, in providing new healthcare solutions which are products of its discovery labs and the technology improvements that benefit your Company immensely.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 25th May 2016

Annexure 'A' to the Directors' Report

Report on Corporate Governance

(Pursuant to Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Obligations & Disclosures Regulations, 2015 (LODR) entered into with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity. For several years, the Company has adopted a codified Corporate Governance Charter, which is in line with the best practice, as well as meets all the relevant legal and regulatory requirements. All Directors and employees are bound by Code of Conduct and the associated standards of Conduct that sets out the fundamental standards to be followed in all actions carried out on behalf of the Company.

2. BOARD OF DIRECTORS

○ Composition and size of the Board

The present strength of the Board is Twelve Directors. The Board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. Four Directors, including the Managing Director, are Executive Directors. There are Eight Non-Executive Directors, of which, six are Independent Directors.

Glaxo Group Limited, U.K., have rights enshrined in the Articles of Association relating to the appointment and removal of Directors not exceeding one-third of the total number of retiring Directors.

○ Board meetings and attendance

Six Board meetings were held during the year ended 31st March 2016 and the gap between two Board meetings did not exceed four months. The annual calendar of Board meetings is agreed upon at the beginning of each year.

The information as required under Schedule V (C) of the Listing Obligations & Disclosures Regulations, 2015 is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated at least seven days prior to the meeting. Adequate information is circulated as part of the Board papers and is also made available at the Board meeting to enable the Board to take informed decisions.

The dates on which meetings were held are as follows:

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1.	18 th May 2015	14	12
2.	22 nd June 2015	14	13
3.	31 st July 2015	14	13
4.	31 st October 2015	14	12
5.	16 th December 2015	12	9
6.	10 th February 2016	12	12

○ **Attendance of each Director at the Board meetings and last Annual General Meeting (AGM) and the number of companies and committees where he is a Director / Member (as on the date of the Directors' Report)**

Name of Director	Category of Directorship	Number of Board Meetings attended	Attendance at the last AGM held on 31 st July 2015	Number of Directorships in other companies (excluding Directorships in foreign and private companies)	Number of mandatory committee positions held in other companies	
					Chairman	Member
Mr. D. S. Parekh Chairman	Non-Executive	6	Yes	8	1	3
Mr. V. Thyagarajan Vice-Chairman (up to 31.10.2015)	Non-Executive	2	Yes	NA	NA	NA
Dr. H. B. Joshipura Managing Director (up to 31.07.2015)	Executive	3	Yes	NA	NA	NA
Mr. A. A. Aristidou	Executive	6	Yes	1	Nil	Nil
Mr. R. R. Bajaj	Non-Executive & Independent	6	Yes	2	Nil	Nil
Ms. A. Bansal	Non-Executive & Independent	6	Yes	2	Nil	Nil
Mr. P. V. Bhide	Non-Executive & Independent	5	Yes	7	2	3
Mr. S. Harford (upto 18.05.2015)	Non- Executive	Nil	NA	NA	NA	NA
Mr. N. Kaviratne	Non-Executive & Independent	6	Yes	2	Nil	Nil
Mr. R. Krishnaswamy	Executive	5	Yes	1	Nil	Nil
Mr. P. V. Nayak (upto 31.10.2015)	Non-Executive & Independent	3	Yes	NA	NA	NA
Mr. A. N. Roy	Non-Executive & Independent	6	Yes	3	2	1
Mr. R. C. Sequeira	Executive	5	No	2	Nil	Nil
Mr. R. Simard (w.e.f. 18.05.2015)	Non-Executive	4	Yes	Nil	Nil	Nil
Mr. D. Sundaram	Non-Executive & Independent	5	Yes	4	Nil	2
Mr. A. Vaidheesh Managing Director (w.e.f. 03.08.2015)	Executive	3	NA	1	Nil	Nil

○ **Directors with materially significant related party transactions, pecuniary or business relationship with the Company.**

The Board of Directors has approved a policy for related party transactions and has been uploaded on the Company's website (<http://www.gsk-india.com/investor/Policies>). There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. All transactions entered with the related parties during the year ended 31st March 2016 as mentioned under the Companies Act 2013 and Regulation 23 and 27(2)(b) of the Listing Obligations & Disclosures Regulations (LODR) were in the ordinary course of business and at arm's length pricing basis. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

The Company has adopted policy for determination of 'material subsidiary' and the same has been posted on the Company website <http://www.gsk-india.com/investor/Policies>

○ Directors Inductions and Familiarization

The Board of Directors are provided with necessary reports and internal policies to enable them to familiarize with company procedures and practices. Web link giving details of familiarization program can be accessed at <http://www.gsk-india.com/investor/Policies>

○ Details of Directors being appointed /re-appointed

As per the Statute, two-third of the Directors excluding the Independent Directors should be retiring Directors. One-third of these retiring Directors are required to retire every year and if eligible, these Directors qualify for re-appointment.

Mr. R. C. Sequeira and Mr. R. Krishnaswamy retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

A brief resume of Directors appointed/eligible for re-appointment along with the additional information required under Clause 36(3) of the Listing Obligations & Disclosures Regulations, 2015 is as under:

Mr. A. Vaidheesh

Mr. Vaidheesh is a Bachelor of Physics from Madras University and has done his Master's Degree in Marketing Management from Bombay University. He is an Honorary Fellow of The Association of Minimal Access Surgeons of India and is a certified Process Excellence Black Belt. Prior to his current role he was Vice President, Corporate Government Affairs, Asia-Pacific for Johnson & Johnson based out of Singapore and a member of Global Leadership team for health care advocacy and policy. Before that he was Managing Director of Johnson & Johnson Medical India (JJMI) and Vice president, Asia-Pacific-Diabetes franchise for five years. Mr. Vaidheesh is widely recognized for chairing various initiatives with industry bodies in India and in Asia Pacific Region. Strategic MOU with China Communist Party School, India Health Insurance development and leading Health care agenda in APEC summits are noteworthy.

Mr. R. C. Sequeira

Mr. R. C. Sequeira is an alumni of Loyola College, Chennai and XLRI, Jamshedpur and has 32 years of experience in the field on Human Resources with large multinational companies in India. He began his HR career in 1984 as a Management Trainee with Union Carbide India Limited and gained employee relations experience in various positions. He was appointed Personnel Manager in 1990. In 1992, he moved to the HSBC Bank where he handled HR for East and West India and headed Resourcing and Development and later he was appointed HR Manager Asia Pacific, based in Hong Kong. Mr. Sequeira has also held the position of Head of Compensation and Employee Relations with HSBC, India. Mr. Sequeira joined Tata Power Company in 2004 as VP and Head of Human Resources with additional charge for the Company's Corporate Social Responsibility function. He was also on the Tata Group's HR steering Committee. He is a Director of Biddle Sawyer which forms part of the GlaxoSmithKline Group Companies in India. He is also a Director in Hill Properties Limited.

Mr. Raju Krishnaswamy

Mr. Raju Krishnaswamy has completed his B. Pharm from JSS College of Pharmacy, Ooty and has done MBA from ICFAI. Prior to joining the Company, Raju worked as Senior Vice-President, Global Manufacturing with Wockhardt Limited. In this capacity, he was leading the manufacturing operations of Wockhardt in India, U.S.A. and Ireland. He also headed the contract manufacturing services and the R&D formulation for India and rest of the world countries. Earlier, Raju has also had successful stints with organizations like Cipla Limited and Ranbaxy Laboratories Limited. He was also actively working on the Boards of Wockhardt Infrastructure Development Limited and Wockhardt Biopharm Limited.

3. AUDIT COMMITTEE

Terms of Reference

The terms of reference of this Committee are wide enough to cover the matters specified for Audit Committee under Section 177 of the Companies Act, 2013 and Clause 18 of the Listing Obligations & Disclosures Regulations, 2015 with Stock Exchanges and are as follows:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- b) to review with Management the financial statements at the end of a quarter, half year and the annual financial statements and Auditor's report thereon before submission to the Board for approval, focusing particularly on:
 - (i) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of Sub Section 3 of Section 134 of the Companies Act, 2013;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions; and
 - (vii) qualifications in the draft audit report.
- c) to consider the appointment, re-appointment, remuneration and terms of appointment of the statutory auditors, any questions of resignation or dismissal and payment to statutory auditors for any other services rendered by them;
- d) to discuss with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern (in absence of management where necessary);
- e) reviewing, with management, performance of statutory and internal auditors, adequacy of the internal control systems and discuss the same periodically with the statutory auditors, prior to the Board making its statement thereon;
- f) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- g) discussion with internal auditors on any significant findings and follow up thereon;
- h) reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- i) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- j) to review the functioning of the Whistle Blower mechanism;
- k) to approve any subsequent modification of transactions of the Company with related parties; (explanation): The term "related party transactions" shall have the same meaning as provided in Clause 2(1)(zc) of the Listing Obligations & Disclosures Regulations, 2015 ;
- l) to scrutinize inter-corporate loans and investments;
- m) to evaluate internal financial controls and risk management systems;
- n) to do valuation of Undertakings or assets of the Company, wherever it is necessary;
- o) to approve appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- p) to review the external auditor's audit reports and presentations and management's response;
- q) to ensure co-ordination between the internal and external auditors, and to request internal audit to undertake specific audit projects, having informed management of their intentions;
- r) to consider any material breaches or exposure to breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;
- s) to review policies and procedures with respect to directors' and officers' expense accounts, including their use of corporate assets, and consider the results of any review of these areas by the internal auditors or the external auditors;
- t) to review with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- u) the Auditors of the Company and the Key Managerial Personnel shall have right to be heard in the meetings of the Audit Committee when it considers the Auditor's Report but shall not have the right to vote;
- v) to consider other topics, as defined by the Board;
- w) to carry out any other function as is mentioned in the terms of reference of the Audit Committee;
- x) Review the following information by Audit Committee

The Audit Committee shall mandatorily review the following information:

- i) Management discussion and analysis of financial condition and results of operations;
- ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;
- iv) Internal audit reports relating to internal control weaknesses; and
- v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

○ **Details of the composition of the Audit Committee and attendance of Members are as follows:**

Four Audit Committee meetings were held during the year ending 31st March 2016. The Committee comprises of Independent and Non-Executive Directors and their meetings were held on 18th May 2015, 31st July 2015, 31st October 2015 and 10th February 2016.

Name	Designation	Category of Directorship	Attendance out of four meetings held
Mr. D. Sundaram	Chairman	Non-Executive & Independent	4
Mr. D .S. Parekh	Member	Non-Executive	4
Mr. V. Thyagarajan (up to 31.10.2015)	Member	Non- Executive	1
Mr. P .V. Nayak (up to 31.10.2015)	Member	Non-Executive & Independent	2
Mr. N. Kaviratne	Member	Non-Executive & Independent	4
Mr. P. V. Bhide	Member	Non-Executive & Independent	4

The Managing Director, the Finance Director, other Executive Directors, the Statutory Auditors and Internal Auditors are invitees to the meetings.

The Chairman of the Audit Committee, Mr. D. Sundaram, was present at the Annual General Meeting of the Company held on 31st July 2015.

Risk Management Committee

The Risk Management Committee consists of the same members as Audit Committee and attendance of Risk Management Committee would be same as Audit Committee.

4. **NOMINATION & REMUNERATION COMMITTEE**

○ **Terms of Reference**

The terms of reference of this Committee cover the matters specified for Nomination & Remuneration Committee in the Companies Act, 2013 and Clause 19 of Listing Obligations & Disclosures Regulations, 2015 with Stock Exchanges and are as follows:

- a) Formulation of the criteria for determining qualification, positive attributes and independence of a Director and they recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

While formulating the policy as mentioned above the Committee will ensure that;

- 1) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

- 2) relationship of remuneration to performance is clear and meets appropriate performance benchmarks and;
 - 3) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
 - c) Devising a policy on Board diversity;
 - d) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The composition of the Nomination & Remuneration Committee is as follows:

Name of the Member	Designation	Category of Directorship
Mr. N. Kaviratne	Chairman	Non-Executive & Independent
Mr. D. S. Parekh	Member	Non-Executive
Ms. A. Bansal	Member	Non-Executive & Independent
Mr. V. Thyagarajan (up to 31.10.2015)	Member	Non-Executive

During the year under review, the Committee met on 18th May 2015, 22nd June 2015, 31st July 2015, 31st October 2015 and 10th February 2016 which was attended by all the members.

Remuneration Policy & evaluation criteria

The Nomination & Remuneration Committee has adopted Policy on Remuneration to the Senior Management and Executive Directors of the Company and a Policy on composition, diversity and evaluation of the Board of the Company. The major terms of both policies are as under:

Remuneration Policy for Senior Management & Executive Directors

- a) All the Executive Directors including the Managing Director is paid such remuneration as may be mutually agreed between the Company and the Executive Directors within the overall limits prescribed under the Companies Act, 2013 and is subject to approval by the Shareholders of the Company.
- b) The remuneration for the Senior Management and Executive Directors mainly consists of salary, benefits, perquisites and retirement benefits which are fixed components and the annual performance bonus and long term incentives are the variable components.
- c) When determining remuneration levels individual's role, experience and performance and independently sourced data for relevant comparator groups are considered.
- d) Ordinarily, salary increases will be broadly in line with the average increases for the wider GlaxoSmithKline workforce. However, increases may be higher to reflect a change in the scope of the individual's role, responsibilities or experience.
- e) The overall performance of the individual is a key consideration when determining salary increases.

Performance Evaluation of Board

In terms of the provisions of the Companies Act, 2013 and Schedule II part D of the Listing Obligations & Disclosures Regulations, 2015, the Board has carried out the annual performance evaluation of its own including the various Committee and the individual Directors with a detailed questionnaire covering various aspects of Board's functioning like composition of Board and its Committees, Board culture, performance of specific duties and obligations.

A similar process with a separate exercise was carried out to evaluate the performance of the individual Directors including the Chairman of the Board, who were evaluated on parameters such as the independence of judgment, level of engagement, their contribution, safeguarding the interests of the Company and minority shareholders.

Remuneration to Non- Executive Directors

- Independent and Non-Executive Directors other than Directors who are in the employment of the GlaxoSmithKline Group Companies are entitled for sitting fees of ₹10,000 per meeting of Board or Committee thereof. They will also be entitled for reimbursement of expenses incurred for participation of the Board or Committee Meetings. With effect from 1st January 2016, Independent and Non-Executive Directors other than Directors who are in the employment of the GlaxoSmithKline Group Companies are entitled for sitting fees of ₹ 50,000 per meeting of Board or Committee thereof.
- All the Directors of the Company, excluding the Managing Director, Directors in the whole-time employment of the Company and Directors who are in the employment of the GlaxoSmithKline Group Companies are entitled to receive commission collectively up to a maximum of one percent of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013 for such period and such amount as may be decided by the Board of Directors from time to time.
- The Independent Directors of the Company are not entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

The details of the remuneration paid to the Directors during the year ending 31st March 2016 are given below:

(Rupees in lakhs)

Executive Directors	Salary	Performance Bonus	Perquisites and Allowances	Contribution to Provident Fund and Superannuation Fund	Total
Mr. A. Aristidou	85.68	10.69	260.19	14.30	370.86
Dr. H. B. Joshipura (up to 31.07.2015)	75.68	156.63	505.48	20.43	758.22
Mr. R. Krishnaswamy	61.04	21.02	62.57	16.48	161.11
Mr. R. C. Sequeira	62.52	16.96	46.63	16.88	142.99
Mr. A. Vaidheesh (w.e.f. 03.08.2015)	138.87	0.00	39.77	37.50	216.14

(Rupees in lakhs)

Independent Directors and Non-Executive Directors	#Commission	Sitting Fees	Total
Mr. D. S. Parekh	14.00	6.80	20.80
Mr. R. R. Bajaj	10.00	1.10	11.10
Ms. A. Bansal	10.00	2.10	12.10
Mr. P. V. Bhide	10.00	1.80	11.80
Mr. N. Kaviratne	10.00	2.40	12.40
Mr. P. V. Nayak (up to 31.10.2015)	5.83	0.50	6.33
Mr. A. N. Roy	10.00	1.20	11.20
Mr. D. Sundaram	10.00	1.80	11.80
Mr. V. Thyagarajan (up to 31.10.2015)	5.83	0.50	6.33

Payable in 2016

Notes:

- The agreement between the Company and each Executive Directors is for a period of five years (Mr. A. Vaidheesh agreement is from 3rd August 2015 to 30th September 2019 and three years in case of Mr. R. C. Sequeira and Mr. A. Aristidou) or normal retirement date, whichever is earlier. Either party to agreement is entitled to terminate the agreement by giving not less than three months notice (six months notice in case of Managing Director) in writing to the other party.
- Performance bonus is paid as a percentage of salary, based on certain pre-agreed performance parameters.
- Presently, the Company does not have a scheme for grant of its stock options either to the Executive Directors or employees. However, the Executive Directors and some senior employees of the Company are entitled to Stock Options, Share Value Plan and Performance Share Plan of GlaxoSmithKline plc. During the year, in addition to the above remuneration, Dr. H. B. Joshipura, Mr. R. C. Sequeira and Mr. R. Krishnaswamy were paid an amount of ₹ 3,92,40,388, ₹ 27,54,858 and ₹ 27,54,858 respectively under the GlaxoSmithKline plc Share Value Plan.

- d) None of the Directors other than those listed above are paid remuneration.
- e) None of the other Non-Executive Directors hold any shares of the Company except Mr. D. S. Parekh who holds 612 equity shares of the Company.

5. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In compliance with the provisions of Section 135 of the Companies Act, 2013, the composition of the Corporate Social Responsibility Committee is as follows:

Name of the Member	Designation	Category of Directorship
Mr. D. S. Parekh	Chairman	Non-Executive
Mr. A.N. Roy	Member	Non-Executive & Independent
Ms. A. Bansal	Member	Non-Executive & Independent
Mr. A. Vaidheesh (w.e.f. 03.08.2015)	Member	Managing Director
Dr. H. B. Joshipura (up to 31.07.2015)	Member	Managing Director

During the year under review, the Committee met on 31st July 2015 and 16th December 2015 which was attended by all the members.

Please refer to the Board's Report and its annexures for details regarding CSR activities.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Clause 20 of the Listing Obligations & Disclosures Regulations, 2015, the composition of the Investors / Shareholders Grievance Committee is as follows:

Name of the Member	Designation	Category of Directorship
Mr. D. S. Parekh	Chairman	Non-Executive
Mr. R. R. Bajaj	Member	Non-Executive & Independent
Mr. P. V. Bhide	Member	Non-Executive & Independent
Dr. H. B. Joshipura (up to 31.07.2015)	Member	Managing Director
Mr. A. Vaidheesh (w.e.f. 03.08.2015)	Member	Managing Director

During the year under review, the Committee met on 16th December 2015 and all the members attended the meeting.

Name, designation and address of the Compliance Officer:

Mr. Ajay Nadkarni
Company Secretary
Dr. Annie Besant Road
Mumbai-400 030
Phone: (022) 2495 9433
Fax: (022) 2498 1526
Email ID: ajay.a.nadkarni@gsk.com

The complaints received during the year under review are as follows:

Correspondence in the nature of complaints from	Q1	Q2	Q3	Q4	Total
Securities and Exchange Board of India	3	4	4	4	15
Stock Exchanges	-	-	1	1	2
Shareholders	-	-	37	32	69
Total	3	4	42	37	86

During the year under review, the above complaints regarding non-receipt of shares sent for transfer demat queries and non-receipt of dividend warrants and annual reports were received from the shareholders, all of which have been resolved. The Company had no transfers pending at the close of the financial year.

7. GENERAL BODY MEETINGS

- Details of the location of the last three Annual General Meetings (AGM) and details of the resolutions passed or to be passed by Postal Ballot:

Date	Year	Venue	Time	Special Resolution
31 st July 2015	1 st January 2014 to 31 st March 2015 (15 months)	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Marine Lines, Mumbai – 400 020	3.00 p.m.	Amendment to the Articles of Association
17 th April 2014	1 st January 2013 to 31 st December 2013		3.00 p.m.	Not applicable
16 th April 2013	1 st January 2012 to 31 st December 2012		3.00 p.m.	Not applicable

All the resolutions, including special resolutions set out in the respective Notices were passed by the shareholders. No Postal Ballots were used for voting at the meeting held during the year under review.

No Special Resolution is proposed to be passed through Postal Ballot at the forthcoming Annual General Meeting.

8. MEANS OF COMMUNICATION

- The quarterly and half-yearly results are published in widely circulating national and local dailies such as The Economic Times and Business Standard, in English and Maharashtra Times, in Marathi. These are not sent individually to the shareholders.
- The Company's results and official news releases are displayed on the Company's website. The Company's website address is www.gsk-india.com. During the year the Company had made a one presentation to institutional investors and analysts.
- The Management Discussion and Analysis Report form a part of this Annual Report.

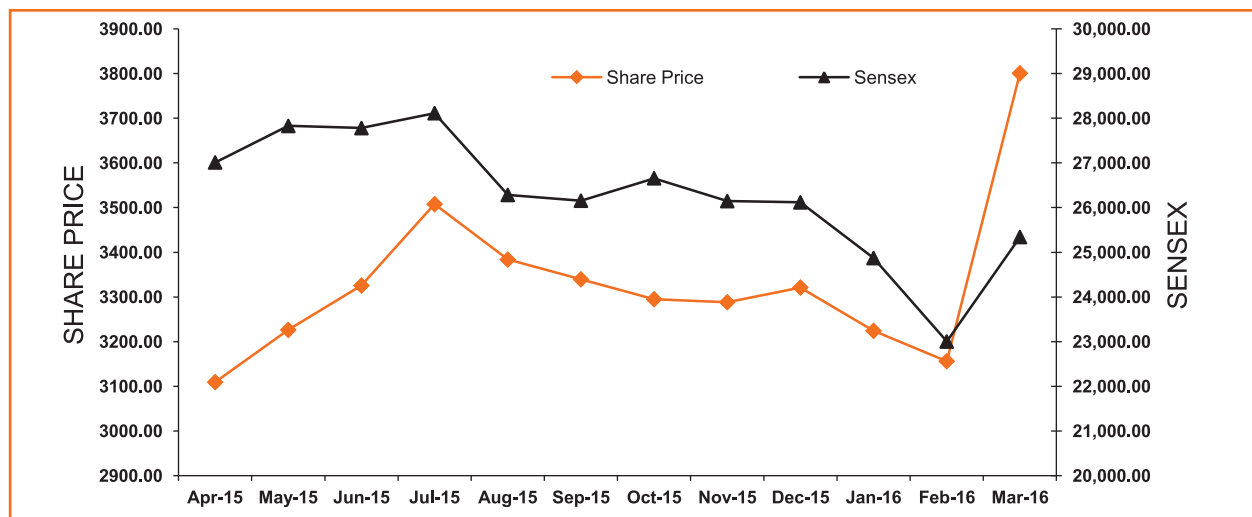
9. GENERAL SHAREHOLDER INFORMATION

- AGM: Date, Time and Venue 28th July 2016 at 3.00 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Marine Lines, Mumbai - 400 020
- Financial Year
 - i) April to March
 - ii) First Quarter Results - Last Week of July
 - iii) Half-yearly Results - Last week of October
 - iv) Third Quarter Results - Second week of February 2017
 - v) Results for the year ending 31st March 2017 - May 2017
- Date of Book Closure 19th July 2016 to 28th July 2016 (both days inclusive)
- Dividend Payment date(s) On or after 28th July 2016.
- Listing on Stock Exchange The BSE Limited, Mumbai, and the National Stock Exchange of India Limited. The Company has paid the listing fees for the year 1st April 2015 to 31st March 2016
- Stock Code – Physical 500660 on BSE
GLAXO on The National Stock Exchange (NSE)
- Demat ISIN Number for NSDL and CDSL INE 159A01016

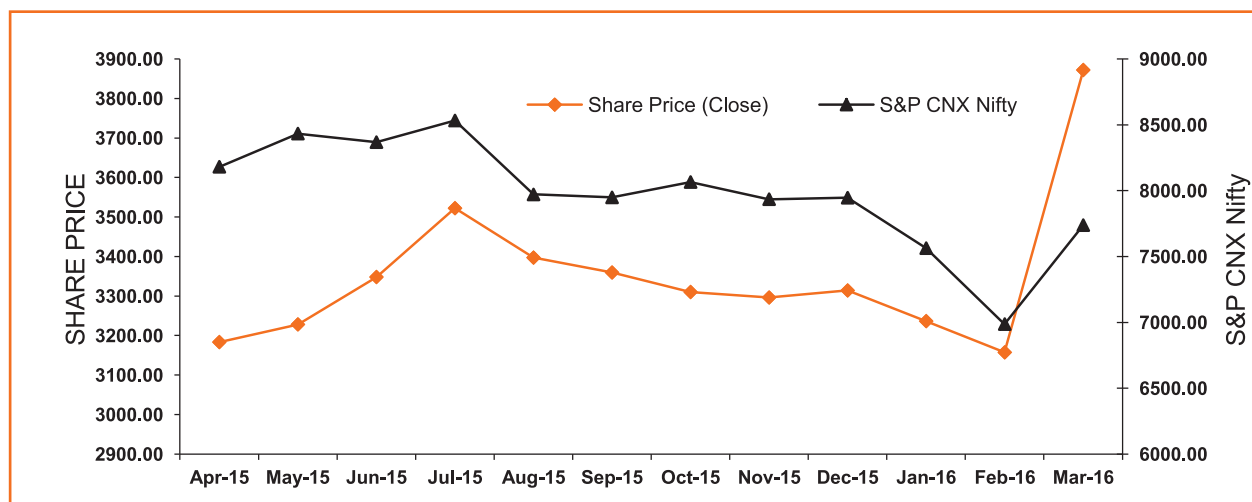
- High/low of market price of the Company's shares traded along with the volumes on The Stock Exchange, Mumbai and on the National Stock Exchange during the year April 2015 to March 2016 is furnished below :

Year	BSE			NSE		
	High (Rupees)	Low (Rupees)	Volume (No. of Shares)	High (Rupees)	Low (Rupees)	Volume (No. of Shares)
April 2015	3430.00	2965.65	71958	3450.00	2961.00	271518
May 2015	3325.00	3120.00	32498	3340.00	3102.50	160463
June 2015	3398.85	3124.00	37686	3400.00	3125.00	234055
July 2015	3565.60	3300.00	54219	3574.00	3300.00	304836
August 2015	3825.00	3310.00	62727	3825.00	3305.00	232637
September 2015	3453.25	3262.00	44933	3484.00	3265.95	196538
October 2015	3425.00	3254.00	60469	3435.00	3254.00	167260
November 2015	3306.00	3080.00	25718	3313.00	3077.00	133968
December 2015	3330.00	3216.00	16003	3345.00	3151.15	192142
January 2016	3317.80	3035.65	25574	3325.00	3032.05	149207
February 2016	3310.00	3064.00	90501	3348.80	3090.05	137331
March 2016	3850.00	3164.50	41895	3872.00	3156.95	224932

- Share Performance of the Company in comparison to BSE Sensex



- Share Performance of the Company in comparison to NSE S&P CNX Nifty



Equity History

Particulars	No. of shares issued (of Rupees 10 each)	Year of issue
Original Holding	18,00,000	1924
Bonus Issue	2,00,000	1947
Bonus Issue	10,00,000	1962
Bonus Issue	24,00,000	1968
Public Issue	18,00,000	1969
Bonus Issue	36,00,000	1977
Bonus Issue	36,00,000	1980
Public cum Rights Issue	56,00,000	1983
Shares allotted to Group Companies	44,89,800	1993
Rights Issue	53,97,700	1993
Bonus Issue	2,98,87,500	1995
Shares issued pursuant to the amalgamation of SmithKline Beecham Pharmaceuticals (India) Limited (SBPIL) with the Company in the ratio of one share of the Company for every two shares of SBPIL issued on 30 th November 2001	1,47,00,000	2001
Shares issued pursuant to the amalgamation of Burroughs Wellcome (India) Limited (BWIL) with the Company in the ratio of fourteen shares of the Company for every ten shares of BWIL issued on 29 th October 2004	1,28,47,546	2004
Buy back of equity shares	(26,19,529)	2005
Total	8,47,03,017	

- List of top ten shareholders of the Company other than Glaxo Group Limited, GlaxoSmithKline Pte Limited, Eskaylab Limited, Burroughs Wellcome International Limited and Castleton Investment Limited who hold 35.99%, 24.33%, 6.94%, 3.97% and 3.77% shares respectively.

Sr. No.	Name of Shareholder	% to Equity
1.	Life Insurance Corporation of India	6.06
2.	General Insurance Corporation of India	1.14
3.	Aberdeen Global Indian Equity (Mauritius) Limited	0.74
4.	Birla Sun Life Trustee Company Private Limited	1.17
5.	The Oriental Insurance Company Limited	0.49
6.	Vanguard Emerging Markets Stock Index Fund	0.41
7.	SBI Life Insurance Co. Ltd	0.26
8.	The India Fund INC	0.23
9.	UTI-Dividend Yield Fund	0.30
10.	Vanguard Total International Stock Index Fund	0.25

- The distribution of shareholding as on 31.03.2016 is as follows:

No. of Equity Shares held	Folios	%	Shares	%
Up to 25	29567	31.07	329109	0.39
26 to 50	15092	15.85	650068	0.77
51 to 100	19268	20.24	1568401	1.85
101 to 500	28820	30.28	5590636	6.60
501 to 1000	1708	1.79	1193201	1.41
1001 to 10000	671	0.70	1336149	1.58
10001 and above	67	0.07	74035453	87.40
Grand Total	95193	100.00	84703017	100.00

- Shareholding pattern as on 31.03.2016 is as follows;

Category	No. of Shares	%
Promoter & Promoter Group	63,527,262	75.00
• Glaxo Group Limited, U.K.	30,485,250	35.99
• GlaxoSmithKline Pte Limited, Singapore	20,609,774	24.33
• Eskaylab Limited, U.K.	5,880,000	6.94
• Burroughs Wellcome International Limited, U.K.	3,360,000	3.97
• Castleton Investment Limited, Mauritius	3,192,238	3.77
Mutual Funds	1,415,720	1.67
Financial Institutions / Banks/ Insurance Companies	6,803,174	8.04
Foreign Institutional Investors/ NRI/ OCB	2,139,702	2.52
Bodies Corporates	625,680	0.74
Foreign Nationals	2,875	0.00
Individuals	10,153,540	11.99
Others	35,064	0.04
Total	84,703,017	100.00

- Registrars and Share Transfer Agents Karvy Computershare Private Limited
Unit: GlaxoSmithKline Pharmaceuticals Limited
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad, Telangana – 500032
Tel No.: 040 - 67162222
Fax No.: 040 - 23001153
Contact Person: Mr. Premkumar Nair
Email ID: einward.ris@karvy.com
- Share transfer system All the transfers received are processed by the Registrars and Share Transfer Agents and are approved by the Share Transfer Committee, which normally meets Four times in a month or more depending on the volume of transfers. Share transfers are registered and returned within maximum of 15 days from the date of lodgment if documents are complete in all respects.
- Dematerialisation of shares and liquidity 97.38% of the paid-up capital has been dematerialised as on 31.03.2016. Glaxo Group Limited, GlaxoSmithKline Pte Limited, Eskaylab Limited, Burroughs Wellcome International Limited and Castleton Investment Limited, who jointly hold 75.00% of the paid-up share capital of the Company, hold their shares in the dematerialised form.
- Outstanding GDRs/ADRs/ Warrants or any convertible instruments conversion date and likely impact on equity Not issued.
- Address for correspondence Shareholders' correspondence should be addressed to the Company's Registrars and Share Transfer Agents at the address mentioned above. Shareholders may also contact Mr. Ajay Nadkarni, Company Secretary, at the Registered office of the Company for any assistance.
Tel. Nos. 24959595 Extension 433/434/415
Email ID : ajay.a.nadkarni@gsk.com
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.
- Plant : A-10 M I D C Area - Ambad, Nashik, Maharashtra 422001

10. OTHER DISCLOSURES

- Transactions with related parties are disclosed in Note 46 to the financial statements in the Annual Report.
- During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.
- The Codes of Conduct applicable to all Directors and employees of the Company have been posted on the Company's website. For the year under review, all Directors and senior management personnel of the Company have confirmed their adherence to the provisions of the said Codes.
- The Company has put in place a whistle blower policy/ vigil mechanism pursuant to which employees of the Company can raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Company and no one has been denied access to the Audit Committee.
- The Company has in place Risk Management Policy for Risk Assessment and Mitigation and it is periodically reviewed by the Board Members.
- The Company is sending first reminder letter with copy of Annual Report for the shares which are lying unclaimed with the Company as per Listing Regulations.
- The company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities is not applicable.
- There is no Non- Compliance of any requirement of Corporate Governance Report of Sub para (2) to (10) of Part C of Schedule V of the Listing Regulations.

The Company has complied with all mandatory items of the clause 49 of the Listing Agreement as applicable till 30th November, 2015 and Regulations 17 to 27 with schedule II and V of Listing Regulations from 1st December, 2015. The Company has executed the fresh agreement with BSE and NSE as required under new enacted Listing Regulations.

NON- MANDATORY REQUIREMENTS

A. The Board

The Chairman of the Board does not maintain a Chairman's office at the Company's expense.

B. Shareholders Right:

The quarterly and half-yearly results are published in widely circulating national and local dailies such as The Economic Times and Business Standard, in English and Maharashtra Times, in Marathi. These are not sent individually to the shareholders but hosted on the website of the Company.

C. Audit Qualification

There are no qualifications contained in Audit Report.

D. Separate post of Chairman and Managing Director

The posts of Chairman and Managing Director are separate.

E. Reporting of Internal Auditors

The Internal Auditor of the Company reports to the Audit Committee and makes detailed presentations at quarterly meetings.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 25th May 2016

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of GlaxoSmithKline Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by GlaxoSmithKline Pharmaceuticals Limited, for the year ended March 31, 2016 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In 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 SEBI Listing Regulations, 2015.

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 and on behalf of
Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Place: Mumbai
Date: May 25, 2016

Asha Ramanathan
Partner
Membership No: 202660

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's code of Conduct

In accordance with Regulation 26(3) of the SEBI Listing Obligations & Disclosures Requirements (LODR), Regulations, 2015. I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the year ended 31st March 2016.

For GlaxoSmithKline Pharmaceuticals Limited

Mumbai, 25th May 2016

Annaswamy Vaidheesh
Managing Director
DIN: 1444303

Annexure 'B' to the Directors' Report

Business Responsibility Report for the Financial year 2016

Section A: General Information about the Company

1. Corporate Identity Number (CIN) : L24239MH1924PLC001151
2. Name of the Company : GLAXOSMITHKLINE PHARMACEUTICALS LIMITED
3. Registered Address : Dr. Annie Besant Road, Mumbai - 400030
4. Website : www.gsk-india.com
5. E-mail id : in.investorqueries@gsk.com
6. Financial Year reported : April 1, 2015 to March 31, 2016
7. Sector(s) that the Company is engaged in (industrial activity code wise):

Group	Class	Sub class	Description
210	2100	21001	Manufacture of medicinal substances used in the manufacture of pharmaceuticals: antibiotics, endocrine products, basic vitamins; opium derivatives; sulpha drugs; serums and plasmas; salicylic acid, its salts and esters; glycosides and vegetable alkaloids; chemically pure sugar

8. List three key product/services that the Company manufactures/provides (as in balance sheet) : Betamethasone, Potassium Clavulanate with Amoxycillin & Pneumococcal Polysaccharide Conjugate Vaccine (adsorbed) Ph.Eur.
9. Total number of locations where business activity is undertaken by the Company:
 - i. Number of international locations : Nil
 - ii. Number of national locations : 1 Manufacturing Plant at Nashik
Head Office at Mumbai
10. Markets served by the Company : Pan India across all markets in India.

Section B: Financial Details of the Company

1. Paid up capital (Rupees in lakhs) : 8470.30
2. Total turnover (Rupees in lakhs) : 2728,50.95
3. Total profit after taxes (Rupees in lakhs) : 375,21.34
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) :
The Company's total spending on CSR is 2.08% of the average net profit in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:
Please refer to Annexure 'C' to Directors Report for the details

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?
Yes, the Company has one subsidiary, Biddle Sawyer Limited.
2. Do the Subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)?
Business Responsibility initiatives of the parent company are applicable to all subsidiary companies.

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]

The GSK Code of Conduct is applicable to all the business entities who do business with the Company. The business associates do not directly participate in Business Responsibility Initiatives of the Company.

Section D: BR Information

1. Details of Director / Directors responsible for BR:

- a) Details of the Director / Directors responsible for implementation of the BR Policy / Policies:

Director Identification Number (DIN): 03043004

Name: Mr. Raju Krishnaswamy

Designation: Executive Director

- b) Details of the BR Head:

1 DIN (if applicable) : 03043004

2 Name : Mr. Raju Krishnaswamy

3 Designation : Executive Director

4 Telephone No : +91 22 24959650

5 E mail ID : raju.x.krishnaswamy@gsk.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

2a. Details of Compliance (Reply Y/N)

	Question	Business Ethics	Product Responsibility	Wellbeing of Employee	Stakeholder Engagement and CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Most of the company's policies are aligned with GSK plc's global best practices. The Company adhered to Indian laws and regulations, in cases where it is more stringent.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified Committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	http://india-pharma.gsk.com/en-in/about-us/policies-codes-and-standards/ http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies/								

	Question	Business Ethics	Product Responsibility	Wellbeing of Employee	Stakeholder Engagement and CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

2b. If answer to Sr. No. 1 against any principle is 'No', please explain why: (Tick up to 2 options)

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Company has not understood the principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
The Company does not have financial or manpower resources available for the task	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
It is planned to be done within next six months	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
It is planned to be done within next one year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Any other reason (please specify)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

3. Governance related to BR:

The Board of Directors of the Company assesses business responsibility initiatives annually. The Company publishes a Business Responsibility Report in its Annual Report once a year. <http://india-pharma.gsk.com/en-in/investors/financial-results/annual-reports/>

Section E: Principle-wise Performance

Ethics, transparency and responsibility

Good governance and transparent reporting are part of our commitment to be open about our business activities. Our commitment to responsible, values-based business underlies everything we do including our sales and marketing practices, policy activities and our relationships with suppliers and how we conduct and report our research. We have a strong value-based culture and our actions are supported by robust policies and compliance processes.

We conduct our business in an ethical way. We also engage stakeholders directly to understand and prioritise the issues that are important to them. Our policies on ethics, bribery and corruption cover all our stakeholders including suppliers, vendors, contractors, NGOs, etc.

As a global corporation, we have a common *Code of Conduct* across the globe. This code sets out fundamental standards for all employees and is supported by the Employees Guide to Business Conduct, which helps employees take ethical decisions and emphasises our values: transparency, respect for people, integrity, and focus on the patient. Every employee at the time of induction is taken through the code of business conduct and specialised training is provided for employees working in manufacturing, sales and marketing, where there are additional requirements. In addition, all managers and employees are required to confirm their compliance with the code on an annual basis. This Code is not just for all employees, but also extends to anyone who works for and on behalf of GSK. At GSK, we ensure that everything we do is guided by our commitment to our values and our commitment to being in compliance with the regulations within which we have to operate. The foundations of these commitments are laid out in our Code of Conduct and each employee must take personal responsibility to abide by our Code.

We market our prescription medicines and vaccines to healthcare professionals, hospitals and government. Our policies and updated *Global Code of Practice for Promotion and Customer Interactions* prescribe the nature of our practices. This code as the name suggests is applicable worldwide. Our regional and local policies, standard operating procedures and other codes provide additional guidance to employees. Additionally, we are also a signatory to the OPPI (Organisation of Pharmaceutical Producers of India) code of marketing conduct.

We also have in place The Anti-Bribery and Corruption (ABAC) Programme. ABAC is a part of GSK's response to the threat and risk of bribery and corruption. The programme includes the ABAC Handbook, which has been designed to assist internal and external parties understand corruption risk and identify people's responsibilities to actively combat both real and perceived corruption.

Speak Up-Our whistleblowing initiative

We have a culture of disclosure which is enabled by a strong grievance redressal body and supportive ecosystems. In addition, specific processes and mechanisms to facilitate reporting of unethical conduct or violation of laid down guidelines as well as for protection of employees that report unethical conducts are in place. All GSK employees have access to whistleblowing that they can use to get advice, and to report suspected cases of misconduct anonymously, if required.

Safety & Sustainable products and services

Sustainability in our business is critically important if we are to deliver continued innovation and success to our products. Our commercial success depends on growing a diverse business, creating innovative new products people value, making them widely accessible and operating efficiently. In the process, we are able to grow our business and provide patients, consumers, employees, our shareholders and society. Through our wide range of products and services, GSK touches the lives of millions of patients every day. In the best interest of the patient, we endeavour to work with responsible suppliers who adhere to the same quality, social and environmental standards as GSK and its affiliates worldwide. At GSK, the interest of the patient is of prime importance at every stage from development until the final distribution.

Being a global company, most of GSK's products are approved by major international regulators like USFDA and UKMHRA. Besides, there are mandatory regulatory approvals required in India endorsing the safety of the product.

The Company's commitment is to reduce carbon footprint by 25% in 2020 and have a carbon neutral value chain by 2050; to reduce our water impact across the value chain by 20% and reduce our operational waste by 50% by 2020. With our long-term goal for our value chain to be carbon neutral by 2050, we look at every process associated with our products – from sourcing raw materials to manufacturing, use and product disposal. The Company conducts audits both internally as well as with vendors of the manufacturing process, usage of materials, etc.

A significant proportion of ingredients for our products and packaging material are sourced locally from third party manufacturers belonging to Micro, Small and Medium Enterprises. A qualified team is in place to build capacity and capability, to educate and raise the standard of these vendors. The Company has a policy of procuring goods and services like horticulture, housekeeping and the like from nearby suitable sources of supply.

To ensure compliance to GSK's standards, all these vendors have to go through the GSK Audit and Approval process which are based on global guidelines. Our quality team trains and guides these vendors to ensure that they have infrastructure, facilities, systems and controls in line with GSK's global standards. Additionally, periodic quality audits are held to ensure that the manufacturing processes both internally as well as with vendors remain compliant with our quality standards. These are over and above the specific quality checks with respect to each batch of finished products as well as input raw materials.

One of our products Seretide Evohaler was changed to include environment friendly CFC free propellant.

As our products are related to health, we cannot recycle our products. However, there is a mechanism to segregate the waste given to the authorised vendor for recycling wherever appropriate. We reuse some paper packaging material.

We follow the GMP guidelines with respect to our product packaging. Our products have barcodes and other features to avoid pilferage. Also to validate the authenticity of the product, we have started a unique QR code for one of our products. This feature was introduced as an anti-counterfeit measure.

EHS & Environment

At GSK, an environmental sustainability strategy is implemented across the entire value chain – from raw materials to product disposal. As we grow our business to bring innovative medicines to people across the world, environment sustainability continues to be a priority and we remain committed to reducing our environmental impact. Our policy on environment conforms to local laws as well as GSK's global standards. Various initiatives for energy efficiency and renewable energy were undertaken at our Nashik site.

Our policy on EHSS conforms to local laws as well as GSK's global standards. Various initiatives for energy efficiency and renewable energy were undertaken at our Nashik site (For more on these initiatives, please read Director's Report).

Employees' wellbeing

Our employment practices are designed to create a work place culture in which all GSK employees feel valued, respected, empowered and inspired to achieve their goals. There has been a continued focus in the areas of Talent Management, Rewards & Recognitions, Capability building, Employee Engagement and communication.

We are committed to being an employer of choice and believe in investing in developing our employees at every level from people in their early careers to those in senior management positions. Identifying and investing in talent to build a strong Leadership pipeline has and will remain a key area of employee development. To enhance the talent pipeline besides the "GMAC – GSK Marketing Accreditation Program" which focussed on a development plan for high potential Sales Managers a number of assessment centres were run to select the right talent in sales and marketing. New programmes like accelerating difference, emerging leaders etc have been introduced. We continue to invest in our 'future leaders' programme drawing on fresh talent from leading universities/business schools around the country.

Our aim is to create an inclusive and engaging working environment that empowers employees to contribute and help us achieve our strategic business objectives. Our policies for employees conform to GSK global standards as well as comply with local laws. We are committed to making employment at GSK accessible to people with disabilities as well as make it lucrative for women to be part of our talent force. Towards this end, a programme for women called 'accelerating difference' for talented Women Managers was launched. Women friendly policies such as enhanced maternity leave, work from home, flexi work timings were put in place. To read more about our recruitment process log on to – <http://www.gsk.com/careers/why-gsk>

We are committed to conducting our operations in a responsible manner to protect our employees, the environment and community in which we operate. Extensive work has been carried out in our Nashik site as well as amongst our sales force to train and create awareness on Employee Health and Safety. Training programmes like 'Energy for Performance' and 'Personal Resilience' have also been organised to promote employee health, wellbeing and resilience.

Safety training has been given to all employees in the last year, including permanent women employees, temporary employees and those with disabilities at the company's Nashik, Maharashtra and Vemgal, Karnataka sites.

The Company also encourages its employees to go for regular health checkups and immunization towards preventive healthcare.

This year, the Company introduced the Partnership for Prevention or P4P initiative for the preventive healthcare of our employees and their families, in addition to the existing GSK medical plan. This initiative reiterates our commitment to supporting the health and wellbeing of our employees. Under P4P, the company offers a range of free preventive healthcare services, including adult and child immunisations, cancer screening, pre-natal care, cardiovascular & diabetes health and smoking cessation, across a large network of healthcare centres.

GSK has also developed a global driver safety programme, 'Safe Driving: Every Journey Counts', and a pilot launch was rolled out in the Western region for the safety of our employees in the field force. This initiative aims at increasing awareness on road and motor vehicle safety, with tips that can be put into practice in our employees' daily lives.

GSK places its Values (Transparency, Respect for People, Integrity and Patient Focus) at the heart of everything it does. In keeping with this approach, the Company undertook a Values Maturity Assessment to understand whether leaders and employees walk the talk. Based on the results, specific action plans have been implemented to improve the scores and further embed values within the organisation.

Emotional and mental health and the ability to cope with pressure are just as important as physical well being. Our Wellness and Wellbeing programme provides GSK employees with access to counselling and mental health and guidance. We have a total of 4611 employees working with GSK of which 562 are women employees and 4 permanent employees with disability. We have a total of 81 temporary employees.

There are four recognised unions – Selling Area (zonal) based – North, East, West and South to address the grievances of employees working in the field. The union in the West selling area also represents the workers working at Nashik site. The Unions have been committed to the growth and development of the Company.

Stakeholder engagement

Engagement and dialogue enables us to understand the needs and views of key stakeholders. This engagement and feedback helps us to identify important issues and shape our response in the interest of our shareholders and wider society.

Many of our engagements take place during the routine course of business, in day to day interactions with customers, employees, suppliers and other partners. Besides, we carry out formal and structured engagement, including through meetings, consultations and participation in conferences.

Examples of how we engage with our stakeholders are outlined here.

Healthcare Professionals (HCPs)

- Sales representative meetings
- Interactions during clinical studies and at conferences
- Engagement with professional organisations
- Patients
- Market research to understand patient needs
- Governments and regulators
- Our public policy work
- Input to policy makers based on our global experience on key issues such as healthcare

Investors

- Meetings with investors

Employees

- Regular employee surveys
- Consultation with employee representatives on changes to the business

Local communities

- Our community development programmes
- Non-governmental organisations
- Partnering in community for Engagement development programmes

Suppliers

- Global and regional supplier review meetings
- Meetings for diverse suppliers

Peer companies

- Pharmaceutical industry organisation meetings
- Joint projects such as the Pharmaceutical Supply Chain Initiative

Human Rights

GSK conforms to national laws as well as the global GSK policies. We comply and adhere to all the human rights laws and guidelines of the Constitution of India, national laws and policies and the content of the International Bill of Human Rights.

We have direct control over human rights in our own operations and aim to act responsibly across all our spheres which includes our employees, suppliers, local communities and society more broadly.

Our approach to human rights

Employees – Our employment standards cover issues including diversity, equal opportunities, health & safety and protection of employees' human rights.

Suppliers – Our Third Party Code of Conduct requires suppliers, contractors and business partners to meet GSK guidelines for ethical standards and human rights. Environmental, Health and Safety (EHS) audits help us identify potential breaches of our human rights clauses.

Communities – GSK aims to have good relationships with all the communities around our sites and to operate in ways that do not infringe their human rights.

Society – We can have an influence on human rights beyond our own operations. Our efforts to improve access to healthcare support society more broadly to fulfill its right to health.

Read more online - our positions online including: Our Human Rights Statement; GSK on the Convention on Biological Diversity (Search for public policies on www.gsk.com Principle 5: Businesses should respect and promote human rights).

Environment

At GSK, an environmental sustainability strategy is implemented across the entire value chain – from raw materials to product disposal. As we grow our business to bring innovative medicines to people across the world, environmental sustainability continues to be a priority and we remain committed to reducing our environmental impact.

Our policy on environment conforms to local laws as well as GSK's global standards. Various initiatives for energy efficiency and renewable energy were undertaken at our Nashik site.

As part of our sustainability initiatives our Nashik site has undertaken various initiatives for energy conservation in the year 2014 and 2015 that have resulted in reduced energy consumption by 212430 units. These include:

- Installation of Energy Meters for all major areas and panels at site, with an energy monitoring system to identify and benchmark, area wise energy consumption.
- Undertaking various power saving initiatives to reduce energy consumption, HVAC upgrading, (including replacement of 5 Air handling units), rationalisation of compressed air consumption, cooling towers and other systems. There has been an impact of additional energy consumption of 349847 units due to additional periods of operation of HVAC and increased areas covered under air handling systems for maintaining room temperature conditions in various areas (like sterile ampoules). This has resulted in an overall increase in energy consumption by 137417 units.
- Working on various options to reduce energy consumption in 2015, including conversion to biomass for boiler, consumption and controls optimisation for HVAC systems, boiler and water reduction.

Over and above these measures, there have been continued efforts to monitor noise levels, recycling of waste and monitoring of gaseous emissions from the boiler that have resulted in sustaining a high level of energy efficiency. (For more on these initiatives, please read Director's Report)

The emissions generated by the Company are within limit specified by Maharashtra Pollution Control Board. No show-cause notice or warning letter was issued by Maharashtra Pollution Control Board. With regard to waste management, our waste is segregated and given to government approved vendors for recycling wherever appropriate. Nashik site runs on zero discharge basis with respect to water. Treated site effluent is used for site gardening.

We publish our positions on our intranet "EHS Manager – Entropy" on the following:

- Climate change
- The impact of climate change on health

Besides, we publish our positions on our website which include:

- Climate change
- Impact of climate change on health
- Genetically modified micro-organisms and EHS
- Pharmaceuticals in the environment
- Ozone depletion and metered-dose inhalers for asthma
- Ozone depleting substances in plant and equipment

The Company is aligned to Parent for global environmental initiatives and link for the same is as follows <http://www.gsk.com/en-gb/responsibility/our-planet/>

Public policy and patient advocacy

GSK is a member of various industrial and trade bodies like Confederation of Indian Industries (CII), Bombay Chamber of Commerce and Industries (BCCI), Organisation of Pharmaceutical Producers of India (OPPI) and Pharmaceutical Research and Manufacturers of America (PHRMA). We are a part of various task forces and forums within these chambers and work closely with the industry bodies in devising strategies to improve healthcare in the country as well to provide input to public policy with respect to the same.

Inclusive growth & equitable development

GSK India has a long legacy of giving and partnering with the communities in which we live and operate. We focus on making life-changing, long-term differences in human health by addressing some of the major health-related concerns. We work to fulfill this and other philanthropic efforts, through community-based partnerships. Strong partnerships with community groups are critical, as local organisations have the greatest insights into the needs of their people and the strategies that stand the greatest chances of success.

Among the various CSR projects implemented, we have identified to address the healthcare need of newborn survival. In India, every year over 7.5 lakh children die within the first 28 days. This translates to 27% of world's newborn deaths. What is even more heart breaking is that four out of five newborn deaths result from treatable conditions. At GSK, we have partnered with ARTH and CARE to address the entire continuum of care for newborn survival in the high burden districts in Rajasthan and Madhya Pradesh. We have partnered to build capacity of the ASHA workers, train the skilled birth attendants, generate awareness and ensure improved facility based and home based newborn care. Our commitment for project on newborn survival is over ₹ 3.5 crores to be spent over two years.

We also encourage employee volunteering through programmes such as Orange Day and the PULSE initiatives. Orange Day is a day-long employee volunteering initiative wherein our employees volunteer their time with the elderly at old age homes, with children at orphanages, with the youth and with the differently abled. In the past year, 3000 employees made a difference by contributing nearly 14500 volunteering hours. PULSE is a global volunteering initiative that gives an employee a chance to work full-time for a period of 3-6 months with an NGO.

Patient engagement

Patient is at the core of our business. They are our most important stakeholders. We are constantly seeking new ways of delivering healthcare and making our products available and affordable to people who need them, wherever they live.

In our effort to expand access to our products we have led the industry by adopting a flexible pricing approval to pricing our medicines and vaccines based on a country's ability to pay. This has resulted in significant reduction in prices, representing a good outcome for the patients.

We adhere to national and international standards with respect to product safety and code of engaging with customers.

On our product packaging, we provide all the information as required under the Drugs & Cosmetics Act & Rules.

As on March 31, 2016, from a quality perspective, 44 complaints that were made directly to the company are pending, and our response is awaited. Investigation is in progress in these cases. As on March 31, 2016, there are 8 consumer complaints pending in different consumer forums.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 25th May 2016

Annexure 'C' to the Directors' Report

Annual Report on CSR Activities

Your Company has a rich legacy of partnering the communities in which we live and operate. Strong partnerships with community groups are critical, as local organisations have the greatest insights into the needs of their people and the strategies that stand the greatest chances of success. We focus on making life-changing, long-term differences in human health by addressing the healthcare burdens of accessibility, affordability and awareness. We work to fulfill this and other social change efforts, through our Corporate Social Responsibility (CSR) programmes. In 2015-16 our CSR programmes touched the lives of over a million people across India.

The CSR Policy of your Company is available on the website and can be accessed by following the link below:

<http://india-pharma.gsk.com/en-in/responsibility/responsibility-reports-and-data/>

Your Board has appointed a CSR Committee to review and recommend CSR projects. Mr. D.S. Parekh, Mr. A. Vaidheesh, Mr. A.N. Roy and Ms. A. Bansal are the members of this Committee.

The average net profit of your Company for last three years was ₹ 706.81 crores. Accordingly, 2% of average net profit for last three years was ₹ 14.14 crores. Against this, your Company has spent ₹ 14.70 crores on CSR projects, including overheads. This spend amounts to 2.08% of the average of net profits for preceding three years. Your Company's CSR projects are aligned to the Schedule VII of the Companies Act and focus on promoting health care, including preventive healthcare and education.

Details of the CSR spend is given in the table below:

Sr. No.	CSR Project	Project area (local area, state and district)	Project-wise outlay (budget)**	Direct expenditure in reporting period*	Cumulative expenditure upto reporting period**	Amount spent through implementing agencies called 'CSR Partners'
Partnering India to eliminate Lymphatic Filariasis (LF - also known as Elephant Foot)						
1	Albendazole donation for supporting mass drug administration for elimination of LF	Pan-India	11,89,37,070	11,89,37,070	11,89,37,070	World Health Organisation
Mother and child healthcare						
2	Facility and community based care for newborn survival	Rajsamand and Udaipur, Rajasthan and Panna, Madhya Pradesh	3,62,00,000	50,00,000	1,32,00,000	Action Research and Training for Health and CARE India Solutions for Sustainable Development
3	Maternal and child health through awareness building on ante and post natal care, immunisation and family planning	Kolkata, West Bengal	4,50,000	4,50,000	4,50,000	BITAN Institute for Training, Awareness and Networking
4	Maternal and child health through outdoor clinics, awareness and nutrition support	South-24-Parganas of Kolkata, West Bengal	42,60,000	14,50,000	42,60,000	Indian Institute of Mother and Child

Sr. No.	CSR Project	Project area (local area, state and district)	Project-wise outlay (budget)**	Direct expenditure in reporting period*	Cumulative expenditure upto reporting period**	Amount spent through implementing agencies called 'CSR Partners'
Cancer care						
5	Screening and awareness for cancer	Thane, Maharashtra and Jhansi, Uttar Pradesh	23,55,000	7,85,000	23,55,000	Sri Chaitanya Seva Trust
6	Affordability of cancer treatment through vocational training with stipend, nutritional and accommodation support for cancer patients	Mumbai, Maharashtra	50,70,000	16,90,000	50,70,000	Indian Cancer Society
7	Support for construction of a new centre to provide residential, nutritional, educational and transportation support for children affected with cancer and their parents	Mumbai, Maharashtra	1,00,00,000	0	49,97,000	St. Jude India Child Care Centres
8	Palliative care for the terminally ill	Bengaluru, Karnataka	15,00,000	5,00,000	15,00,000	Bangalore Hospice Trust
Care for the differently abled						
9	Early intervention for children with hearing impairment	Khairatabad, Hyderabad, Andhra Pradesh	16,20,000	5,40,000	16,20,000	Aural Education for Children with Hearing Impairment (AURED)
10	Education, therapy and vocational training for the mentally differently abled	Delhi	10,60,000	5,00,000	10,60,000	Sanjeevani Social Welfare Society
Holistic Care for the Vulnerable						
11	Holistic care for vulnerable underserved girls	Patna, Bihar	9,69,000	4,69,000	9,69,000	Nai Dharti
12	Support for holistic care of the elderly	Bengaluru, Karnataka	6,76,000	5,76,000	6,76,000	Ashraya Seva Trust
13	Support to underserved students for continuing their education	Nashik, Maharashtra	6,50,000	5,00,000	6,50,000	Vanita Vikas Mandal
Healthcare access and awareness						
14	School sanitation	Nashik, Maharashtra	52,92,000	52,92,000	52,92,000	Habitat for Humanity India Trust
15	Mobile and static clinics for healthcare services to the tribal poor	Peth and Trimbak, Nashik, Maharashtra	56,21,329	13,21,329	56,21,329	Niramaya Health Foundation

Sr. No.	CSR Project	Project area (local area, state and district)	Project-wise outlay (budget)**	Direct expenditure in reporting period*	Cumulative expenditure upto reporting period**	Amount spent through implementing agencies called 'CSR Partners'
Disaster relief						
16	Product donation for disaster relief	Chennai, Tamil Nadu	Products with NSP of ₹ 37,69,549			AmeriCares India Foundation
17	Matched contribution by employees towards support for rehabilitation of children affected with disaster		2,23,551	2,23,551	2,23,551	Bal Raksha Bharat (Save the Children)
Total project expense on CSR in FY15-16			14,20,03,499			
Total administrative expense on CSR in FY15-16			50,23,615			
Total CSR expense in FY15-16			14,70,27,114			

*All amounts in ₹

**Budget and cumulative spends considered from FY14-15 only, despite some projects being initiated prior to FY14-15 since these have been on an annual renewal basis post assessment.

CSR Committee Responsibility Statement

Your CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of your Company.

A. Vaidheesh
Managing Director

D. S. Parekh
Chairman, CSR Committee

Mumbai, 25th May 2016

Annexure 'D' to the Directors' Report

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
GlaxoSmithKline Pharmaceuticals Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GlaxoSmithKline Pharmaceuticals Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely :
 - (1) Pharmacy Act, 1948,
 - (2) Drugs and Cosmetics Act, 1940,
 - (3) Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954,
 - (4) Narcotic Drugs and Psychotropic Substances Act, 1985,
 - (5) Drug Pricing Control Order, 2013

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For Parikh & Associates

Company Secretaries

Place: Mumbai

Date : 25.05.2016

Signature:

P. N. Parikh

Partner

FCS No: 327 CP No: 1228

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

‘Annexure A’

To,
The Members
GlaxoSmithKline Pharmaceuticals Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whereever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates

Company Secretaries

Place: Mumbai

Date : 25.05.2016

Signature:

P. N. Parikh

Partner

FCS No: 327 CP No: 1228

Annexure 'E' to the Directors' Report

DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014.

(a) Conservation of Energy:

Nashik site has undertaken various initiatives for energy and water conservation in the year 2015 that has resulted in reduced energy consumption by 7,33,809 units. These include energy consumption initiatives like upgradation of HVAC's, rationalization of compressed air consumption and others. There has also been an impact of additional energy consumption of 7,35,186 units due to increased areas where room conditions are now maintained. Additional work is under progress on various options to further reduce energy consumption, including conversion of Boiler to Biomass, optimization for HVAC systems, replacement of old inefficient pumps and water reduction. During the same period, site has undertaken initiatives for reducing water consumption like rationalization of vacuum pump and process/utility and other usages resulting in reduction by 39,460 kl (approx 19%) as compared to the previous period. Additional projects like ETP water treatment and recycling through RO and other Kaizen initiatives to further reduce water consumption in 2016.

Various initiatives for energy efficiency and renewable energy were undertaken at Nashik site. The key highlights are:

- EHS L2.5 audit completed with no major finding on chemical management.
- Site got GMS Presidents award 2015 for EHS improvement program.
- Site received Best Safety Award for good practices shared to DISH/NSC
- Site received water commendation in GMS Water Trophy 2015.
- No occupational illness case related to chemical exposure reported in 2015.
- Energy reduced by ~10.9% (during the year 2015) compared to the previous year.

The emissions generated by the Company are within limits specified by Maharashtra Pollution Control Board. With regard to waste management, our waste is segregated and given to government approved vendors for recycling wherever appropriate. Nashik site runs on zero discharge basis with respect to water. Treated site effluent is used for site gardening.

(b) Technology absorption:

The following projects have been completed during the period using new technologies at the Nashik Site:

- New Air handling units replacing old in Beta and Zinetac provided with Safe Change Hepa Filtration for Operator protection.
- New Dust collection unit provided in Eltroxin for operator protection.
- Dynamic Passboxes installed for Material transfer applications in manufacturing areas for cross contamination control.
- New Sampling Booths meeting occupational exposure protection criteria installed in warehouse for raw material sampling.
- Ultrasonic sieving arrangement provided on 2 Lines (Albendazole and Eltroxin).
- Auto Dosing and monitoring system installed for chemical treatment of cooling water in Cooling Tower Application.
- Dock Shelters installed in warehouse & rapid roll up doors across corridors for area control.
- 33 kv old oil circuit breakers replaced by vacuum circuit breakers.
- New forklifts and material handling battery operated trucks provided for Warehouse.
- CCTV Camera install across manufacturing areas.
- Access Control for monitoring installed across manufacturing areas and warehouse.

(c) Foreign Exchange Earnings and Outgo:

The foreign exchange earnings for the year ended 31st March 2016 was ₹ 51,91 lakhs and foreign exchange outgo for the year ended 31st March 2016 was ₹ 861,96 lakhs. The foreign exchange earnings for the period ended 31st March 2015 was ₹ 69,92 lakhs and foreign exchange outgo for the period ended 31st March 2015 was ₹ 768,09 lakhs.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 25th May 2016

Annexure 'F' to the Directors' Report

DISCLOSURE UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF KEY MANAGERIAL PERSONNEL) RULES, 2014

1. Ratio of Remuneration of Non-Executive Directors to the median remuneration of the employees of the Company for the financial year ended 31st March 2016.

Sr. No.	Name of Directors	Designation	Remuneration of Directors in the financial year in (₹ lakhs)	Ratio to Median Remuneration
1	Mr. D S Parekh**	Non-Executive Director-Chairman	20.80	2.31
2	Mr. R. R. Bajaaj*	Independent Director	11.10	1.23
3	Ms. A. Bansal*	Independent Director	12.10	1.34
4	Mr. P. V. Bhide*	Independent Director	11.80	1.31
5	Mr. N. Kaviratne*	Independent Director	12.40	1.38
6	Mr. A.N Roy*	Independent Director	11.20	1.24
7	Mr. D Sundaram*	Independent Director	11.80	1.31

* Commission to Independent Directors increased from ₹ 5 lakhs to ₹ 10 lakhs per year from 2016.

** Commission to Chairman increased from ₹ 7 lakhs to ₹ 14 lakhs per year from 2016.

Accordingly there was 100% increase in commission to Chairman & Independent Directors during the year.

2. Ratio of Remuneration of Whole-time Directors & Key Managerial Personnel (KMP) against the Company.

Sr. No.	Whole-time Directors & KMP	Designation	Remuneration of Directors / KMP in the financial year in (₹ lakhs)	Ratio to median Remuneration	(%)Increase in remuneration in the financial year
1	Dr. H. Joshipura (upto 31/07/2015)	Managing Director	758.22	NA	NA
2	A. Vaidheesh (w.e.f. 03/08/2015)	Managing Director	216.14	24.01	9
3	A. Aristidou	Whole-time Director & CFO	370.86	41.20	7
4	R. Krishnaswamy	Whole-time Director	161.11	17.90	8
5	R.C.Sequeira	Whole-time Director	142.99	15.88	8
6	Ajay Nadkarni	Company Secretary	44.54	4.95	12

3. There was 10% increase in the median remuneration of employees in the financial year.
4. There were 4611 permanent employees on the rolls of the Company as on 31st March 2016.
5. The relationship between average increase in remuneration and the Company's performance :

The reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and drives performance culture. Every year, the salary increases for the Company are decided on the basis of benchmarking exercise that is undertaken with similar profile organizations.

The average remuneration increased by 10% in 2015-16. The profit after tax remained flat on a 12 month comparable basis.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

In line with the Company's reward philosophy, merit increases and annual bonus pay-outs of its Employees including Key Managerial Personnel are directly linked to individual performance as well as that of the business. The performance rating of Key Managerial Personnel was duly reviewed and approved by Nomination and Remuneration Committee. During the year, the Company earned a profit after tax of ₹ 375,21.34 lakhs against ₹ 376,46.78 lakhs on a 12 months comparable basis.

7. Variations in the market capitalization of the Company & Price Earnings Ratio as at the closing date of current financial year and previous financial year.

	As on March 31, 2016	As on March 31, 2015	Increase / Decrease (%)
Market Capitalization (₹ in crore)	32,192.65	28,821.47	8.96
Price Earnings Ratio	85.79	61.11	40.38

The Company made last public offer in 1969 at ₹ 15 (Face value of ₹ 10 per share plus Premium of ₹ 5 per share). The Share price of the Company closed at ₹ 3814.75 on National Stock Exchange of India Limited and at ₹ 3800.65 on BSE Limited on 31st March 2016 representing an increase 25431% since the date of last public issue.

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof:

The average increase in the remuneration of all employees was 10% in FY 2015 - 16. The Average increase in remuneration of managerial personnel was 9% in FY 2015 - 16. Increase in salary is based on remuneration policy / reward philosophy.

9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	A. Vaidheesh Managing Director	R.C.Sequeira Whole-time Director	R. Krishnaswamy Whole-time Director	A. Aristidou Whole-time Director & CFO	A. Nadkarni Company Secretary
Remuneration (₹ in lakhs)	216.14	142.99	161.11	370.86	44.54
Revenue (₹ in lakhs)	275,695.69				
Remuneration as % of revenue	0.08	0.05	0.06	0.13	0.02
Profit before tax (₹ in lakhs)	57,701.29				
Remuneration as % of Profit before Tax	0.37	0.25	0.28	0.64	0.08

10. The key parameters for variable component of remuneration availed by the Directors are as follows:

Variable compensation is an integral part of total reward package for all Key Managerial Personnel Executive Directors. Annual Bonus is directly linked to an individual performance rating and business performance. The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

11. No employee of the Company receives remuneration in excess of the highest paid Director of the Company.

12. We affirm that the remuneration paid to Directors, Key Managerial Personnel and other Employees is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 25th May 2016

Annexure 'G' to the Directors' Report

Form MGT - 9

Extract of Annual Return

As on financial year ended 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	: L24239MH1924PLC001151
Registration Date	: November 13, 1924
Name of the Company	: GLAXOSMITHKLINE PHARMACEUTICALS LIMITED
Category / Sub-Category of the Company	: Company Limited By Shares / Indian Non-Government Company
Address of the Registered office and contact details	: Dr. Annie Besant Road Mumbai - 400030 Tel : 022-24959595 Fax: 022-24959494 Email: askus@gsk.com
Whether listed company	: Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any:	: Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli Financial District Nanakramguda, Serilingampally Hyderabad, Telangana – 500032 Tel No: 040-67162222, Fax No: 040-23001153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Pharmaceuticals	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	Biddle Sawyer Limited 252, Dr. Annie Besant Road Mumbai 400030	U51900MH1948PLC006218	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1 st April 2015				No. of Shares held at the end of the year i.e. 31 st March 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1 st April 2015				No. of Shares held at the end of the year i.e. 31 st March 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):	0	0	0	0	0	0	0	0	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	63527262	0	63527262	75.00	63527262	0	63527262	75.00	0
Sub-total (A)(2):	63527262	0	63527262	75.00	63527262	0	63527262	75.00	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	63527262	0	63527262	75.00	63527262	0	63527262	75.00	0
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	859059	11200	870295	1.03	1404484	11236	1415720	1.67	0.64
b) Banks / FI	6960034	16361	6976395	8.24	6786813	16361	6803174	8.03	(0.21)
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	1765721	2042	1767763	2.09	1906234	2042	1908276	2.25	0.16
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	9584814	29639	9614453	11.35	10097531	29639	10127170	11.96	0.61
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	810496	18239	828735	0.98	607677	18003	625680	0.74	(0.24)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	8024764	2275111	10299875	12.16	7814371	2158916	9973287	11.77	(0.39)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	191301	0	191301	0.23	179641	0	179641	0.21	(0.02)
c) Others (specify)									
NBFCs Registered with RBI	0	0	0	0	1035	0	1035	0	0

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1 st April 2015				No. of Shares held at the end of the year i.e. 31 st March 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non Resident Indian Repatriable	0	0	0	0	0	2065	2065	0	0
Trusts	18581	0	18581	0.02	20170	0	20170	0.02	0
Non Resident Indians	187366	10285	197651	0.23	221929	0	221929	0.26	(0.03)
Clearing Members	20740	0	20740	0.02	13859	0	13859	0.02	0
Non Resident Companies	0	0	0	0	0	294	294	0	0
Non Resident Indian Non Repatriable	0	0	0	0	0	7138	7138	0	0
Foreign Nationals	2937	0	2937	0	2875	0	2875	0	0
Sub-total(B)(2):	9257373	2303929	11561302	13.65	8862169	2186416	11048585	13.04	(0.61)
Total Public Shareholding (B)=(B)(1)+(B)(2)	18842187	2333568	21175755	25.00	18959700	2216055	21175755	25.00	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	82369449	2333568	84703017	100	82486962	2216055	84703017	100	0

ii. Shareholding of Promoters: (including promoter group)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 1 st April 2015			Shareholding at the end of the year 31 st March 2016			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	GLAXO GROUP LIMITED	30485250	35.99	0	30485250	35.99	0	0
2	ESKAYLAB LIMITED	5880000	6.94	0	5880000	6.94	0	0
3	BURROUGHS WELLCOME INTERNATIONAL LIMITED	3360000	3.97	0	3360000	3.97	0	0
4	CASTLETON INVESTMENT LIMITED	3192238	3.77	0	3192238	3.77	0	0
5	GLAXOSMITHKLINE PTE LIMITED	20609774	24.33	0	20609774	24.33	0	0
	Total	63527262	75.00	0	63527262	75.00	0	0

iii. Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the year 1 st April 2015		Cumulative Shareholding during the year 31 st March 2016	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	There is no change in promoters share holding.			
	At the End of the year				

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

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year 1 st April 2015		Cumulative Shareholding during the year 31 st March 2016	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA						
			At the beginning of the year	5181604	6.12	5181604	6.12
		10/04/2015	Sale	-14342	(0.01)	5167262	6.10
		17/04/2015	Sale	-3555	0	5163707	6.10
		24/04/2015	Sale	-9417	(0.01)	5154290	6.09
		08/05/2015	Purchase	1211	0	5155501	6.09
		08/05/2015	Sale	-2000	0	5153501	6.08
		15/05/2015	Purchase	5056	0	5158557	6.09
		22/05/2015	Purchase	494	0	5159051	6.09
		29/05/2015	Purchase	3437	0	5162488	6.09
		05/06/2015	Purchase	1117	0	5163605	6.10
		04/09/2015	Sale	-6061	0	5157544	6.09
		11/09/2015	Sale	-1279	0	5156265	6.09
		25/09/2015	Sale	-132	0	5156133	6.09
		30/09/2015	Sale	-3849	0	5152284	6.08
		16/10/2015	Sale	-9312	(0.01)	5142972	6.07
		23/10/2015	Sale	-12355	(0.01)	5130617	6.06
		27/11/2015	Purchase	501	0	5131118	6.06
		31/03/2016	At the end of the year	5131118	6.06	5131118	6.06
2	GENERAL INSURANCE CORPORATION OF INDIA						
		01/04/2015	At the beginning of the year	981249	1.16	981249	1.16
		10/04/2015	Sale	-5000	0	976249	1.15
		30/10/2015	Sale	-10066	0.01	966183	1.14
		06/11/2015	Sale	-465	0	965718	1.14
			At the end of the year	965718	1.14	965718	1.14
3	ABERDEEN GLOBAL INDIAN EQUITY (MAURITIUS) LIMITED						
		01/04/2015	At the beginning of the year	626279	0.74	626279	0.74
		31/03/2016	At the end of the year	626279	0.74	626279	0.74
4	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED						
		01/04/2015	At the beginning of the year	610434	0.72	610434	0.72
		10/04/2015	Purchase	27000	0.03	637434	0.75
		17/04/2015	Purchase	6500	0	643934	0.76
		24/04/2015	Purchase	11000	0.01	654934	0.77
		01/05/2015	Purchase	9600	0.01	664534	0.78
		08/05/2015	Purchase	20541	0.02	685075	0.81
		08/05/2015	Sale	-333	0	684742	0.81
		15/05/2015	Purchase	4500	0	689242	0.81
		22/05/2015	Purchase	3150	0	692392	0.82
		29/05/2015	Purchase	4950	0	697342	0.82
		05/06/2015	Purchase	9900	0.01	707242	0.83
		12/06/2015	Purchase	6300	0	713542	0.84

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year 1 st April 2015		Cumulative Shareholding during the year 31 st March 2016	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		19/06/2015	Purchase	5400	0	718942	0.85
		26/06/2015	Purchase	7847	0	726789	0.86
		26/06/2015	Sale	-1320	0	725469	0.86
		30/06/2015	Purchase	4500	0	729969	0.86
		03/07/2015	Purchase	4950	0	734919	0.87
		10/07/2015	Purchase	4114	0	739033	0.87
		10/07/2015	Sale	-400	0	738633	0.87
		17/07/2015	Purchase	7650	0	746283	0.88
		24/07/2015	Purchase	8846	0.01	755129	0.89
		24/07/2015	Sale	-746	0	754383	0.89
		31/07/2015	Purchase	4500	0	758883	0.90
		07/08/2015	Purchase	5400	0	764283	0.90
		14/08/2015	Purchase	7200	0	771483	0.91
		21/08/2015	Purchase	8100	0	779583	0.92
		28/08/2015	Purchase	8100	0	787683	0.93
		28/08/2015	Sale	-725	0	786958	0.93
		04/09/2015	Purchase	9900	0.01	796858	0.94
		04/09/2015	Sale	-42	0	796816	0.94
		11/09/2015	Purchase	6300	0	803116	0.95
		18/09/2015	Purchase	10800	0.01	813916	0.96
		18/09/2015	Sale	-9034	0	804882	0.95
		25/09/2015	Purchase	4350	0	809232	0.96
		30/09/2015	Purchase	2700	0	811932	0.96
		02/10/2015	Purchase	1800	0	813732	0.96
		09/10/2015	Purchase	13500	0.01	827232	0.98
		16/10/2015	Purchase	11808	0.01	839040	0.99
		16/10/2015	Sale	-2267	0	836773	0.99
		23/10/2015	Purchase	49445	0.05	886218	1.05
		23/10/2015	Sale	-42570	0.05	843648	1.00
		30/10/2015	Purchase	9000	0.01	852648	1.01
		06/11/2015	Purchase	8280	0	860928	1.02
		13/11/2015	Purchase	4680	0	865608	1.02
		20/11/2015	Purchase	7416	0	873024	1.03
		27/11/2015	Purchase	8270	0	881294	1.04
		04/12/2015	Purchase	2844	0	884138	1.04
		11/12/2015	Purchase	4536	0	888674	1.05
		11/12/2015	Sale	-3165	0	885509	1.05
		18/12/2015	Purchase	5832	0	891341	1.05
		18/12/2015	Sale	-74	0	891267	1.05
		25/12/2015	Purchase	3969	0	895236	1.06
		31/12/2015	Purchase	4536	0	899772	1.06
		01/01/2016	Purchase	1598	0	901370	1.06
		08/01/2016	Purchase	6076	0	907446	1.07
		15/01/2016	Purchase	8897	0.01	916343	1.08
		22/01/2016	Purchase	17828	0.01	934171	1.10
		29/01/2016	Purchase	6966	0	941137	1.11
		05/02/2016	Purchase	10158	0.01	951295	1.12
		05/02/2016	Sale	-5498	0	945797	1.12

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year 1 st April 2015		Cumulative Shareholding during the year 31 st March 2016	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		12/02/2016	Purchase	4105	0	949902	1.12
		19/02/2016	Purchase	4247	0	954149	1.13
		26/02/2016	Purchase	7515	0	961664	1.14
		04/03/2016	Purchase	9378	0.01	971042	1.15
		11/03/2016	Purchase	6831	0	977873	1.15
		18/03/2016	Purchase	10305	0.01	988178	1.17
		25/03/2016	Purchase	4378	0	992556	1.17
		31/03/2016	Purchase	1546	0	994102	1.17
		31/03/2016	At the end of the year	994102	1.17	994102	1.17
5	THE ORIENTAL INSURANCE COMPANY LIMITED						
		01/04/2015	At the beginning of the year	556040	0.66	556040	0.66
		10/04/2015	Sale	-5770	0	550270	0.65
		17/04/2015	Sale	-1039	0	549231	0.65
		05/06/2015	Sale	-10309	0.01	538922	0.64
		03/07/2015	Sale	-4000	0	534922	0.63
		10/07/2015	Sale	-8207	0	526715	0.62
		17/07/2015	Sale	-7693	0	519022	0.61
		24/07/2015	Sale	-5483	0	513539	0.61
		31/07/2015	Sale	-4808	0	508731	0.60
		07/08/2015	Sale	-9851	0.01	498880	0.59
		14/08/2015	Sale	-2091	0	496789	0.59
		21/08/2015	Sale	-4508	0	492281	0.58
		28/08/2015	Sale	-63	0	492218	0.58
		04/09/2015	Sale	-11121	0.01	481097	0.57
		11/09/2015	Sale	-8743	0.01	472354	0.56
		18/09/2015	Sale	-6723	0	465631	0.55
		25/09/2015	Sale	-10606	0.01	455025	0.54
		30/09/2015	Sale	-7811	0	447214	0.53
		02/10/2015	Sale	-2000	0	445214	0.53
		09/10/2015	Sale	-11928	0.01	433286	0.51
		16/10/2015	Sale	-4107	0	429179	0.51
		23/10/2015	Sale	-1932	0	427247	0.50
		30/10/2015	Sale	-1000	0	426247	0.50
		12/02/2016	Sale	-161	0	426086	0.50
		25/03/2016	Sale	-4800	0	421286	0.50
		31/03/2016	Sale	-6200	0	415086	0.49
		31/03/2016	At the end of the year	415086	0.49	415086	0.49
6	VANGUARD EMERGING MARKETS STOCK INDEX FUND						
		01/04/2015	At the beginning of the year	358182	0.42	358182	0.42
		18/12/2015	Sale	-1908	0	356274	0.42
		25/12/2015	Sale	-828	0	355446	0.42
		15/01/2016	Sale	-524	0	354922	0.42
		22/01/2016	Sale	-1344	0	353578	0.42
		05/02/2016	Sale	-4675	0	348903	0.41
		12/02/2016	Sale	-1785	0	347118	0.41
		11/03/2016	Purchase	378	0	347496	0.41
		18/03/2016	Purchase	562	0	348058	0.41
		31/03/2016	At the end of the year	348058	0.41	348058	0.41

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year 1 st April 2015		Cumulative Shareholding during the year 31 st March 2016	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
7	SBI LIFE INSURANCE CO. LTD						
		01/04/2015	At the beginning of the year	201113	0.24	201113	0.24
		10/04/2015	Purchase	26215	0.03	227328	0.27
		24/04/2015	Purchase	5000	0	232328	0.27
		01/05/2015	Purchase	4601	0	236929	0.27
		12/06/2015	Purchase	1628	0	238557	0.28
		26/06/2015	Purchase	2165	0	240722	0.28
		03/07/2015	Purchase	5500	0	246222	0.28
		10/07/2015	Purchase	- 3934	0	242288	0.29
		17/07/2015	Sale	4425	0	246713	0.29
		04/09/2015	Purchase	2878	0	249591	0.29
		30/09/2015	Purchase	4000	0	253591	0.29
		09/10/2015	Purchase	2500	0	256091	0.30
		23/10/2015	Purchase	-1000	0	255091	0.30
		30/10/2015	Sale	2500	0	257591	0.30
		06/11/2015	Purchase	1132	0	258723	0.30
		20/11/2015	Purchase	1000	0	259723	0.31
		31/12/2015	Purchase	4203	0	263926	0.31
		08/01/2016	Purchase	2560	0	266486	0.31
		22/01/2016	Purchase	-24259	0.02	242227	0.31
		29/01/2016	Sale	-1500	0	240727	0.29
		05/02/2016	Sale	-7644	0	233083	0.28
		26/02/2016	Sale	-14377	0.01	218706	0.28
		04/03/2016	Sale	-27385	0.02	191321	0.26
		11/03/2016	Sale	-4400	0	186921	0.23
		25/03/2016	Sale	7116	0	194037	0.22
		31/03/2016	Purchase	29964	0.03	224001	0.23
		31/03/2016	At the end of the year	224001	0.26	224001	0.26
8	THE INDIA FUND INC						
		01/04/2015	At the beginning of the year	194107	0.23	194107	0.23
		31/03/2016	At the end of the year	194107	0.23	194107	0.23
9	UTI-DIVIDEND YIELD FUND						
		01/04/2015	At the beginning of the year	151329	0.18	151329	0.18
		10/04/2015	Purchase	470	0	151799	0.18
		05/06/2015	Purchase	3458	0	155257	0.18
		03/07/2015	Purchase	22205	0.02	177462	0.21
		24/07/2015	Purchase	2369	0	179831	0.21
		31/07/2015	Purchase	12329	0.01	192160	0.23
		06/11/2015	Purchase	10543	0.01	202703	0.24
		31/12/2015	Purchase	27000	0.02	229703	0.27
		01/01/2016	Purchase	25102	0.02	254805	0.30
		08/01/2016	Purchase	1898	0	256703	0.30
		31/03/2016	At the end of the year	256703	0.30	256703	0.30

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year 1 st April 2015		Cumulative Shareholding during the year 31 st March 2016	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
10	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND						
		01/04/2015	At the beginning of the year	141183	0.17	141183	0.17
		10/04/2015	Purchase	5306	0	146489	0.17
		17/04/2015	Purchase	293	0	146782	0.17
		08/05/2015	Purchase	1620	0	148402	0.18
		15/05/2015	Purchase	2569	0	150971	0.18
		22/05/2015	Purchase	1346	0	152317	0.18
		05/06/2015	Purchase	3795	0	156112	0.18
		12/06/2015	Purchase	1944	0	158056	0.19
		17/07/2015	Purchase	7640	0	165696	0.20
		24/07/2015	Purchase	1099	0	166795	0.20
		31/07/2015	Purchase	3008	0	169803	0.20
		07/08/2015	Purchase	6435	0	176238	0.21
		21/08/2015	Purchase	2633	0	178871	0.21
		28/08/2015	Purchase	1471	0	180342	0.21
		04/09/2015	Purchase	5290	0	185632	0.22
		11/09/2015	Purchase	1927	0	187559	0.22
		20/11/2015	Purchase	1499	0	189058	0.22
		04/12/2015	Purchase	886	0	189944	0.22
		11/12/2015	Purchase	840	0	190784	0.23
		18/12/2015	Purchase	716	0	191500	0.23
		08/01/2016	Purchase	806	0	192306	0.23
		15/01/2016	Purchase	4390	0	196696	0.23
		22/01/2016	Purchase	3535	0	200231	0.24
		05/02/2016	Purchase	260	0	200491	0.24
		12/02/2016	Purchase	610	0	201101	0.24
		26/02/2016	Purchase	11404	0.01	212505	0.25
		04/03/2016	Purchase	25	0	212530	0.25
		31/03/2016	At the end of the year	212530	0.25	212530	0.25

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the beginning of the year 1 st April 2015		Cumulative Shareholding during the year 31 st March 2015	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Directors and KMP				
	At the beginning of the year	None of Directors and KMP hold shares in the Company except Mr. Deepak Parekh, Chairman who holds 612 equity shares in the Company which remain unchanged throughout the year.			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the end of the year				

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	311.54	0	311.54
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	311.54	0	311.54
Change in Indebtedness during the financial year				
• Addition	0	0	0	0.00
• Reduction	0	74.25	0	74.25
Net Change	0	74.25	0	74.25
Indebtedness at the end of the financial year				
i) Principal Amount	0	237.30	0	237.30
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	237.30	0	237.30

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager					Total Amount
		Mr. A Vaidheesh (w.e.f. 03/08/2015)	Mr. R. C. Sequeira	Mr. R. Krishnaswamy	Mr. A. Aristidou Whole-time Director & CFO	Dr. H. B. Joshipura (up to 31.07.2015)	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	176.37	79.40	77.52	99.98	96.11	529.38
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39.77	46.63	62.57	260.19	505.48	914.64
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4	Commission						
	- as % of profit	Nil	Nil	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil	Nil	Nil
5	Others						
	Performance Bonus	0	16.96	21.02	10.69	156.63	205.30
	Total	216.14	142.99	161.11	370.86	758.22	1649.32
	Ceiling as per the Act (@10% of profits calculated under section 198 of the Companies Act, 2013)						577,01.29

B. Remuneration to other Directors:

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount
1	Independent Directors				
	Mr. R. R. Bajaj	1.10	10.00	-	11.10
	Ms. A. P. Bansal	2.10	10.00	-	12.10
	Mr. P. V. Bhide	1.80	10.00	-	11.80
	Mr. N. Kaviratne	2.40	10.00	-	12.40
	Mr. P. V. Nayak (up to 31.10.2015)	0.50	5.83	-	6.33
	Mr. A. N. Roy	1.20	10.00	-	11.20
	Mr. D. Sundaram	1.80	10.00	-	11.80
	Mr. V. Thyagarajan (up to 31.10.2015)	0.50	5.83	-	6.33
2	Other Non-Executive Directors				
	Mr. D. S. Parekh	6.80	14.00	-	20.80
	Total Managerial Remuneration(1+2)	18.20	85.66	-	103.86
	Overall Ceiling as per the Act(@ 1% of profits calculated under section 198 of the Companies Act, 2013)				577.01

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel Mr. A. Nadkarni Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.72
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10.98
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission	
	- as % of profit	Nil
	- others	Nil
5	Others - Performance Bonus	4.85
	Total	44.54

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2016.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 25th May 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of GlaxoSmithKline Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 10(b) above that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial position in its standalone financial statements - Refer Note 21 (A), 22, 23 and 24.
 - ii. The Company has long-term contracts as at March 31, 2016, for which there were no material foreseeable losses. The Company did not have any derivative contract as at March 31, 2016.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Price Waterhouse & Co Bangalore LLP
Chartered Accountants
Firm Registration Number: 007567S/S -200012

Mumbai
May 25, 2016

Asha Ramanathan
Partner
Membership Number: 202660

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10(g) of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Pharmaceuticals Limited on the standalone financial statements for the year ended March 31, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of GlaxoSmithKline Pharmaceuticals Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Bangalore LLP

Chartered Accountants

Firm Registration Number: 007567S/S –200012

Asha Ramanathan

Partner

Membership Number: 202660

Mumbai

May 25, 2016

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Pharmaceuticals Limited on the standalone financial statements as of and for the year ended March 31, 2016.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets, other than the situation of certain plant and equipment, furniture and office equipment, for which the situation recorded, is the location of the Company's different establishments.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties (including those held for sale), as disclosed in Note 11 and Note 15 to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of sales tax including value added tax and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax including value added tax, service tax and duty of excise as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income tax including interest as applicable.	44,29.90	Several demands pertaining to Assessment Years 2005-2006 to 2016-17.	Appellate Authority – up to Commissioner's level
		36.92	Assessment years 1990-1991.	Tribunal

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales-tax, including interest and penalty, as applicable	269,33.79	Several demands pertaining to the period 1983-1984 and 1988 to 2012.	Appellate Authority – up to Commissioner's level
		54,79.62 (includes ₹ 52,18.20 Lakhs not deposited due to a stay order)	Several demands pertaining to the period 1990-1991, 1998-1999, 1999-2000 and 2001-2002 to 2005-2006.	Tribunal
		83.08	Several demands pertaining to the period 1990-1991, 1999-2000 and 2001-2002.	The High court of Judicature at Allahabad, Lucknow and Kerala
		42.14	Demand pertaining to the period 1993-1994 and 1994-1995	Supreme Court
The Finance Act, 1994	Service Tax	1,29.20	January 2001 to December 2002	Customs, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty, including interest and penalty, as applicable	25.60	Several demands pertaining to the periods March 1992 to March 1994, July 1995 to January 1998.	Appellate Authority – up to Commissioner's level
		18,09.71	Several demands pertaining to the Period October 1994 to January 1995, September 1996 to September 2002, November 2003 to December 2011, September 2012 to March 2013	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		1,60.83	Demand pertaining to 1977-1980 and 1988-1991	The High Court of Judicature at Bombay

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him within the meaning of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Bangalore LLP
Chartered Accountants
Firm Registration Number: 007567S/S –200012

Mumbai
May 25, 2016

Asha Ramanathan
Partner
Membership Number: 202660

BALANCE SHEET AS AT 31ST MARCH, 2016

		Rupees in lakhs	
	Note No.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	84,70.30	84,70.30
Reserves and surplus	3	1632,44.43	1766,96.51
NON-CURRENT LIABILITIES			
Long-term borrowings	4	1,59.50	2,62.60
Other long term liabilities	5	5,66.33	5,28.86
Long-term provisions	6	283,90.11	270,95.87
CURRENT LIABILITIES			
Trade payables	7		
(a) Total outstanding dues of micro and small enterprises		4,21.98	2,54.30
(b) Total outstanding dues of creditors other than micro and small enterprises		318,87.04	303,34.33
Other current liabilities	8	203,59.23	131,55.53
Short-term provisions	9	526,96.08	668,41.92
TOTAL		3061,95.00	3236,40.22
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Intangible assets	11	-	-
Tangible assets	11	204,04.32	123,05.96
Capital work-in-progress (Refer note 53)		267,66.84	115,22.44
Non-current investments	12	47,66.97	47,66.97
Deferred tax assets (net)	13	88,60.91	82,91.43
Long term loans and advances	14	296,35.82	288,31.03
Other non-current assets	15	11,41.49	14,04.03
CURRENT ASSETS			
Inventories	16	521,66.25	368,85.59
Trade receivables	17	126,56.50	100,31.79
Cash and bank balances	18	1333,45.42	1898,01.75
Short-term loans and advances	19	115,96.71	119,74.32
Other current assets	20	48,53.77	78,24.91
TOTAL		3061,95.00	3236,40.22

The accompanying notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, 25th May, 2016

For and on behalf of the Board

Chairman	D. S. PAREKH DIN: 9078
Managing Director	A. Vaidheesh DIN: 1444303
CFO & Executive Director	A.A. Aristidou DIN: 7034424
Audit Committee Chairman	D. Sundaram DIN: 16304
Company Secretary	A.A. Nadkarni

Mumbai, 25th May, 2016

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2016

		Rupees in lakhs	
	Note No.	Year ended 31 st March, 2016	15 months ended 31 st March, 2015
Sale of products		2814,80.38	3358,54.49
Excise duty		(86,29.43)	(105,13.51)
Sale of products (net)		2728,50.95	3253,40.98
Other operating revenue		28,44.74	34,16.82
Revenue from operations	28	2756,95.69	3287,57.80
Other Income	29	121,82.51	198,67.17
Total Revenue		2878,78.20	3486,24.97
Cost of materials consumed	30	636,96.72	726,73.46
Purchases of traded goods	31	739,93.66	779,89.39
Changes in inventories of finished goods, work-in-progress and traded goods	32	(144,48.56)	(1,38.69)
Employee benefits expense	33	443,37.45	493,02.23
Depreciation and amortisation expense	11	24,77.65	25,35.25
Other expenses	34	603,81.32	662,12.90
Total Expenses		2304,38.24	2685,74.54
Profit before exceptional items and tax		574,39.96	800,50.43
Exceptional Items	39	2,61.33	(51,88.14)
Profit before Tax		577,01.29	748,62.29
Tax expense:			
Current tax		207,49.43	267,78.49
Deferred tax		(5,69.48)	9,19.22
Net Profit		375,21.34	471,64.58
Earnings per equity share (basic and diluted) (₹)			
Face value ₹ 10 each.	49	44.30	55.68

The accompanying notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, 25th May, 2016

For and on behalf of the Board

Chairman	D. S. PAREKH DIN: 9078
Managing Director	A. Vaidheesh DIN: 1444303
CFO & Executive Director	A.A. Aristidou DIN: 7034424
Audit Committee Chairman	D. Sundaram DIN: 16304
Company Secretary	A.A. Nadkarni

Mumbai, 25th May, 2016

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

		Rupees in lakhs	
		Year ended 31 st March, 2016	15 months ended 31 st March, 2015
a. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation and exceptional items		574,39.96	800,50.43
<i>Adjustments for :</i>			
Provision written back as no longer required		(1,08.22)	(42.99)
Profit on sale / disposal of tangible assets (net)		(30.05)	(58.00)
Interest income		(120,14.78)	(197,20.45)
Interest expense		42.13	46.90
Depreciation / Amortisation		24,77.65	25,35.25
Operating profit before working capital changes		478,06.69	628,11.14
<i>Adjustments for :</i>			
Inventories		(152,80.66)	(26,45.86)
Trade Receivables		(26,24.71)	(3,92.47)
Short-term loans and advances		3,77.61	(49,82.95)
Other current assets		(0.56)	(1.57)
Other non-current assets		2,62.54	(48.65)
Long-term loans and advances		(7,02.12)	(3,01.88)
Trade payables		17,20.39	27,87.39
Provisions		10,22.87	7,81.57
Other current liabilities		27,60.35	17,55.09
Other long term liabilities		37.47	32.14
Cash generated from operations		353,79.87	597,93.95
Direct taxes paid (net of refunds)		(204,42.17)	(250,13.31)
Cash flow before exceptional items		149,37.70	347,80.64
Exceptional items:			
Payments under Voluntary Retirement Scheme		-	(4,74.75)
Portfolio and Manufacturing activities rationalisation costs		(5,14.97)	-
Costs for Asset Sale transaction with Novartis		(5,66.93)	-
Non recurring expenses for rationalisation initiatives		-	(2,18.16)
Net cash generated from operating activities	A	138,55.80	340,87.73
b. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(232,32.03)	(163,12.28)
Sale of tangible fixed assets including tangible assets held for sale		7,98.99	73.24
Sale of property (Exceptional item)		16,83.00	-
Expenses relating to sale of property (Exceptional item)		(69.47)	-
Sale / redemption of current investments		-	10,00.01
Investment in bank deposits (having original maturity more than 3 months)		(195,400.00)	(276,250.00)
Redemption / Maturity of bank deposits (having original maturity more than 3 months)		252,175.00	291,450.00
Interest received		141,40.65	178,00.86
Net cash from investing activities	B	500,96.14	177,61.83

CASH FLOW STATEMENT (Contd.)

		Rupees in lakhs	
		Year ended 31 st March, 2016	15 months ended 31 st March, 2015
c. CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of borrowings		(74.25)	(102.69)
Interest paid		(42.13)	(46.90)
Dividend paid		(529,39.39)	(423,51.50)
Tax on distributed profit		(107,77.40)	(71,97.64)
Net cash used in financing activities	C	(638,33.17)	(496,98.73)
Net increase in cash and cash equivalents	(A + B + C)	1,18.77	21,50.83
Cash and cash equivalents as at 1 st April, 2015 (opening balance)		115,00.53	93,49.70
Cash and cash equivalents as at 31 st March, 2016 (closing balance)		116,19.30	115,00.53
Net increase in cash and cash equivalents		1,18.77	21,50.83
NOTES:			
1. Cash and cash equivalents include:			
Cash on hand		0.12	0.76
Term deposits with original maturity period of less than three months		56,01.00	60,02.00
Balances with banks		60,18.18	54,97.77
Total cash and cash equivalents		116,19.30	115,00.53
2. Other Bank balances include:			
Term deposits with original maturity period of more than three months		1195,00.00	1762,75.00

3. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements, notified under Section 133 of the Companies Act, 2013.

This is the Cash Flow Statement referred to in our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, 25th May, 2016

For and on behalf of the Board

Chairman	D. S. PAREKH DIN: 9078
Managing Director	A. Vaidheesh DIN: 1444303
CFO & Executive Director	A.A. Aristidou DIN: 7034424
Audit Committee Chairman	D. Sundaram DIN: 16304
Company Secretary	A.A. Nadkarni

Mumbai, 25th May, 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2016

GENERAL INFORMATION

GlaxoSmithKline Pharmaceuticals Limited ('the Company') is a public limited company and is listed on the BSE Ltd (Bombay Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company is engaged inter alia, in the business of manufacturing, distributing and trading in pharmaceuticals.

1 STATEMENT OF ACCOUNTING POLICIES

(a) Basis for preparation of accounts

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30th March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

(b) Tangible Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation. Interest on borrowings attributable to new projects is capitalised and included in the cost of fixed assets as appropriate.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets as per the rates prescribed under Schedule II to the Companies Act, 2013 or re-assessed useful life based on technical evaluation as under:

Factory Buildings	30 years
Other Buildings	60 years
Plant and Equipment	10 years
Personal Computers and Laptops	3 years
Other Computer Equipment	4 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	4 years

Depreciation is provided pro-rata for the number of months availability for use. Depreciation on sale / disposal of assets is provided pro-rata up to the end of the month of sale / disposal.

An asset purchased on or after 1st April, 1993 and where the actual cost does not exceed ₹ 5,000 (other than on turnkey contracts) is depreciated at the rate of 100%. Leasehold Land is amortised over the period of lease except for the lease with perpetual rights. Leasehold improvements are amortised over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Assets that have been retired from active use and held for disposal and Assets identified and evaluated technically as obsolete and held for disposal are stated at lower of book value and estimated net realisable value / salvage value, and are shown separately in the Financial Statements.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end.

(c) Intangible Fixed Assets and Amortisation

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

(d) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

(e) Operating lease

As a Lessee : Leases in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(f) Investments

Long term investments are stated at cost, except where there is a diminution in value other than temporary in which case the carrying value is reduced to recognise the decline. Current investments are stated at lower of cost and fair value. The premium on account of investments in debentures / bonds and Government of India Securities held as long-term investments is recognised over the life of the security.

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current investments.

(g) Provisions and Contingent Liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. A provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date. These provisions are reviewed at each year end date and adjusted to reflect the best current estimate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(h) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on first-in first-out basis. The cost of work-in-progress (other than those lying at third party manufacturing sites which is valued at material cost) and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and demand deposits with banks with original maturities of three months or less.

(j) Revenue Recognition

Sales are recognised when the significant risk and rewards of ownership in the goods are transferred to buyer as per the terms of contract and are recorded inclusive of excise duty but are net of trade discounts and sales tax.

Interest on investments is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is recognised for when the right to receive the payment is established.

(k) Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Profit and Loss.

(l) Proposed Dividend

Dividend proposed by the Board of Directors is provided for in the books of account pending approval at the Annual General Meeting.

(m) Research and Development

Revenue expenditure on research and development is recognised as expense in the year in which it is incurred and the expenditure on capital assets is depreciated over the useful lives of the assets.

(n) Excise Duty

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of Central Value Added Tax (CENVAT) credits in respect of materials consumed for sales is deducted from cost of materials consumed.

The excise duty related to the difference between the closing stock and opening stock of finished goods has been recognised separately under "other expenses".

(o) Long-term Incentive

In terms of a long-term incentive plan, the eligible members of the senior management are entitled to receive an incentive payment at the end of a three year 'restricted period', provided they remain in continuous employment with the Company for the aforesaid period. The value of such incentive is based on the price of shares of GlaxoSmithKline plc, U.K. An amount equal to one-third of the aggregate approximate value of the incentive is recognised as expense each year based on the fair value of such shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

(p) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and deferred tax liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

(q) Employee Benefits

(i) Long-term Employee Benefits

In case of Defined Contribution plans, the Company's contributions to these plans are charged to the Statement of Profit and Loss as incurred.

Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability for Gratuity and Post Retirement Medical is Projected Unit Credit method. The obligations for Gratuity and Post Retirement Medical are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date.

Provident Fund contributions are made to a Trust administered by the Company. The actuarial valuation method, carried out by an independent actuary, used for measuring the liability for Provident Fund is Projected Accrued Benefit method. This approach determines the present value of the interest rate guarantee under three interest rate scenarios: base case scenario, rising interest rate scenario and falling interest rate scenario. The Defined Benefit Obligation of the interest rate guarantee is set equal to the average of the present values determined under these scenarios in respect of accumulated provident fund contributions as at the valuation date.

The liability for leave encashment and compensated absences is provided on the basis of valuation, as at Balance Sheet date, carried out by an independent actuary.

(ii) The expenditure on voluntary retirement schemes is charged to the Statement of Profit and Loss in the year in which it is incurred.

(iii) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Statement of Profit and Loss in the year in which they arise.

(r) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
2 SHARE CAPITAL		
AUTHORISED		
9,00,00,000 equity shares of ₹10 each	90,00.00	90,00.00
ISSUED		
8,47,07,710 equity shares of ₹10 each	84,70.77	84,70.77
SUBSCRIBED AND PAID-UP		
8,47,03,017* equity shares of ₹ 10 each, fully paid up	84,70.30	84,70.30
	84,70.30	84,70.30

* excludes 4,693 equity shares of ₹10 each of the Company (3,352 equity shares of ₹ 10 each of erstwhile Burroughs Wellcome (India) Limited) held in abeyance.

	As at 31 st March, 2016		As at 31 st March, 2015	
	Number of Shares	Rupees in lakhs	Number of Shares	Rupees in lakhs
a) Reconciliation of the number of shares				
Balance at the beginning of the year	84,703,017	84,70.30	84,703,017	84,70.30
Issued during the year	-	-	-	-
Balance at the end of the year	84,703,017	84,70.30	84,703,017	84,70.30

b) Rights, preferences and restrictions attached to equity shares:

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shares held by subsidiaries of ultimate holding company in aggregate

	Number of Shares	Rupees in lakhs	Number of Shares	Rupees in lakhs
Equity shares of ₹10 each (representing 75.00% of total shareholding)	63,527,262	63,52.73	63,527,262	63,52.73

d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company:

	Number of Shares	% Shareholding	Number of Shares	% Shareholding
Glaxo Group Limited, U.K.	30,485,250	35.99%	30,485,250	35.99%
GlaxoSmithKline Pte Limited, Singapore	20,609,774	24.33%	20,609,774	24.33%
Eskaylab Limited, U.K.	5,880,000	6.94%	5,880,000	6.94%
Life Insurance Corporation of India	5,131,118	6.06%	4,749,658	5.61%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
3 RESERVES AND SURPLUS		
CAPITAL RESERVE		
Balance as at the beginning of the year	1,65.51	1,65.51
Additions/Deductions	-	-
Balance as at the end of the year (a)	1,65.51	1,65.51
CAPITAL REDEMPTION RESERVE		
Balance as at the beginning of the year	2,61.95	2,61.95
Additions/Deductions	-	-
Balance as at the end of the year (b)	2,61.95	2,61.95
GENERAL RESERVE:		
Balance as at the beginning of the year	875,44.44	828,27.98
Transfer from Surplus in Statement of Profit and Loss	-	47,16.46
Balance as at the end of the year	875,44.44	875,44.44
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
Balance as at the beginning of the year	887,24.61	1099,93.27
Profit for the year	375,21.34	471,64.58
Less : Appropriations		
Proposed Dividend	(423,51.50)	(529,39.38)
Tax on dividend	(86,21.92)	(107,77.40)
Transfer to General Reserve	-	(47,16.46)
Balance as at the end of the year	752,72.53	887,24.61
TOTAL	1632,44.43	1766,96.51

(a) Includes Central Government subsidy ₹ 15.00 lakhs and capital profit on reissue of shares forfeited of erstwhile Burroughs Wellcome (India) Limited ₹ 0.51 lakhs.

(b) On account of buy back of equity shares.

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
4 LONG TERM BORROWINGS		
Unsecured		
Interest free sales tax loan from SICOM Limited	1,59.50	2,62.60
TOTAL	1,59.50	2,62.60

Terms of repayment

Interest free Sales Tax Loan from SICOM Limited as at 31st March, 2016 of ₹ 2,37.30 lakhs (previous year ₹ 3,11.55 lakhs) availed under the 1993 Sales Tax deferment Scheme repayable in seventeen instalments (previous year twenty one instalments) closing on 30th April, 2021. The current maturity amount of ₹ 77.80 lakhs (previous year ₹ 48.95 lakhs) of the loan has been disclosed under Note 8 - Other Current Liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31st March, 2016	As at 31st March, 2015
5 OTHER LONG TERM LIABILITIES		
Security deposits received	2,25.47	2,36.72
Other long term liabilities	3,40.86	2,92.14
TOTAL	5,66.33	5,28.86
6 LONG TERM PROVISIONS		
For Pricing matters (Refer Note 22)	122,70.82	122,70.82
For employee benefits		
Gratuity	46,38.06	42,07.25
Leave encashment and compensated absences	41,40.27	40,49.66
Post retirement medical and other benefits	36,58.04	34,63.73
For long term incentive plan	4,92.50	6,22.52
For divestment / restructuring	12,02.83	12,02.83
For others	19,87.59	12,79.06
TOTAL	283,90.11	270,95.87
7 TRADE PAYABLES		
Dues of micro and small enterprises (Refer Note 25)	4,21.98	2,54.30
Dues of creditors other than micro and small enterprises	318,87.04	303,34.33
TOTAL	323,09.02	305,88.63
8 OTHER CURRENT LIABILITIES		
Current Maturity of Long Term Borrowings		
Interest free sales tax loan from SICOM Limited (Refer Note 4)	77.80	48.95
Subsidiary company	81.11	1,50.60
Unclaimed dividends *	22,26.12	20,26.22
Salaries, wages and bonus payable	82,48.00	52,79.60
Statutory dues including provident fund and tax deducted at source	18,81.43	17,27.81
Creditors for capital goods	72,48.75	30,34.15
Rationalisation relating to a manufacturing site	1,30.28	1,32.84
Other Payables	4,65.74	7,55.36
TOTAL	203,59.23	131,55.53
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
9 SHORT TERM PROVISIONS		
For proposed equity dividend	423,51.50	529,39.38
For provision for taxation (net) (Refer note 51 (a))	3,07.26	15,86.49
For tax on distributed profit	86,21.92	107,77.40
For employee benefits		
Gratuity	-	-
Leave encashment and compensated absences	2,53.77	2,52.24
Post retirement medical and other benefits	2,14.15	1,99.61
For long term incentive plan	1,75.01	1,08.06
For rationalisation relating to a manufacturing site	73.80	1,35.43
For others	6,98.67	8,43.31
TOTAL	526,96.08	668,41.92

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

10 MOVEMENT IN PROVISIONS

Rupees in lakhs

	Rationalisation relating to a manufacturing site	Pricing matters	Long term Incentive Plan	Divestment / Restructuring	Others
April 2015-March 2016					
Opening Balance	1,35.43	122,70.82	7,30.58	12,02.83	21,22.37
Add: Provision during the year	-	-	6,94.45	-	16,95.79
Less: Amounts utilised/reversed during the year	61.63	-	7,57.52	-	11,31.90
Balance at the year end	73.80	122,70.82	6,67.51	12,02.83	26,86.26
January 2014-March 2015					
Opening Balance	3,52.96	122,70.82	12,66.83	16,13.72	18,40.28
Add: Provision during the period	-	-	5,31.68	-	11,07.99
Less: Amounts utilised/reversed during the period	2,17.53	-	10,67.93	4,10.89	8,25.90
Balance at the period end	1,35.43	122,70.82	7,30.58	12,02.83	21,22.37

11 FIXED ASSETS

Rupees in lakhs

	Gross block (at cost)				Depreciation/Amortisation				Net block	
	As at 31 st March, 2015	Additions/ Adjustments	Deductions (b)	As at 31 st March, 2016	As at 31 st March, 2015	For the Year	On Deductions/ Adjustments (b)	As at 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
(A) INTANGIBLE ASSETS										
Distribution Rights (c)	-	3,22.80	-	3,22.80	-	3,22.80	-	3,22.80	-	-
TOTAL (A)	-	3,22.80	-	3,22.80	-	3,22.80	-	3,22.80	-	-
Previous period (A)	-	-	-	-	-	-	-	-	-	-
(B) TANGIBLE ASSETS										
Freehold land	2.00	-	-	2.00	-	-	-	-	2.00	2.00
Leasehold land (d)	44.27	54,51.20	-	54,95.47	-	44.46	-	44.46	54,51.01	44.27
Freehold buildings (a)	33,09.53	24.69	67.00	32,67.22	8,12.11	45.02	53.03	8,04.10	24,63.12	24,97.42
Leasehold buildings	45,44.19	2,38.08	1.67	47,80.60	21,52.69	1,21.17	0.52	22,73.34	25,07.26	23,91.50
Plant and equipment	186,63.01	42,13.00	27,03.85	201,72.16	125,17.60	14,80.93	25,06.11	114,92.42	86,79.74	61,45.41
Furniture and fixtures	31,05.13	94.93	47.78	31,52.28	25,95.38	92.65	27.65	26,60.38	4,91.90	5,09.75
Vehicles	15,79.00	4,35.46	6,16.66	13,97.80	10,75.02	2,55.04	5,22.04	8,08.02	5,89.78	5,03.98
Office Equipment	6,72.22	1,34.03	20.34	7,85.91	4,60.59	1,15.58	9.77	5,66.40	2,19.51	2,11.63
TOTAL (B)	319,19.35	105,91.39	34,57.30	390,53.44	196,13.39	21,54.85	31,19.12	186,49.12	204,04.32	
Previous period (B)	299,08.09	56,41.89	36,30.63	319,19.35	199,00.91	25,35.25	28,22.77	196,13.39		123,05.96
TOTAL (A+B)	319,19.35	109,14.19	34,57.30	393,76.24	196,13.39	24,77.65	31,19.12	189,71.92	204,04.32	
Previous period (A+B)	299,08.09	56,41.89	36,30.63	319,19.35	199,00.91	25,35.25	28,22.77	196,13.39		123,05.96

Note:

- Freehold buildings include investments representing ownership of residential flats (Refer Note 26).
- Deductions in the previous period include Tangible assets held for sale shown under 'Other Current Assets' (Refer note 20) : gross block ₹ 5,23.57 lakhs, accumulated depreciation ₹ 3,98.29 lakhs and net block ₹ 1,25.28 lakhs.
- Intangible assets ₹ 3,22.80 lakhs towards Distribution Rights of the vaccines portfolio acquired from Novartis Healthcare Private Limited. (Refer note 50).
- Additions to leasehold land pertains to land acquired for the new greenfield manufacturing factory being constructed at Bengaluru (Refer note 53).
- During the year, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act 2013 or re-assessed useful life based on technical evaluation. The impact of the change in useful lives on the profit for the year ended March 31, 2016 is not material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
12 NON-CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)		
<u>TRADE</u>		
<i>IN EQUITY INSTRUMENTS</i>		
<u>Unquoted</u>		
Biotech Consortium India Limited		
50,000 Equity Shares of ₹ 10 each fully paid	5.00	5.00
Dinette Exclusive Club Private Limited		
500 Equity Shares of ₹ 100 each fully paid	0.50	0.50
<u>OTHER INVESTMENTS</u>		
<u>Unquoted</u>		
National Savings Certificate (Lodged with Government authorities)	0.17	0.17
<i>IN SUBSIDIARY COMPANY</i>		
<u>Unquoted</u>		
Biddle Sawyer Limited		
9,60,000 Equity Shares of ₹ 10 each fully paid	47,61.30	47,61.30
TOTAL	47,66.97	47,66.97
Aggregate of Unquoted Investments - At Book value	47,66.97	47,66.97
There are no investments purchased and sold / redeemed during the year		
13 DEFERRED TAX ASSETS (NET)		
Deferred tax assets and liabilities are attributable to the following items:		
<u>Assets</u>		
Provision for employee benefits	44,10.11	41,03.35
Costs of voluntary retirement schemes	4,96.44	12,25.25
Provision for doubtful debts, loans and advances	6,38.16	5,17.12
Interest on Income-tax refund not accounted but considered as taxable under the Income-tax Act, 1961	22,42.10	22,02.06
Expenses allowable for tax purposes when paid	21,52.89	12,55.28
TOTAL	99,39.70	93,03.06
<u>Liabilities</u>		
Depreciation (including tangible assets held for sale)	10,78.79	10,11.63
TOTAL	10,78.79	10,11.63
TOTAL	88,60.91	82,91.43

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Rupees in lakhs

	As at 31 st March, 2016	As at 31 st March, 2015
14 LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Capital advances	81,11.91	64,22.76
Less : Allowance for doubtful loans and advances	(3,87.93)	(3,87.93)
Security Deposits	13,91.99	14,11.79
Other loans and advances (Refer Note 52)		
Advance income-tax (net) (Refer Note 51(b))	151,06.07	166,92.55
Balance with Government Authorities	11,83.17	11,83.17
Sundry Deposits	37,86.95	30,56.55
Loans and advances recoverable in cash or in kind *	4,43.66	4,52.14
TOTAL	296,35.82	288,31.03
* includes outstanding loans receivable from related parties		
15 OTHER NON CURRENT ASSETS		
Remittances in transit [Refer Note 23(iii)]	5.92	5.92
Margin money/ Deposit against bank guarantee	29.67	2,92.21
Tangible assets held for sale (at book value or estimated net realisable value / salvage value, whichever is lower)	11,05.90	11,05.90
TOTAL	11,41.49	14,04.03
16 INVENTORIES		
Stores and spares	2,53.13	2,59.31
Raw and packing materials (includes in-transit ₹ 2,79.88 lakhs; previous year: ₹ 3,05.27 lakhs)	104,31.40	95,93.12
Work-in-progress	36,31.87	31,23.41
Traded goods (includes in-transit ₹ 19,37.90 lakhs; previous year: ₹ 12,01.55 lakhs)	220,02.73	135,73.98
Finished goods	158,47.12	103,35.77
TOTAL	521,66.25	368,85.59
17 TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	10,80.52	9,32.19
Others	115,75.98	90,99.60
Considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	13,29.07	11,27.27
Others	-	-
Less : Provision for doubtful debts	(13,29.07)	(11,27.27)
TOTAL	126,56.50	100,31.79

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31st March, 2016	As at 31st March, 2015
18 CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	0.12	0.76
Balances with banks		
Current account	57,49.16	54,30.83
Term deposit with original maturity period of less than three months	56,01.00	60,02.00
Other bank balances		
Term deposit with original maturity period of more than three months but less than twelve months	1183,00.00	1545,75.00
Term deposit with original maturity period of more than twelve months but maturing within next twelve months	12,00.00	217,00.00
Unpaid dividend accounts	22,26.12	20,26.22
Margin money/ Deposit against bank guarantee	2,69.02	66.94
TOTAL	1333,45.42	1898,01.75
19 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Balance with Government Authorities	19,77.49	14,80.44
Current account balances with group companies	39,48.78	26,13.73
Prepaid Expenses	9,51.88	10,13.16
Advances recoverable in cash or in kind *	47,18.56	68,66.99
TOTAL	115,96.71	119,74.32
* includes outstanding loans receivable from related parties		
20 OTHER CURRENT ASSETS		
Interest accrued on investments/deposits	44,22.39	65,48.26
Tangible assets held for sale (at book value or estimated net realisable value / salvage value whichever is lower)	4,14.02	12,59.85
Others	17.36	16.80
TOTAL	48,53.77	78,24.91
21 CONTINGENT LIABILITIES AND COMMITMENTS		
A Contingent Liabilities not provided for:		
(i) Cheques discounted with banks	1,09.24	3,74.00
(ii) In respect of claims made against the Company not acknowledged as debts by the Company		
- Sales tax matters	278,66.20	34,39.35
- Excise matters	5,93.30	5,93.30
- Service tax matters	1,29.20	1,29.20
- Labour matters	74,60.70	69,31.23
- Other legal matters	82,50.45	22,01.55
which net of current tax amount to -	289,68.56	87,75.79

The increase in contingent liability in respect of 'Sales Tax matters' during the current year pertains to Orders passed by the sales tax authorities relating to two assessment years. The orders imposed a demand upon the Company due to non submission of documents for the relevant assessment years. The Company has preferred an appeal against this demand, and has collated majority of documents as required in the assessment orders and the same have been submitted to the authorities. The Company's appeal is yet to be heard.

The increase in contingent liability for 'Other legal matters' pertains to an Order passed by the Competition Commission of India, imposing a penalty upon the company for alleged cartelization. The Company has preferred an appeal against the said Order before the Commission Appellate Tribunal and the appeal is scheduled for hearing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Rupees in lakhs		
	As at 31 st March,, 2016	As at 31 st March,, 2015
(iii) Income-tax matters in respect of which appeals are pending		
- Tax on matters in dispute	197,88.79	177,46.83
Notes:		
Future cash outflows in respect of (i) above are dependant on the return of cheques by banks.		
Future cash outflows in respect of (ii) and (iii) above are determinable on receipt of decisions / judgements pending with various forums / authorities.		
B Commitments		
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for (Refer note 53)	383,37.72	87,40.19
(ii) Uncalled liability on partly paid shares:	0.12	0.12
- in Hill Properties Limited		
Note:		
Future cash outflow is dependent on the call to be made by Hill Properties Limited.		

- 22** The demand of ₹ 71,79 lakhs made by the Central Government on the Company in respect of Betamethasone bulk drugs and formulations made therefrom during the period May 1981 to August 1987 has been under litigation for a period spanning nearly 30 years. Pursuant to the special leave petition of the Central Government in the Supreme Court of India against the Delhi High Court's Judgment and Order dated 19th October 2001 which was held in favour of the Company, the Supreme Court has, vide its Judgement and Order dated 31st March,, 2011, upheld the demand. The Company had accrued a liability of ₹18,68 lakhs in earlier years and a further provision of ₹ 53,11 lakhs was accrued in 2011.

Based on a legal advice, the Company has filed an Application in the Supreme Court seeking, inter alia, clarifications on some aspects of the Judgement and directions for recomputation of the demand. Simultaneously, the Company without prejudice to and subject to the outcome of the Application filed in the Supreme Court, has tendered as a further deposit, an amount of ₹ 63,60 lakhs, which together with the amount of ₹ 8,19 lakhs previously deposited with the Government, aggregates to the demand of ₹ 71,79 lakhs made by the Government in November 1990. The Company filed a Review Petition in the Supreme Court which was rejected in March 2012.

In October 1996, the Government had claimed interest of ₹ 117,66 lakhs for the period 12th May 1981 to 17th October 1996, for which no provision was made in earlier years. The Government has vide letter dated 4th May 2011 called upon the Company to discharge the entire liability, including upto date interest calculated at 15% p.a., and has vide letter dated 10th October 2011, raised a demand on the Company for the interest amount amounting to ₹ 247,44 lakhs. Without prejudice to the position that interest is not payable, the Company has recognized a provision of ₹ 247,44 lakhs in respect of the Government's claim for interest in 2011. The Company has filed a Writ Petition at Delhi High Court against the above demand which has been admitted. The Company also filed stay applications which have been dismissed and has filed a Special Leave Petition (SLP) before the Supreme Court for stay of the interest demand until final determination of the Writ Petition filed in the Delhi High Court. The Supreme Court on hearing the above SLP, passed an order on 3rd April 2012. The said order stayed the Demand Notice dated 10th October 2011 during the pendency of the Writ Petition at the Delhi High Court subject to the Company depositing ₹ 136,82 lakhs in three equal installments within six month's time from the date of order. All three instalments have been deposited with the Government as of date. The Supreme Court, vide its order dated 5th October 2012, directed the Delhi High Court to dispose of the Writ Petition as expeditiously as possible. The Delhi High Court has listed the Writ Petition for hearing on 11th August, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)**23 Matters in respect of erstwhile Burroughs Wellcome (India) Limited (BWIL):**

- (i) The Government of India, Ministry of Chemicals and Fertilisers, New Delhi, passed a final order on 21st July, 1993, directing erstwhile BWIL to pay an amount of ₹ 1,91.15 lakhs along with interest due thereon from the date of default into the Drugs Prices Equalisation Account (DPEA) in respect of a bulk drug procured by erstwhile BWIL during the period April 1981 to April 1983.

Erstwhile BWIL filed a writ petition in August 1993 which was admitted by the Bombay High Court. After hearing both the parties, the High Court granted an interim injunction restraining the Government of India from taking any action in furtherance of and/or implementation of the order dated 21st July, 1993 or from in any manner seeking to compel erstwhile BWIL to deposit any amount into the DPEA, pending the hearing and final disposal of the petition on the condition that erstwhile BWIL furnishes a bank guarantee for ₹ 2,00 lakhs from a nationalised bank and undertakes to pay the amount demanded with interest at the rate of 20% per annum in case the petition fails.

Erstwhile BWIL had accordingly furnished the required bank guarantee. If calculated on the basis of correct data, taking into account set offs claimable for earlier years for which data has been provided by erstwhile BWIL, no amount will be payable by the Company and accordingly no provision in that respect is considered necessary. The Company's stand that the demand is not sustainable has been confirmed by an eminent counsel. The Government of India's application in the Supreme Court praying that the writ petition be transferred to the the Supreme Court from the Bombay High Court was not allowed and the Company's writ petition will now be heard by the Bombay High Court.

- (ii) Erstwhile BWIL had made an application to the Government of India for approval under Section 198(4) of the Companies Act, 1956, in respect of payment of the Managing Director and three whole time Directors amounting to ₹ 10.93 lakhs for the year ended 31st August, 1986, which was in accordance with the minimum remuneration provided in the agreement entered into with them prior to erstwhile BWIL becoming public, which required such Government of India's sanction. The approval is still awaited.
- (iii) Remittances in transit represent monies deposited by customers in favour of erstwhile BWIL with banks in Zambia - ₹ 0.31 lakhs and in Tanzania - ₹ 5.61 lakhs, the remittance of which is pending clearance of the authorities in those countries.

24 Matters in respect of erstwhile SmithKline Beecham Pharmaceuticals (India) Limited:

- (i) ₹ 1,44.44 lakhs received from Beckman Instruments International S.A. on account of disputed alleged additional commission has been included under Long term provisions and Income tax paid thereon aggregating to ₹ 64.77 lakhs has been included under long term loans and advances. The Company is contesting the matter with the concerned authorities.
- (ii) Refund of surtax ₹ 96.81 lakhs, and interest thereon amounting to ₹ 48.52 lakhs, received during 1994, have not been adjusted against the provision for tax in the books of account and recognised as income respectively, since the Income tax department had filed a reference application against the income tax tribunal's order which was pending before the High Court of Karnataka. The Company has received an order dated 18th April, 2007 from the High Court of Karnataka which is partially in the Company's favour. On the basis of the aforesaid order, Income Tax Appellate Tribunal (ITAT), Bangalore will pass an order giving directions. On receipt of the ITAT order, the Company will take appropriate steps in the matter.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

		Rupees in lakhs	
		As at 31 st March, 2016	As at 31 st March, 2015
25 Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under:			
(a) The principal amount and the interest due thereon remaining unpaid to suppliers			
(i) Principal		-	-
(ii) Interest due thereon		14.27	8.38
		14.27	8.38
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the entire accounting year		2,13.55	1,83.91
(ii) Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006		-	-
(c) (i) Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms		-	-
(ii) Normal Interest payable for the period of delay in making payment, as per the agreed terms		-	-
(d) (i) Total Interest accrued during the year		5.89	3.61
(ii) Total Interest accrued during the year and remaining unpaid		5.89	3.61
(e) Included in (d) above is Nil being interest on amounts outstanding as at the beginning of the accounting year			
(f) Further interest remaining due and payable for earlier years		8.38	4.77
The above information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.			
26 Tangible fixed Assets include the following investments representing ownership of residential flats :			
5 partly paid 'A' equity shares of ₹ 1,20,000 each, ₹ 1,18,000 each paid-up and 1 partly paid 'B' equity share of ₹ 90,000, ₹ 88,500 paid-up in Hill Properties Limited.		7.22	7.22
10 shares of ₹ 50 each fully paid-up in Prathamesh Co-operative Housing Society Limited.		2.00	2.00
10 shares of ₹ 50 each fully paid-up in Montreal Olympic Premises Co-operative Housing Society Limited.		48.13	48.13
5 shares of ₹ 50 each fully paid-up in Poonam Co-operative Housing Society Limited.		23.62	23.62
10 shares of ₹ 100 each fully paid-up in Anita Co-operative Housing Society Limited.		33.31	33.31
20 shares of ₹ 50 each fully paid-up in Cooprage Woodhouse Co-operative Housing Society Limited.		45.59	45.59
5 shares of ₹ 50 each fully paid-up in Sea-Face Park Co-operative Housing Society Limited.		-	67.00
20 shares of ₹ 50 each fully paid-up in Red Rose Co-operative Housing Society Limited.		19.32	19.32
1 share of ₹ 100 fully paid-up in The Imperial Condominium		21,52.80	21,52.80

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Rupees in lakhs

	Year ended 31 st March, 2016	15 months ended 31 st March, 2015
27 PROPOSED DIVIDEND		
The dividend on Equity Shares of ₹ 10 each is as follows:		
Amount of dividend	423,51.50	529,39.38
Dividend per Equity Share	50.00	62.50
28 REVENUE FROM OPERATIONS		
Sale of products	2814,80.38	3358,54.49
Excise duty	(86,29.43)	(105,13.51)
Sale of products (net)	2728,50.95	3253,40.98
Other operating revenue	28,44.74	34,16.82
TOTAL	2756,95.69	3287,57.80
(a) DETAILS OF SALE OF PRODUCTS		
Tablets and Capsules	1258,25.86	1445,16.69
Solids including Powders and Ointments	695,32.99	836,83.57
Liquids- Orals, Topicals and Parenterals	347,74.78	459,67.43
Vaccines	397,72.28	440,33.79
Others	115,74.47	176,53.01
	2814,80.38	3358,54.49
(b) OTHER OPERATING REVENUE		
Service income		
Clinical research and data management	36,23.89	52,02.72
Other services	19,73.13	19,58.57
Direct expenses relating to the above	(44,74.00)	(58,39.14)
	11,23.02	13,22.15
Export related benefits (net)	0.57	10.84
Consignment sales commission	75.71	1,35.12
Manufacturing charges recovery	10,64.54	7,94.25
Others	5,80.90	11,54.46
	28,44.74	34,16.82
29 OTHER INCOME		
Interest income (Gross):		
On deposits with banks	119,79.95	186,85.39
On loans	26.00	34.39
On tax refunds	-	8,99.23
On investments - Government securities and other than trade		
- long term [net of premium write-off of Nil (Previous year ₹ 0.24 lakhs)]	-	83.53
Others	8.83	17.91
	120,14.78	197,20.45
Less : Interest expense:		
Security deposits	(23.64)	(31.50)
Others	(18.49)	(15.40)
	(42.13)	(46.90)
	119,72.65	196,73.55
Rent received	71.59	92.63
Profit on sale / disposal of fixed assets (net)	30.05	58.00
Provision written back as no longer required	1,08.22	42.99
TOTAL	121,82.51	198,67.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (CONTD.)

Rupees in lakhs

	Year ended 31 st March, 2016		15 months ended 31 st March, 2015	
30 COST OF MATERIALS CONSUMED				
Betamethasone-17 Valerate IP		79,50.42		75,99.50
Other raw materials consumed *		391,21.58		468,02.93
Packing materials consumed *		166,24.72		182,71.03
TOTAL		636,96.72		726,73.46
Notes :				
* No single raw or packing material accounts for more than 10% of total consumption				
Cost of materials consumed is based on derived values				
VALUE OF IMPORTED AND INDIGENOUS RAW AND PACKING MATERIALS CONSUMED				
		%		%
Purchased indigenously	89.14	567,79.61	84.60	614,82.67
Imported by the company (including duty and other charges)	10.86	69,17.11	15.40	111,90.79
	100.00	636,96.72	100.00	726,73.46
31 PURCHASE OF TRADED GOODS				
Purchase of traded goods		739,93.66		779,89.39
TOTAL		739,93.66		779,89.39
DETAILS OF PURCHASE OF TRADED GOODS				
Tablets and Capsules		162,29.61		173,53.16
Solids including Powders and Ointments		63,02.53		63,35.22
Liquids- Orals, Topicals and Parenterals		69,25.75		106,48.79
Vaccines		360,12.46		310,94.10
Others		85,23.31		125,58.12
		739,93.66		779,89.39
32 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS				
Opening stock				
Work-in-progress	31,23.41		32,33.86	
Finished goods	103,35.77		89,51.35	
Traded goods	135,73.98		147,09.26	
	270,33.16		268,94.47	
Less: Closing stock				
Work-in-progress	36,31.87		31,23.41	
Finished goods	158,47.12		103,35.77	
Traded goods	220,02.73		135,73.98	
	414,81.72	(144,48.56)	270,33.16	(1,38.69)
TOTAL		(144,48.56)		(1,38.69)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Rupees in lakhs

	Year ended 31 st March, 2016	15 months ended 31 st March, 2015
33 EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	394,67.89	442,85.30
Contributions to : Provident and pension funds	21,36.12	24,54.81
Gratuity funds	8,02.19	7,96.08
Staff welfare	19,31.25	17,66.04
TOTAL	443,37.45	493,02.23
34 OTHER EXPENSES		
Sales promotion	119,91.00	138,39.34
Stock point commission	14,72.85	16,63.81
Freight (net)	52,76.37	67,28.37
Travelling	66,41.04	79,32.24
Manufacturing charges	95,04.61	96,63.71
Repairs - Buildings	2,94.41	3,97.94
- Plant and Machinery	14,27.51	17,40.03
- Others	10.89	15.05
Consumption of stores and spares	5,29.98	6,58.01
Power, fuel and water	25,96.53	31,16.79
Rent	19,65.17	22,91.34
Rates and taxes	28,86.04	33,93.75
Printing, postage and telephones	12,88.66	15,18.93
Sales training, briefing and conference	18,92.57	17,46.06
Excise duty	4,73.24	29.78
Insurance	5,34.69	7,15.78
Remuneration to auditors :		
Statutory audit fees	79.05	48.75
In other capacity in respect of :		
Tax audit fees	6.00	6.00
Audit of tax accounts	-	20.00
Other services	26.25	30.75
Reimbursement of expenses	4.13	6.47
	1,15.43	111.97
Cost audit fees	6.58	9.11
Date-expired stocks	31,38.33	45,39.56
Corporate social responsibility (Refer Note 38)	14,17.80	5,58.12
Commission to non whole-time Directors	85.67	58.75
Directors' sitting fees	18.14	19.80
Miscellaneous	93,29.26	94,30.56
Reimbursement of expenses (net) (Refer Note 37)	19,58.55	18,73.24
Expenses relating to service income [Refer Note 28 (b)]	(44,74.00)	(58,39.14)
TOTAL	603,81.32	662,12.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

- 35** The recurring expenditure on research and development charged off to revenue amounts to ₹ 1,99.57 lakhs (Previous period - ₹ 2,19.35 lakhs).
- 36** Miscellaneous expenses in Note 34 include loss on foreign currency transactions (net) ₹ 8,82.11 lakhs (Previous period - ₹ 1,64.38 lakhs)
- 37** "Reimbursement of expenses (net)" in Note 34 are amounts recovered from GlaxoSmithKline Asia Private Limited 13.38 lakhs (Previous period - ₹ 1,64.65 lakhs), from subsidiary company ₹ 2,26.13 lakhs (Previous period - ₹ 3,03.15 lakhs), from Stiefel India Private Limited ₹ 19.85 lakhs (Previous period - ₹ 24.97 lakhs), from GlaxoSmithKline Pte Limited ₹ 8.18 lakhs (Previous period - ₹ 30.96 lakhs), from GlaxoSmithKline Service Unlimited ₹ 71.33 lakhs (Previous period - 2,19.75 lakhs), GlaxoSmithKline Brasil Ltda ₹ 40.34 Lakhs (Previous period - ₹ 46.98 Lakhs), from GlaxoSmithKline Research and Development Limited ₹ 98.19 lakhs (Previous period - ₹ 1,05.74 lakhs) and paid to GlaxoSmithKline Consumer Healthcare Limited ₹ 23,09.50 lakhs (Previous period - ₹ 27,69.44 lakhs), GlaxoSmithKline Asia Private Limited ₹ 1,26.45 lakhs (Previous period - Nil), towards the value of costs apportioned, in accordance with the agreements on allocation of expenses with the companies.

	Rupees in lakhs	
	Year ended 31 st March, 2016	15 months ended 31 st March, 2015
38 Expense towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 is as under:		
a) Amount spent		
(i) Construction/ acquisition of the asset	-	-
(ii) On purposes other than (i) above	14,70.27	5,97.28
	14,70.27	5,97.28
The above includes allocation of ₹ 52.47 lakhs (previous period ₹ 39.16 lakhs) towards Corporate Social Responsibility which are shown under Employee Benefits Expenses in note 33.		
(b) Gross amount required to be spent by the Company	14,13.63	-
39 EXCEPTIONAL ITEMS		
Portfolio and Manufacturing activities rationalisation costs	(5,14.97)	-
Costs for Asset Sale transaction with Novartis (Refer note 50)	(7,70.29)	-
Profit on sale of property	15,99.57	-
Write down due to rationalisation of capital assets including capital work-in-progress for one of the dosage forms at a manufacturing facility	(55.97)	(30,37.42)
Actuarial gain/(loss) on employee benefits	2.99	(21,50.72)
	2,61.33	(51,88.14)
40 C.I.F. value of imports in respect of:		
Raw and packing materials	76,91.12	116,14.49
Traded goods	342,97.49	301,39.10
Components and spare parts for Machinery	3,52.74	69.86
Capital Goods	26.91	15,12.91
	423,68.25	433,36.36

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	Year ended 31st March, 2016	15 months ended 31st March, 2015
41 Dividend remitted in foreign currency	For 15 months ended March, 2015	For the Year ended December, 2013
On 3,04,85,250 equity shares to Glaxo Group Limited, U.K.	190,53.28	152,42.62
On 2,06,09,774 equity shares to GlaxoSmithKline Pte Limited, Singapore	128,81.11	103,04.89
On 58,80,000 equity shares to Eskaylab Limited, U.K.	36,75.00	29,40.00
On 33,60,000 equity shares to Burroughs Wellcome International Limited, U.K.	21,00.00	16,80.00
On 31,92,238 equity shares to Castleton Investment Limited, Mauritius	19,95.15	15,96.12
42 Expenditure in foreign currency on account of :		
- Travelling	1,80.37	2,39.59
- Royalty	82.60	32.83
- Others	8,61.35	14,36.86
	11,24.32	17,09.28
43 Earnings in foreign exchange on account of :		
F.O.B. value of exports including through merchant exporters	44.48	6,31.18
Recovery of expenses	-	13.10
Clinical research and data management	36,23.89	52,02.72
Others	15,23.02	11,45.64
	51,91.39	69,92.64

44 Employee Benefits

The company obtained actuarial reports as required by the Accounting Standard 15, Employee Benefits (revised 2005) [‘the revised AS 15’], notified under Section 133 of the Companies Act, 2013 based on which disclosures have been made in the financial statements for the year ended 31st March, 2016.

The disclosures as required by the revised AS 15 are as given below :

1 Brief description of the Plans

The Company has various schemes for long-term benefits such as provident fund, superannuation, gratuity and post retirement medical. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through trustees /appropriate authorities. The Company’s defined contribution plans are superannuation and employees’ pension scheme (under the provisions of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions. The liability of the Company on the exempt Provident Fund managed by the trustees is restricted to the interest shortfall if any. The employees of the Company are also entitled to leave encashment and compensated absences as per the Company’s policy. The Company’s defined benefit plans include gratuity, post retirement medical and other benefits.

2 Charge to the Statement of Profit and Loss based on contributions:	Rupees in lakhs	Previous Period Rupees in lakhs
Superannuation	5,05.77	6,46.41
Employees' pension scheme	6,53.41	6,22.53

3 The liability for leave encashment and compensated absences as at year end is ₹ 43,94.04 lakhs (Previous period - ₹ 43,01.90 lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

4 Disclosures for defined benefit plans as on 31st March, 2016 :

	Rupees in lakhs			Previous Period Rupees in lakhs		
	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
	(Funded plan)	(Non-funded plan)	(Funded plans)	(Funded plan)	(Non-funded plan)	(Funded plans)
(i) <u>Change in Defined Benefit Obligation</u>						
Opening defined benefit obligation	67,29.65	36,63.34	337,98.87	52,63.32	32,76.52	276,81.92
Current service cost	4,63.50	47.73	10,12.11	4,54.31	45.46	11,84.63
Interest cost	5,50.54	2,79.24	26,77.95	6,14.20	3,59.61	32,04.73
Actuarial loss / (gain)	(2,62.63)	2,32.17	(6,81.18)	11,25.57	3,77.81	8,43.36
Contributions by employee	-	-	26,80.39	-	-	32,43.09
Liabilities assumed on acquisition/(settled on divestiture)	(8.95)	-	6,53.84	(8.06)	-	(6,64.67)
Benefits paid	(5,66.51)	(3,50.29)	(18,25.64)	(7,19.69)	(3,96.06)	(16,94.19)
Closing defined benefit obligation	69,05.60	38,72.19	383,16.34	67,29.65	36,63.34	337,98.87
(ii) <u>Change in Fair Value of Assets</u>						
Opening fair value of plan assets	25,22.40		337,98.87	28,12.66		276,81.92
Expected return on plan assets	2,11.85		29,00.35	2,72.43		34,14.49
Actuarial gain / (loss)	(0.20)		(9,03.58)	(43.00)		6,33.60
Contributions by employer	1,00.00		10,12.11	2,00.00		11,84.63
Contributions by employee	-		26,80.39	-		32,43.09
Assets Acquired on acquisition/(settled on divestiture)	-		6,53.84	-		(6,64.67)
Benefits paid	(5,66.51)		(18,25.64)	(7,19.69)		(16,94.19)
Closing fair value of plan assets	22,67.54		383,16.34	25,22.40		337,98.87
Actual return on Plan Assets	2,11.66		19,96.77	2,29.43		40,48.09
(iii) <u>Amount recognised in the Balance Sheet</u>						
Present value of obligations as at year end	69,05.60	38,72.19	383,16.34	67,29.65	36,63.34	337,98.87
Fair value of plan assets as at year end	22,67.54		383,16.34	25,22.40		337,98.87
Net (asset) / liability recognised as at year end	46,38.06	38,72.19	-	42,07.25	36,63.34	-
(iv) <u>Expenses recognised in the Statement of Profit and Loss</u>						
Current service cost	4,63.50	47.73	10,12.11	4,54.31	45.46	11,84.63
Interest on defined benefit obligation	5,50.54	2,79.24	26,77.95	6,14.20	3,59.61	32,04.73
Expected return on plan assets	(2,11.85)		(29,00.35)	(2,72.43)		(34,14.49)
Net actuarial loss / (gain) recognised in the current period	(2,62.43)	2,32.17	2,22.40	11,68.57	3,77.81	2,09.76
Total expense	5,39.76	5,59.14	10,12.11	19,64.65	7,82.88	11,84.63
(v) <u>Asset information</u>						
Government of India Securities	33%		40%	42%		38%
Corporate Bonds	27%		37%	27%		37%
Special Deposit Scheme	32%		14%	28%		16%
Others	8%		9%	3%		8%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs			Previous Period Rupees in lakhs		
	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
	(Funded plan)	(Non-funded plan)	(Funded plans)	(Funded plan)	(Non-funded plan)	(Funded plans)
(vi) <u>Principal actuarial assumptions used</u>						
Discount rate (p.a.)	7.95%	7.95%	7.95%	7.90%	7.90%	7.90%
Expected rate of return on plan assets (p.a.)	8.00%		8.50% - 8.93%	8.00%		8.17% - 8.48%
Salary escalation rate	7.00%			7.00%		
Annual increase in health care premiums (p.a)		5%			5%	
(vii) <u>Effect of change in Assumed Health Care Cost Trend rate</u>						
<u>1% increase</u>						
Effect on the aggregate of service cost and interest cost		45.52			43.75	
Effect on defined benefit obligation		4,47.21			4,27.90	
<u>1% decrease</u>						
Effect on the aggregate of service cost and interest cost		(36.16)			(34.60)	
Effect on defined benefit obligation		(3,60.84)			(3,44.17)	
(viii) Expected employer's contribution for the next period	7,00.00	2,14.15	10,82.96	7,00.00	1,99.61	12,67.55
Rupees in lakhs						
(ix) Net asset/liability recognised in the Balance Sheet (including experience adjustment impact)	2015-16	15 Months March 2015	2013	2012	2011	
<u>Gratuity</u>						
Defined benefit obligation	69,05.60	67,29.65	52,63.32	45,89.25	47,30.42	
Plan assets	22,67.54	25,22.40	28,12.66	28,68.72	31,41.46	
Deficit / (Surplus)	46,38.06	42,07.25	24,50.66	17,20.53	15,88.96	
Experience adjustments on plan liabilities	(2,26.93)	3,39.31	3,82.18	2,59.55	1,87.34	
Experience adjustments on plan assets	(0.19)	(43.00)	81.40	(1,78.15)	49.91	
<u>Post retirement medical and other benefits</u>						
Defined benefit obligation	38,72.19	36,63.34	32,76.52	36,52.80	29,86.89	
Plan assets	-	-	-	-	-	
Deficit / (Surplus)	38,72.19	36,63.34	32,76.52	36,52.80	29,86.89	
Experience adjustments on plan liabilities	2,55.85	(1,14.49)	(1,08.91)	5,02.91	2,72.60	
Experience adjustments on plan assets	-	-	-	-	-	

45 The Company has only one reportable segment which is Pharmaceuticals. Accordingly, no separate disclosures of segment information have been made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

46 Related Party disclosures

Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures", notified under Section 133 of the Companies Act, 2013 are given below:

1 Relationships (during the year):

(i) Shareholders (the GlaxoSmithKline (GSK) Group shareholding) in the Company

Glaxo Group Limited, U.K.

GlaxoSmithKline Pte Limited, Singapore

Eskaylab Limited, U.K.

Burroughs Wellcome International Limited, U.K.

Castleton Investment Limited, Mauritius

Holding company / ultimate holding company of the above shareholders

GlaxoSmithKline plc, U.K.

GlaxoSmithKline Finance plc, U.K.*

Setfirst Ltd, U.K. *

SmithKline Beecham Limited, U.K.*

Wellcome Limited, U.K.*

The Wellcome Foundation Limited, U.K.*

Wellcome Consumer Healthcare Limited, U.K.*

* no transactions during the year

(ii) Subsidiary of the Company

Biddle Sawyer Limited, a wholly owned subsidiary of the Company

(iii) Other related parties in the GlaxoSmithKline (GSK) Group where common control exists and with whom the Company had transactions during the year:

GlaxoSmithKline Asia Private Limited, India

GlaxoSmithKline Brasil Ltda, Brazil

GlaxoSmithKline Consumer Healthcare Limited, India

GlaxoSmithKline Biologicals S.A., Belgium

GlaxoSmithKline Services Unlimited, U.K.

Glaxo Operations UK Limited, U.K

GlaxoSmithKline Export Limited, U.K.

GlaxoSmithKline Research & Development Ltd, U.K

GlaxoSmithKline Pte Limited, Singapore

GlaxoSmithKline Philippines Inc., Philippines

GlaxoSmithKline Australia Pty Limited, Australia

GlaxoSmithKline Trading Services Limited, Ireland

GlaxoSmithKline Limited, Hong Kong

GlaxoSmithKline South Africa (Pty) Ltd, South Africa

GlaxoSmithKline LLC, U.S.A

Stiefel India Private Limited, India

Glaxo Wellcome Ceylon Ltd., Sri Lanka

US GMS Financial Services, U.S.A.

Chiron Behring Vaccines Private Ltd, India (w.e.f 31st March, 2016)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

- (iv) Directors and members of GSK India Management Team and their relatives:

Mr. A. Vaidheesh (w.e.f 3 rd August, 2015)	Mr. P. V. Nayak (upto 31 st October, 2015)
Mr. A. Aristidou (w.e.f 1 st December, 2014)	Mr. R. Bartaia
Ms. A. Bansal	Mr. R.C. Sequeira
Mr. A.N. Roy	Mr. R.R. Bajaj
Mr. B. Akshikar (w.e.f 14 th May, 2015)	Mr. R. Krishnaswamy
Mr. C.T. Renganathan (up to 31 st December, 2014)	Mr. R. Simard (w.e.f.18 th May, 2015) *
Mr. D.S. Parekh	Mr. S. Harford (up to 18 th May, 2015) *
Mr. D. Sundaram	Dr. S. Joglekar (up to 21 st February, 2014)
Dr. H.B. Joshipura (up to 31 st July, 2015)	Mr. S. Khanna
Mr. H. Buch (up to 15 th June, 2015)	Mr. S. Dheri
Mr. K. Hazari	Mr. S. Venkatesh (w.e.f 25 th June, 2014)
Mr. M.B. Kapadia (up to 30 th November, 2014)	Ms. V. Desai (w.e.f 11 th February, 2014)
Mr. N. Kaviratne	Mr. V. Thyagarajan (up to 31 st October, 2015)
Mr. P. Bhide	
* no transactions during the year	

- 2 The following transactions were carried out with the related parties in the ordinary course of business.

- (i) Dividend paid to parties referred to in item 1(i) above:

	Rupees in lakhs	
	2015-16	January 14-March 15
Glaxo Group Limited, U.K.	190,53.28	152,42.62
GlaxoSmithKline Pte Limited, Singapore	128,81.11	103,04.89
Eskaylab Limited, U.K.	36,75.00	29,40.00
Burroughs Wellcome International Limited, U.K.	21,00.00	16,80.00
Castleton Investment Limited, Mauritius	19,95.15	15,96.12

- (ii) Details relating to parties referred to in items 1(ii) and 1(iii) above:

		Rupees in lakhs					
		Holding company/ ultimate holding company (i)		Subsidiary of the company (ii)		Other companies in the GSK Group (iii)	
		2015-16	January 14 - March 15	2015-16	January 14 - March 15	2015-16	January 14 - March 15
1	Purchase of materials/traded goods	-	-	-	-	486,98.76	542,80.41
2	Sale of materials/sale of products	-	-	-	-	44.48	3,82.35
3	Sale of fixed assets	-	-	-	-	2,36.26	-
4	Expenses recharged to other companies	-	-	2,26.13	2,90.85	28,31.54	21,77.00
5	Expenses recharged to other companies pursuant to Asset Sale Deal (Refer note 50)	12,09.29	-	-	-	-	-
6	Expenses recharged by other companies	-	-	-	-	42,30.59	59,82.25
7	Manufacturing charges recovered	-	-	75.85	1,45.16	9,88.69	6,49.09
8	Consignment sales commission received	-	-	45.15	67.26	7.05	21.22
9	Clinical research and data management recoveries	-	-	-	-	36,23.89	52,02.72
10	Central Value Added Tax credits availed on behalf of a related party (net)	-	-	-	-	4,16.43	4,61.79
11	Employee benefits transferred to a related party	-	-	-	-	17.46	16.83
12	Outstanding (payables)/receivables at the period end (net) #	12,09.29	-	(81.11)	(1,50.60)	(75,15.47)	(66,63.46)

Transactions with the above parties are accounted in the respective current accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

(iii) Disclosure in respect of material transactions with parties referred to in item 1 (i) and 1(iii) above:

	Rupees in lakhs	
	2015-16	January 14-March 15
(a) Purchase of materials/traded goods		
GlaxoSmithKline Asia Private Limited, India	91,56.12	152,68.08
GlaxoSmithKline Biologicals S.A., Belgium	221,71.80	122,90.70
GlaxoSmithKline Export Limited, U.K.	168,35.50	244,48.19
(b) Sale of materials/sale of products		
GlaxoSmithKline Trading Services Limited, Ireland	44.48	3,82.35
(c) Sale of fixed assets		
Glaxo Operations UK Limited, U.K.	2,36.26	-
(d) Expenses recharged to other companies		
GlaxoSmithKline Asia Private Limited, India	1,208.04	6,15.72
GlaxoSmithKline Consumer Healthcare Limited, India	3,12.63	3,90.66
GlaxoSmithKline Services Unlimited, U.K.	1,92.38	2,89.40
Glaxo Operations UK Limited, U.K.	5,05.20	1,66.27
GlaxoSmithKline Trading Services Limited, Ireland	5,72.41	6,76.64
(e) Expenses recharged to other companies pursuant to Asset Sale Deal		
GlaxoSmithKline plc, U.K.	12,09.29	-
(f) Expenses recharged by other companies		
GlaxoSmithKline Consumer Healthcare Limited, India	25,28.99	29,97.00
Glaxo Operations UK Limited, U.K.	12,20.52	18,89.69
GlaxoSmithKline Services Unlimited, U.K.	1,69.00	6,36.55
(g) Manufacturing charges recovered		
GlaxoSmithKline Asia Private Limited, India	9,88.69	6,49.09
(h) Consignment sales commission received		
GlaxoSmithKline Asia Private Limited, India	7.05	21.22
(i) Clinical research and data management recoveries		
GlaxoSmithKline Biologicals S.A., Belgium	21,91.56	31,84.22
GlaxoSmithKline Services Unlimited, U.K.	-	16,65.31
GlaxoSmithKline Research & Development Ltd	14,32.33	-
(j) Central Value Added Tax credits availed on behalf of a related party (net)		
GlaxoSmithKline Asia Private Limited, India	4,16.43	4,61.79
(k) Employee benefits transferred to a related party		
GlaxoSmithKline Asia Private Limited, India	17.46	16.83
(l) Outstanding (payables)/receivables at the period end (net)		
GlaxoSmithKline Asia Private Limited, India	(29,08.44)	(18,66.63)
GlaxoSmithKline Consumer Healthcare Limited, India	20,06.22	19,63.87
GlaxoSmithKline Biologicals S.A., Belgium	(26,68.95)	1,03.49
GlaxoSmithKline Export Limited, U.K.	(34,64.85)	(54,22.00)
GlaxoSmithKline Research & Development Ltd	4,77.11	1,46.29
GlaxoSmithKline Trading Services Limited, Ireland	1,09.71	92.79
GlaxoSmithKline Services Unlimited, U.K.	(66.46)	39.71
Glaxo Operations UK Limited, U.K.	87.33	(18,41.15)
Chiron Behring Vaccines Private Ltd	(7,92.87)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

(iv) Details relating to persons referred to in item 1(iv) above:

		Rupees in lakhs	
		2015-16	January 14-March 15
1	Remuneration/commission/sitting fees	27,18.16	21,06.75
2	Payments under the long-term incentive plan	5,68.78	6,16.81
3	Interest income on loans given	0.35	0.68
4	Outstanding loans receivable	8.70	16.13

(v) Disclosure in respect of material transactions with persons referred to in item 1(iv) above:

		Rupees in lakhs	
		2015-16	January 14-March 15
(a)	Remuneration/commission/sitting fees		
	Mr. A. Aristidou	3,54.23	64.52
	Dr. H.B. Joshipura	7,58.23	4,94.83
	Mr. M.B. Kapadia	-	3,63.02
	Mr. S. Venkatesh	3,17.68	1,14.13
(b)	Payments under the long-term incentive plan		
	Dr. H.B. Joshipura	3,92.40	120.41
	Mr. M.B. Kapadia	-	211.12
(c)	Interest income on loans given		
	Mr. H. Buch	0.09	0.28
	Mr. S. Dheri	0.26	0.34
(d)	Outstanding loans receivable		
	Mr. H. Buch	-	7.29
	Mr. S. Dheri	8.70	8.84

47 The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows :

Rupees in lakhs											
Particulars	Pound Sterling	United States Dollar	Euro	Japanese Yen	Singapore Dollar	Malaysian Ringgit	Australian Dollar	South African Rand	Chinese Yuan	Hong Kong Dollar	Thailand Baht
Receivables	96.08	11,84.53	6,68.45	2.56	0.71	0.20	-	-	0.01	-	-
	(3.82)	(30,00.33)	(5,88.67)	(2.29)	(0.88)	-	(0.11)	-	(0.01)	(0.15)	(0.21)
Payables	28,65.70	53,95.37	98.94	-	-	-	2,54.98	55.46	-	-	-
	(29,48.85)	(51,91.64)	(3,17.70)	-	-	-	(98.14)	(6.13)	-	-	-

(Figures in brackets pertain to the previous period)

48 Disclosures as required by Accounting Standard 19, "Leases", notified under Section 133 of the Companies Act, 2013 given below:

- The Company has taken various residential, office and godown premises under operating lease or leave and licence agreements. These are not non-cancellable and range between 11 months and 3 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements.
- Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 34.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

49 Earnings per share

		Year ended 31 st March, 2016	15 months ended 31 st March, 2015
Net Profit	Rupees in lakhs	375,21.34	471,64.58
Weighted average number of shares	Nos.	8,47,03,017	8,47,03,017
Earnings per share (Basic and Diluted)	₹	44.30	55.68
Face value per share	₹	10	10

- 50** In April 2014, GlaxoSmithKline Plc (GSK), London, UK, entered into an inter-conditional agreement with Novartis AG (Novartis), Basel, Switzerland where GSK (i) will acquire the Novartis's Vaccines Business and manufacturing capabilities and facilities from Novartis, and (ii) will sell the rights to its Marketed Oncology Portfolio, related R&D activities and AKT Inhibitors currently in development to Novartis. Globally, this transaction with Novartis was completed on March 2nd 2015.

In connection to the above transactions, the GlaxoSmithKline Pharmaceuticals Limited ("Company") Board in its meeting held on 12th February 2015, approved the transactions on an Asset Sale basis with Novartis Healthcare Private Limited, a private unlisted Company incorporated under the Companies Act 1956. Pursuant to the global deal, the Company will have its distribution rights terminated for the oncology portfolio in return for accessing the distribution rights of the acquired vaccines portfolio. The Company has completed this transaction on September 30, 2015 on receipt of all applicable legal and regulatory approvals. The transaction is not material and is profit neutral for the Company.

The Company continues to sell the Oncology portfolio relating to this transaction up until the marketing authorisations transfer to Novartis Healthcare Private Limited.

- 51** (a) Provision for tax is net of advance tax and tax deducted at source amounting to ₹ 204,42.17 lakhs (Previous year - ₹ 251,92.00 lakhs).
- (b) Advance income-tax (net) represents payments in excess of provisions of ₹ 3247,99.75 lakhs (Previous period - ₹ 2980,21.26 lakhs) and includes a net tax refund with interest of ₹ 110,35.00 lakhs which has been held as provision pending the final outcome of a litigation.
- 52** Other Loans and advances are net of allowances for doubtful loans and advances aggregating ₹ 29,96.83 lakhs (previous year ₹ 29,96.83 lakhs).
- 53** Increase in the value of 'Capital work-in-progress' and 'Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for' is mainly on account of the ongoing investments in the new greenfield manufacturing factory being constructed at Bengaluru.
- 54** The Company has appointed Mr. A. Vaidheesh as the Managing Director of the Company for the period August 3, 2015 to September 30, 2019 at the Board Meeting held on June 22, 2015 and has re-appointed Mr. Ronald C Sequeira as the Whole-time Director of the Company for the period of three years from October 25, 2015 at the Board Meeting held on October 31, 2015, both subject to approval of members in ensuing Annual General Meeting. Consequently, the total remuneration paid to these directors for the aforesaid period amounting to ₹ 2,81.61 lakhs is subject to shareholders approval.
- 55** The accounting year of the company has been changed from January - December to April - March with effect from the previous period. Consequently, the previous period's financial statements are for the 15 months from 1st January, 2014 to 31st March, 2015. In view of this, the current year's figures are not comparable with those of the previous period. Previous period's figures have been regrouped wherever necessary.

The accompanying notes are an integral part of the financial statements.

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, 25th May, 2016

For and on behalf of the Board

Chairman	D. S. PAREKH DIN: 9078
Managing Director	A. Vaidheesh DIN: 1444303
CFO & Executive Director	A.A. Aristidou DIN: 7034424
Audit Committee Chairman	D. Sundaram DIN: 16304
Company Secretary	A.A. Nadkarni

Mumbai, 25th May, 2016

FORM NO. AOC.1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amount ₹ in lakhs)

1.	Name of the subsidiary: Biddle Sawyer Limited	
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period: Same Reporting period as of Holding Company	
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	NA
4.	Share capital:	96.00
5.	Reserves & surplus:	2557.53
6.	Total assets:	3248.75
7.	Total Liabilities:	595.22
8.	Investments:	Nil
9.	Turnover:	1259.52
10.	Profit before taxation:	245.61
11.	Provision for taxation:	84.36
12.	Profit after taxation:	161.25
13.	Proposed Dividend:	Nil
14.	% of shareholding:	100%
Notes: The following information shall be furnished at the end of the statement:		Not Applicable
1.	Names of subsidiaries which are yet to commence operations	
2.	Names of subsidiaries which have been liquidated or sold during the year.	

Part "B": Associates and Joint Ventures : Not Applicable

BIDDLE SAWYER LIMITED

Directors' Report to the Members

The Directors have pleasure in submitting their 70th Report for the year ended 31st March 2016. These figures are not comparable with those of the previous fifteen month period ended 31st March 2015.

Financial Results

Financial Results for the year ended 31st March 2016

	Year ended 31 st March 2016 Rupees in lakhs	15 months ended 31 st March 2015 Rupees in lakhs
Revenue from Operations	12,60.43	19,06.31
Profit before Tax	2,45.61	7,05.84
Provision for Tax	83.56	2,29.85
Deferred Tax Charge/ (credit)	80	(0.52)
Net Profit for the year	1,61.25	4,76.51
Opening Surplus brought forward	1,61.25	9,10.85
Closing Surplus carried forward	1,548.61	13,87.36

State of Company Affairs

During the year under review, your Company has generated total revenue from operations of ₹ 1260.43 lakhs as against ₹ 1906.31 lakhs during the previous fifteen month period 31st March 2015. Profit after tax was ₹ 161.25 lakhs, as compared to ₹ 476.51 lakhs during the previous fifteen month period 31st March 2015.

DIVIDEND

The Directors do not recommend any dividend for the year ended 31st March 2016.

AUDITORS AND AUDITOR'S REPORT

Members are requested to re-appoint M/s. Cornelius and Davar, Chartered Accountants, as the Auditors of the Company for the ensuing year and fix their remuneration.

The notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments and explanations. The Auditors' Report does not contain any qualification, reservation or adverse remark.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Dr. H. B. Joshipura has resigned as Director of the Company with effect from 31st July 2015. Mr. Annaswamy Vaidheesh was appointed as Director of the Company with effect from 3rd August 2015. Your Directors place on record their appreciation for valuable services rendered by Dr. H. B. Joshipura in the capacity of Director of the Company.

In terms of the provisions of the Companies Act, 2013, Mr. Ronald C. Sequeira retires from the Board of Directors of the Company by rotation and being, eligible, has offered himself for re-appointment at the ensuing Annual General Meeting.

The Notice convening the forthcoming Annual General Meeting includes the proposal for reappointment of aforesaid Director.

None of the Directors are disqualified for appointment / re-appointment under Section 164 of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts for the financial year ended 31st March 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- the Directors have selected such accounting policies and applied them 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 at 31st March 2016 and of the profit or loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts for the financial year ended 31st March 2016, on a going concern basis;
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

OTHER MANDATORY DISCLOSURES

- The Board of Directors met 5 (Five) times during the financial year 2015-16.
- As on 31st March 2016, the Company did not have any Subsidiary / Joint Venture / Associate Company.
- In terms of provisions of Section 92(3) of the Companies Act, 2013, an extract of Annual Return in prescribed format is annexed to this Report as Annexure 1.
- The Company has not granted any loans, provided guarantees or made investments pursuant to the provisions of Section 186 of the Companies Act, 2013, during the financial year 2015-16.
- There were no material changes and commitments affecting the financial position of the Company between the end of financial year and the date of this Report.
- Your Company has not accepted any deposits from the public during the year under review.
- There were no materially significant related party transactions made with the Promoters, Directors or Key Managerial Personnel which may have a potential conflict of interest of the Company at large.
- No details as required under the provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given, as there are no employees drawing remuneration in excess of the prescribed limits.
- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- The Company is 100 % subsidiary of GlaxoSmithKline Pharmaceuticals Limited ("Parent Company") and all policies including Vigil Mechanism, Risk Management Policy and Internal Financial Control have been adopted on lines of parent Company.
- The Company does not have any manufacturing plant or office so Conservation of Energy & Technology Absorption is not applicable and Company does not have any Foreign exchange earnings and Foreign Exchange outgo for the financial year 2015-16 was at ₹ 220.11 lakhs.

ACKNOWLEDGEMENT

The Board wishes to place on record its gratitude for the assistance and co-operation received from Government, Banks, Authorities, Customer's, Vendors and to all its Members for the trust and confidence reposed in the Company.

For and on behalf of the Board

Annaswamy Vaidheesh
Director

Mumbai, 25th May 2016

Biddle Sawyer Limited

Annexure 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	: U51900MH1948PLC006218
Registration Date	: March 13, 1948
Name of the Company	: BIDDLE SAWYER LIMITED
Category / Sub-Category of the Company	: Company Limited By Shares / Indian Non-Government Company
Address of the Registered office and contact details	: 252, Dr. Annie Besant Road, Mumbai - 400030. Tel. No.: 022 - 24959595 Fax No.: 022 - 24959494
Whether listed company	: No
Name, Address and Contact details of Registrar and Transfer Agent, if any	: NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Pharmaceuticals	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	L24239MH1924PLC001151	Holding	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e 1 st April 2015				No. of Shares held at the end of the year i.e 31 st March 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1 Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	960000	960000	100	-	960000	960000	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-	-
2 Foreign									
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	960000	960000	100	-	960000	960000	100	-
B. Public Shareholding									
1 Institutions	-	-	-	-	-	-	-	-	-
2 Non-Institutions									
Total Public Shareholding (B) = (B) (1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	960000	960000	100	-	960000	960000	100	-

(ii) **Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 1 st April 2015			Shareholding at the end of the year 31 st March 2016			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Glaxosmithkline Pharmaceuticals Limited	960000	100	0	960000	100	0	NIL
	Total	960000	100	0	960000	100	0	NIL

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in Promoters Shareholding

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year 1 st April 2015		Cumulative shareholding during the year 31 st March 2016	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Glaxosmithkline Pharmaceuticals Limited (Holding Company)				
	At the beginning of the year	959999	99.99		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease	Nil	Nil		
	At the End of the year	959999	99.99		
2	Mr. Annaswamy Vaidheesh jointly with GlaxoSmithKline Pharmaceuticals Limited				
	At the beginning of the year	0	0.00		
	Date wise Increase in Share holding during the year specifying the reasons for increase / decrease	1 (Transfer 25/11/15)	0.00	1	0.00
	At the End of the year	1	0.00	1	0.00
3	Dr. H. B. Joshipura jointly with GlaxoSmithKline Pharmaceuticals Limited				
	At the beginning of the year	1	0.00		
	Date wise Decrease in Share holding during the year specifying the reasons for increase / decrease	1 (Transfer 25/11/15)	0.00	0	0.00
	At the End of the year	0	0.00	0	0.00

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Director/KMP	Shareholding at the beginning of the year 1 st April 2015		Cumulative shareholding during the year 31 st March 2016	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Mr. Annaswamy Vaidheesh	0	0.00	1	0.00
2	Dr. H. B. Joshipura	1	0.00	0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment : NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NIL

B. Remuneration of other directors: NIL

C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD : NIL

VI. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2016.

On behalf of the Board of Directors of
Biddle Sawyer Limited

Mumbai, 25th May 2016

A. Vaidheesh
DIN: 01444303

A. Aristidou
DIN: 07034424

Biddle Sawyer Limited

Independent Auditors' Report

To the Members of Biddle Sawyer Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Biddle Sawyer Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the said order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on server physically located in India;
 - c. The Balance Sheet, the Statement of Profit and Loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 17 to the financial statements;
 - (ii) The Company did not have any long-term contracts including contracts for which there were any material foreseeable losses; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
MEMBERSHIP NO.F.10620

Place: MUMBAI
Date: 25th May, 2016

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification;
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- (ii) As explained to us, the inventory has been physically verified by the management at reasonable intervals. The discrepancies noticed on physical verification of stocks as compared to book records, were not material and have been properly dealt with in the books of account;
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interest of the company, whether reasonable steps for recovery of overdues of such loans are taken does not arise;
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and there were no undisputed dues in arrears as at 31st March, 2016 for a period of more than six months from the date they become payable;
- (b) According to the information and explanations given to us, there were no material dues of service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute. However, according to the information and explanations given to us, the following dues as at 31st March, 2016 which has not been deposited on account of a dispute, is as follows:

Name of the statute	Nature of dues	Amount (Rupees in '000)	Period to which the amount relates	Forum where dispute is pending
West Bengal, VAT Act 2003	Sales Tax	19.96	Assessment Year 2009-2010	Jt. Commissioner
Income Tax Act, 1961	TDS Default	22.10	Assessment Year 2007-2008	TDS - CPC

- (viii) According to the books of accounts and records of the Company, the Company has not taken any loan either from financial institutions or from the government and has not issued any debentures till 31st March, 2016. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer including debt instruments and term loans during the year. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit;
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided by the company;
- (xii) In our opinion, and to the best of our information and according to the explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable;
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards;
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year;
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable;
- (xvi) The company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
MEMBERSHIP NO.F.10620

Place: MUMBAI
Date: 25th May, 2016

Biddle Sawyer Limited

ANNEXURE – B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of Biddle Sawyer Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively to all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the audit's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting.

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
MEMBERSHIP NO.F.10620

Place: MUMBAI
Date: 25th May, 2016

Balance Sheet as at 31st March, 2016

	Note No.	As at 31 st March, 2016 Rupees '000	As at 31 st March, 2015 Rupees '000
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	2	96,00	96,00
Reserves and Surplus	3	2557,53	2396,28
(2) Non-Current Liabilities			
Other Long term liabilities	4	1,35	1,35
Long-term provisions	5	125,33	125,33
(3) Current Liabilities			
Trade payables	6		
(a) Total outstanding dues of micro and small enterprises		-	4,95
(b) Total outstanding dues of creditors other than micro and small enterprises		465,08	210,33
Other current liabilities	7	3,46	4,09
Total		3248,75	2838,33
II. Assets			
(1) Non-current assets			
Fixed assets	8	2,08	2,08
Deferred tax assets (net)	9	17,99	18,80
Long term loans and advances	10	554,85	485,58
Other non-current assets	11	1,45	1,45
(2) Current assets			
Inventories	12	420,41	672,68
Trade receivables	13	81,11	150,60
Cash and bank balances	14	1415,98	1258,89
Short-term loans and advances	15	750,27	242,85
Other current assets	16	4,61	5,40
Total		3248,75	2838,33

The accompanying notes are an integral part of these financial statements

As per our report of even date attached For and on behalf of the Board
For CORNELIUS & DAVAR Annaswamy Vaidheesh Andrew A. Aristidou
 CHARTERED ACCOUNTANTS Chairman Director
 DIN: 1444303 DIN: 7034424

RUSTOM D. DAVAR
 (PROPRIETOR)
 Membership No. F.10620
 Place : Mumbai
 Date: 25th May, 2016

Profit and Loss statement for the year ended 31st March, 2016

	Note No.	Year Ended 31 st March, 2016 Rupees '000	15 Months Ended 31 st March, 2015 Rupees '000
Revenue from operations (Gross)	19	1327,00	2007,79
Less : Excise duty		66,57	101,48
Revenue from operations (Net)		1260,43	1906,31
Other Income	20	93,03	127,18
Total Revenue		1353,46	2033,49
Expenses:			
Cost of materials consumed	21	555,11	750,27
Purchase of Stock-in-Trade	29	-	1,34
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	24	(230,96)
Other expenses	23	552,50	807,00
Total Expenses		1107,85	1327,65
Profit before tax		245,61	705,84
Tax expense:			
Current tax		83,56	229,85
Deferred tax		80	(52)
Profit for the period		161,25	476,51
Earnings per share (basic and diluted) (₹)	24	16.80	49.64
Face value of shares - ₹ 10 each			

The accompanying notes are an integral part of these financial statements

As per our report of even date attached For and on behalf of the Board
For CORNELIUS & DAVAR Annaswamy Vaidheesh Andrew A. Aristidou
 CHARTERED ACCOUNTANTS Chairman Director
 DIN: 1444303 DIN: 7034424

RUSTOM D. DAVAR
 (PROPRIETOR)
 Membership No. F.10620
 Place : Mumbai
 Date: 25th May, 2016

Cash Flow Statement for the year ended 31st March, 2016

	Year Ended 31 st March, 2016 Rupees '000	15 Months Ended 31 st March, 2015 Rupees '000
a. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	245,61	705,84
Adjustments for :		
Interest income	(93,03)	(127,18)
Operating profit before working capital changes	152,58	578,66
Adjustments for :		
Inventories	252,27	(215,41)
Trade receivables	69,49	63,78
Short-term loans and advances	(507,42)	59,85
Trade payables	249,81	(546,78)
Other Current Liabilities	(63)	(1,30)
Cash generated from / (used in) operations	216,10	(61,20)
Direct taxes paid (net of refunds)	(152,83)	(260,75)
Net cash from / (used in) operating activities A	63,27	(321,95)
b. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / sale of bank deposits with maturity period more than 12 months	-	(1,45)
Interest received	93,82	137,45
Net cash from investing activities B	93,82	136,00
Net increase / (decrease) in cash and cash equivalents (A+B)	157,09	(185,95)
Cash and cash equivalents as at 1 st April, 2015 (opening balance)	1258,89	1444,84
Cash and cash equivalents as at 31 st March, 2016 (closing balance)	1415,98	1258,89
Net increase / (decrease) in cash and cash equivalents	157,09	(185,95)

NOTES:

1. Cash and cash equivalents include:

Cash and bank balances	1415,98	1258,89
Total cash and cash equivalents	1415,98	1258,89

2. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached For and on behalf of the Board
For CORNELIUS & DAVAR Annaswamy Vaidheesh Andrew A. Aristidou
 CHARTERED ACCOUNTANTS Chairman Director
 DIN: 1444303 DIN: 7034424

RUSTOM D. DAVAR
 (PROPRIETOR)
 Membership No. F.10620
 Place : Mumbai
 Date: 25th May, 2016

Biddle Sawyer Limited

NOTES TO FINANCIAL STATEMENTS

1 Significant Accounting Policies:

a) Basis of Accounting

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

b) Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation. Interest on borrowings attributable to new projects is capitalised and included in the cost of fixed assets as appropriate.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets as per the rates prescribed under Schedule II to the Companies Act, 2013 or re-assessed useful life based on technical evaluation as under:

Factory Buildings	30 years
Other Buildings	60 years
Plant and Equipment	10 years
Personal Computers and Laptops	3 years
Other Computer Equipment	4 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	4 years

No write-offs are made in respect of leasehold land.

Assets identified and evaluated technically as obsolete and held for disposal are stated at lower of book value and estimated net realisable value / salvage value.

c) Investments

Long term investments are stated at cost, except where there is a diminution in value other than temporary in which case the carrying value is reduced to recognise the decline. Current Investments are stated at cost or fair value whichever is less.

d) Inventories

Raw materials, Packaging materials and Stores, Spares and Loose tools are valued at cost, on First-in First-out basis.

Work-in-process is valued at cost of manufacturing which includes an appropriate portion of overheads upto the stage of completion.

Finished goods is valued at lower of cost and estimated net realisable value.

e) Revenue Recognition

Sales are recognised upon delivery of products and are recorded inclusive of excise duty but are net of trade discounts.

f) Foreign Currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Profit and Loss Account. Premium in respect of forward contracts is accounted over the period of the contract.

g) Research and Development

Capital expenditure on Research and Development is treated in the same way as expenditure on Fixed Assets. The revenue expenditure on Research and Development is written off in the year in which it is incurred.

h) Provision for Retirement Benefits

The Company has its own Gratuity Fund recognised by the Income Tax authorities and the fund is administered through Trustees. The Superannuation fund benefits is administered by a trust formed for this purpose through the Group Schemes of the Life Insurance Corporation of India, and the liability towards Superannuation is provided according to the rules of the Fund.

i) Excise Duty

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of CENVAT credits in respect of materials consumed for sales is deducted from cost of materials consumed.

j) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

k) Other Accounting Policies

These are consistent with the generally accepted accounting principles.

2 SHARE CAPITAL

	As at 31 st March, 2016		As at 31 st March, 2015	
	Rupees '000		Rupees '000	
Authorised				
1,500,000 (Previous year : 1,500,000) Equity Shares of ₹10 each		150,00		150,00
ISSUED, SUBSCRIBED & PAID-UP:				
960,000 (Previous year : 960,000) Equity Shares of ₹10 each fully paid up		96,00		96,00
(of the above 750,000 ordinary shares have been allotted as fully paid-up Bonus shares by capitalisation of General Reserve)				
TOTAL		96,00		96,00
a) Shares held by holding company				
Equity Shares of ₹ 10 each 960,000 (Previous year : 960,000) held by GlaxoSmithKline Pharmaceuticals Limited, the Holding Company		96,00		96,00
b) Reconciliation of the number of shares				
	Number of Shares	Rupees '000	Number of Shares	Rupees '000
Balance at the beginning of the year	960,000	96,00	960,000	96,00
Issued during the year	-	-	-	-
Balance at the end of the year	960,000	96,00	960,000	96,00
c) Rights, preferences and restrictions attached to equity shares:				
The company has only one class of equity shares having a par value of ₹ 10/- per share. Each share holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.				
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
d) Details of shareholders holding more than 5% shares in the company:	Number of Shares		Number of Shares	
GlaxoSmithKline Pharmaceuticals Limited, the Holding Company	960,000		960,000	
	{100%}		{100%}	

3 RESERVES AND SURPLUS

	As at 31 st March, 2016		As at 31 st March, 2015	
	Rupees '000		Rupees '000	
CAPITAL RESERVE				
Balance as at the beginning of the year		2,91		2,91
Additions/Deductions		-		-
Balance as at the end of the year		2,91		2,91
GENERAL RESERVE:				
Balance as at the beginning of the year		1006,01		1006,01
Transfer from Profit and Loss Account		-		-
Balance as at the end of the year		1006,01		1006,01
PROFIT & LOSS ACCOUNT				
Balance as at the beginning of the year		1387,36		910,85
Profit for the year		161,25		476,51
Balance as at the end of the year		1548,61		1387,36
TOTAL		2557,53		2396,28

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4 OTHER LONG TERM LIABILITIES

	As at 31 st March, 2016	As at 31 st March, 2015
	Rupees '000	Rupees '000
Security Deposit	63	63
Others	72	72
TOTAL	1,35	1,35

5 LONG TERM PROVISIONS

Drugs Prices Equalisation Account (refer note 18)	71,24	71,24
Provision for pricing of formulation	54,09	54,09
TOTAL	125,33	125,33

6 TRADE PAYABLES

Dues of micro and small enterprises	-	4,95
Dues of creditors other than micro and small enterprises	465,08	210,33
TOTAL	465,08	215,28

There are no delays in payments to Micro and Small enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

7 OTHER CURRENT LIABILITIES

Statutory dues	3,46	4,09
TOTAL	3,46	4,09

9 DEFERRED TAX ASSET (Net)

	As at 31 st March, 2016	As at 31 st March, 2015
	Rupees '000	Rupees '000
Deferred Tax Asset		
Provision for pricing of formulation	17,66	18,15
Expenses allowable for tax purposes when paid	33	65
TOTAL	17,99	18,80

10 LONG-TERM LOANS AND ADVANCES

Balance with Government Authorities	34,97	34,97
Advance Income Tax	479,57	410,30
Unsecured, considered good		
Advances recoverable in cash or kind	26,68	26,68
Sundry Deposits	13,63	13,63
TOTAL	554,85	485,58

11 OTHER NON-CURRENT ASSETS

Deposits with banks of maturity period more than 12 months	1,45	1,45
TOTAL	1,45	1,45

12 INVENTORIES

Raw materials	28,48	235,21
Packing materials	2,75	48,05
Work-in-progress	-	51,07
Finished goods	388,94	338,03
Stock-in-trade	24	32
TOTAL	420,41	672,68

13 TRADE RECEIVABLES

Less than six months, Unsecured, considered good	81,11	150,60
TOTAL	81,11	150,60

14 CASH AND BANK BALANCES

Bank balances		
In current accounts	115,98	58,89
Other bank balances		
Long term deposits with maturity period more than 3 months but less than 12 months	1300,00	1200,00
TOTAL	1415,98	1258,89

8 TANGIBLE FIXED ASSETS

Rupees '000											
Sr No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01/04/2015	Additions	Deductions	As at 31/03/2016	As at 01/04/2015	for the year	Deductions	As at 31/03/2016	As at 31/03/2016	As at 31/03/2015
1	Land	2,08	-	-	2,08	-	-	-	-	2,08	2,08
2	Factory Building	16,98	-	-	16,98	16,98	-	-	16,98	-	-
3	Plant & Machinery	110,32	-	-	110,32	110,32	-	-	110,32	-	-
4	Furniture & Fixtures	13,48	-	-	13,48	13,48	-	-	13,48	-	-
5	Cycles	5	-	-	5	5	-	-	5	-	-
6	Computers	56,41	-	-	56,41	56,41	-	-	56,41	-	-
	Total	199,32	-	-	199,32	197,24	-	-	197,24	2,08	2,08
	Previous Year	199,32	-	-	199,32	197,24	-	-	197,24	2,08	

Biddle Sawyer Limited

	As at 31 st March, 2016	As at 31 st March, 2015
	Rupees '000	Rupees '000
15 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances to suppliers	750,19	242,77
Balance with customs and excise	8	8
TOTAL	750,27	242,85
16 OTHER CURRENT ASSETS		
Unsecured, considered good		
Interest accrued on Bank Deposits/Investments	4,61	5,40
TOTAL	4,61	5,40
17 CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debts	1532,40	1425,85
Income-tax matters	22	-
Sales tax matters	19,96	19,96
Guarantee given by the Company to the Customs Authorities	200,00	200,00
Based on the data obtained by Government, it had directed the Company to pay a tentative amount along with interest due thereon into the Drugs Prices Equilisation Account (DPEA) under Drugs (Price Control) Order 1979, in respect of Bulk Drug Amoxicillin Trihydrate, on account of alleged unintended benefit enjoyed by the Company. The Company had filed its reply contending that no amount is payable into DPEA.	49,29	49,29
18 DRUGS PRICES EQUALISATION ACCOUNT		
<p>The Company received a letter dated 20th/24th August, 1998 from the Central Government demanding an amount of ₹ 4,40,79,918 comprising ₹ 1,42,74,110 in respect of prices relating to Salbutamol formulations during the period April, 1979 to December, 1983 with interest thereon amounting to ₹ 2,98,05,808 upto 31st July, 1998. The Company had been legally advised that the demand of ₹ 1,42,74,110 is not sustainable and it, therefore follows that the interest demand also cannot be sustained. The total demand has been challenged by the Company in a Writ Petition filed in the Bombay High Court. The Bombay High Court has granted an interim stay of the demand, subject to the Company depositing 50% of the principal amount. Accordingly, the Company has deposited an amount of ₹ 71,50,000 with the Government on 3rd May, 1999. This is a normal interim order passed by the High court in such matters and does not in any way reflect upon the merits or otherwise of the case. The amount will be refunded if the Company succeeds at the final hearing of the matter. The Government's application in the Supreme Court praying that this writ petition be transferred to the Supreme Court from the Bombay High Court was not allowed and the Company's writ petition will now be heard by the Bombay High Court.</p>		
	Year Ended 31 st March, 2016	15 Months Ended 31 st March, 2015
	Rupees '000	Rupees '000
19 REVENUE FROM OPERATIONS (NET)		
Sale of products		
Finished goods	1326,09	1956,24
Stock-in-trade	-	51,55
Other Operating Revenue	91	-
Revenue from operations (gross)	1327,00	2007,79
Less : Excise Duty	66,57	101,48
TOTAL	1260,43	1906,31

	Year Ended 31 st March, 2016	15 Months Ended 31 st March, 2015
	Rupees '000	Rupees '000
20 OTHER INCOME		
Interest Income	93,03	127,18
TOTAL	93,03	127,18
21 COST OF MATERIAL CONSUMED		
Raw materials consumed (Refer note 27)	471,53	673,54
Packing materials consumed	83,58	76,73
TOTAL	555,11	750,27
(Cost of materials consumed is based on derived values)		
22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening inventories		
Finished Goods	338,03	92,27
Work-in-Progress	51,07	3,13
Stock-in-Trade	32	63,06
Closing inventories		
Finished Goods	(388,94)	(338,03)
Work-in-Progress	-	(51,07)
Stock-in-Trade	(24)	(32)
TOTAL	24	(230,96)
23 OTHER EXPENSES		
Selling & Distribution Expenses	225,35	362,05
Manufacturing Charges	117,43	207,27
Repairs - Building	9	9
Rent	7,99	4,71
Rates & Taxes	42,88	17,75
Excise Duty	11,75	39,04
Remuneration of auditors :		
Statutory audit fees	2,70	2,75
Tax audit fees	70	75
Other services	-	42
Reimbursement of expenses	47	88
Cost audit fees	33	25
Reimbursement of expenses to GlaxoSmithKline Pharmaceuticals Limited	97,12	98,69
Corporate Social Responsibility (Refer Note 33)	13,85	-
Exchange loss (net)	3,96	9,64
Miscellaneous Expenses	27,88	62,71
TOTAL	552,50	807,00

	Year Ended 31 st March, 2016	15 Months Ended 31 st March, 2015
	Rupees. '000	Rupees. '000
24 EARNINGS PER SHARE		
Earnings per share		
Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings per equity share are as stated below:		
Profit after taxation (₹ '000)	161,25	476,51
Weighted average number of shares (Nos)	960,000	960,000
Earnings per share (Basic and Diluted) - ₹	16.80	49.64
Face value per share - ₹	10	10
25 CIF VALUE OF IMPORTS		
Raw and packing materials	220,11	590,29
TOTAL	220,11	590,29
26 VALUE AND PERCENTAGE OF IMPORTED / INDIGENOUS		
MATERIALS CONSUMED	% Amount % Amount	
Raw and packing materials - Imported	86 479,66 89 671,19	
- Indigenous	14 75,45 11 79,08	
TOTAL	555,11 750,27	
27 RAW AND PACKING MATERIALS CONSUMED		
Alpha D3	437,74	549,41
Others	33,79	124,13
Packing Material	83,58	76,73
TOTAL	555,11 750,27	
28 SALES OF TRADED GOODS		
Tablets	-	51,55
TOTAL	- 51,55	
29 PURCHASE OF TRADED GOODS		
Tablets	-	1,34
TOTAL	- 1,34	
30 SEGMENT REPORTING		
The Company has only one segment namely pharmaceuticals; hence no separate disclosure of segment-wise information has been made.		

31 RELATED PARTY DISCLOSURES

- Related parties with whom there were transactions during the year are listed below:

Holding Company:

The company is a wholly owned subsidiary of GlaxoSmithKline Pharmaceuticals Limited.

- The following transactions were carried out with the related parties at normal commercial terms in the ordinary course of business.

	Rupees '000	
	Holding Company	
	Year Ended 31 st March, 2016	15 Months Ended 31 st March, 2015
1 Payment of manufacturing charges	75,85	145,16
2 Payment of common costs	110,55	110,89
3 Payment of CSA commission	51,36	75,57
4 Payment of marketing commission	146,76	215,91
5 Outstanding payable/(receivable) by the Company (net) @	(81,11)	(150,60)

@ Transactions with the above parties are accounted in the respective current accounts.

32 UNHEDGED FOREIGN CURRENCY EXPOSURE

The foreign currency exposures not hedged as at the year end are as under :

	Rupees '000			
	As at 31 st March, 2016		As at 31 st March, 2015	
Currency Exchange	USD	Euro	USD	Euro
Net unhedged exposure in currency	(30,17)	45,73	(216,18)	40,39

33 CORPORATE SOCIAL RESPONSIBILITY

Expense towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 recognised in the Statement of Profit and Loss under 'Corporate social responsibility' in Note 23.:

	Rupees '000	
	Year Ended 31 st March, 2016	15 Months Ended 31 st March, 2015
(a) Amount spent		
Particulars		
(i) Construction/ acquisition of the asset	-	-
(ii) On purposes other than (i) above	13,85	-
	13,85	-
(b) Gross amount required to be spent by the Company	13,85	-

34 CHANGE IN FINANCIAL YEAR

The accounting year of the company has been changed from January - December to April - March with effect from the previous period. Consequently, the previous period's financial statements are for the 15 months from 1st January, 2014 to 31st March, 2015.

In view of the above, the current year's figures are not comparable with those of the previous period. Previous period's figures have been regrouped wherever necessary.

As per our report of even date attached

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

For and on behalf of the Board
Annaswamy Vaidheesh Chairman
DIN: 1444303
Andrew A. Aristidou Director
DIN: 7034424

RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F.10620
Place : Mumbai
Date: 25th May, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of GlaxoSmithKline Pharmaceuticals Limited ("hereinafter referred to as the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), (refer Note 1A to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of ₹3,167.64 lakhs and net assets of ₹2,572.42 lakhs as at March 31, 2016, total revenue of ₹ 1,353.46 lakhs, net profit of ₹282.25 lakhs and net cash flows amounting to ₹208.60 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to the preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 9(b) above that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2016 on the consolidated financial position of the Group - Refer Note 21 A, 22, 23 and 24.
 - ii. The Group has long-term contracts as at March 31, 2016, for which there were no material foreseeable losses. The Group did not have any derivative contract as at March 31, 2016.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended March 31, 2016.

For **Price Waterhouse & Co Bangalore LLP**
Chartered Accountants
Firm Registration Number: 007567S/ S -200012

Asha Ramanathan
Partner
Membership Number 202660

Mumbai
May 25, 2016

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9(g) of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Pharmaceuticals Limited on the consolidated financial statements for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of GlaxoSmithKline Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which is the Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary Company, which is the Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary Company, which is the Company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary Company, which is the Company incorporated in India, is based on the corresponding reports of the auditors of such Company incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse & Co Bangalore LLP**
Chartered Accountants
Firm Registration Number: 007567S/ S -200012

Asha Ramanathan
Partner
Membership Number 202660

Mumbai
May 25, 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

		Rupees in lakhs	
	Note No	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	84,70.30	84,70.30
Reserves and surplus	3	1611,36.68	1744,27.51
NON-CURRENT LIABILITIES			
Long-term borrowings	4	1,59.50	2,62.60
Other long term liabilities	5	5,67.68	5,30.21
Long-term provisions	6	285,15.44	272,21.20
CURRENT LIABILITIES			
Trade payables	7		
(a) Total outstanding dues of micro and small enterprises		4,21.98	2,59.25
(b) Total outstanding dues of creditors other than micro and small enterprises		323,52.11	305,44.64
Other current liabilities	8	202,81.58	130,09.02
Short-term provisions	9	526,96.08	668,41.92
TOTAL		3046,01.35	3215,66.65
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Intangible assets	11	-	-
Tangible assets	11	204,06.40	123,08.04
Capital work-in-progress (Refer note 49)		267,66.84	115,22.44
Non-current investments	12	5.67	5.67
Deferred tax assets (net)	13	88,78.90	83,10.23
Long term loans and advances	14	301,90.68	293,16.61
Other non-current assets	15	11,42.94	14,05.48
CURRENT ASSETS			
Inventories	16	525,86.66	375,58.27
Trade receivables	17	126,56.50	100,31.79
Cash and bank balances	18	1347,61.40	1910,60.64
Short-term loans and advances	19	123,46.98	122,17.17
Other current assets	20	48,58.38	78,30.31
TOTAL		3046,01.35	3215,66.65

The accompanying notes are an integral part of these consolidated financial statements

This is the Consolidated Balance Sheet referred to in our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, 25th May, 2016

For and on behalf of the Board

Chairman	D. S. PAREKH DIN: 9078
Managing Director	A. Vaidheesh DIN: 1444303
CFO & Executive Director	A.A. Aristidou DIN: 7034424
Audit Committee Chairman	D. Sundaram DIN: 16304
Company Secretary	A.A. Nadkarni

Mumbai, 25th May, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2016

Rupees in lakhs			
	Note No.	Year ended 31 st March, 2016	15 months ended 31 st March, 2015
Sale of products		2828,06.47	3378,62.28
Excise duty		(86,96.00)	(106,14.99)
Sale of products (net)		2741,10.47	3272,47.29
Other operating revenue		27,24.65	32,04.40
Revenue from operations	28	2768,35.12	3304,51.69
Other Income	29	122,75.54	199,94.34
Total Revenue		2891,10.66	3504,46.03
Cost of materials consumed	30	642,51.83	734,23.73
Purchases of traded goods	31	739,93.66	779,90.73
Changes in inventories of finished goods, work-in-progress and traded goods	32	(144,48.32)	(3,69.65)
Employee benefits expense	33	443,37.45	493,02.23
Depreciation and amortisation expense	11	24,77.65	25,35.25
Other expenses	34	608,12.82	668,07.47
Total Expenses		2314,25.09	2696,89.76
Profit before exceptional items and tax		576,85.57	807,56.27
Exceptional Items	39	2,61.33	(51,88.14)
Profit before Tax		579,46.90	755,68.13
Tax expense:			
Current tax		208,32.99	270,08.34
Deferred tax		(5,68.68)	9,18.70
Net Profit		376,82.59	476,41.09
Earnings per equity share (basic and diluted) (₹)			
Face value ₹ 10 each.	45	44.49	56.24

The accompanying notes are an integral part of these consolidated financial statements

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, 25th May, 2016

For and on behalf of the Board

Chairman	D. S. PAREKH DIN: 9078
Managing Director	A. Vaidheesh DIN: 1444303
CFO & Executive Director	A.A. Aristidou DIN: 7034424
Audit Committee Chairman	D. Sundaram DIN: 16304
Company Secretary	A.A. Nadkarni

Mumbai, 25th May, 2016

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

		Rupees in lakhs
	Year ended 31 st March, 2016	15 months ended 31 st March, 2015
a. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	576,85.57	807,56.27
<i>Adjustments for :</i>		
Provision written back as no longer required	(1,08.22)	(42.99)
Profit on sale / disposal of tangible assets (net)	(30.05)	(58.00)
Interest income	(121,07.81)	(198,47.62)
Interest expense	42.13	46.90
Depreciation / Amortisation	24,77.65	25,35.25
Operating profit before working capital changes	479,59.27	633,89.81
<i>Adjustments for :</i>		
Inventories	(150,28.39)	(28,61.27)
Trade Receivables	(26,24.71)	(3,92.47)
Short-term loans and advances	(1,29.81)	(49,23.10)
Other current assets	(0.56)	(1.57)
Other non-current assets	2,62.54	(50.10)
Long-term loans and advances	(7,02.13)	(3,01.88)
Trade payables	19,70.20	22,40.61
Provisions	10,22.88	7,50.25
Other current liabilities	28,29.21	18,17.57
Other long term liabilities	37.47	32.14
Cash generated from operations	355,95.97	596,99.99
Direct taxes paid (net of refunds)	(205,95.00)	(252,42.74)
Cash flow before exceptional items	150,00.97	344,57.25
Exceptional items:		
Payments under Voluntary Retirement Scheme	-	(4,74.75)
Portfolio and Manufacturing activities rationalisation costs	(5,14.97)	-
Costs for Asset Sale transaction with Novartis	(5,66.93)	-
Non recurring expenses for rationalisation initiatives	-	(2,18.16)
Net cash generated from operating activities A	139,19.07	337,64.34
b. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(232,32.03)	(163,12.28)
Sale of tangible fixed assets including tangible assets held for sale	7,98.99	73.24
Sale of property (Exceptional item)	16,83.00	-
Expenses relating to sale of property (Exceptional item)	(69.47)	-
Sale / redemption of current investments	-	10,00.01
Investment in bank deposits (having original maturity more than 3 months)	(199,300.00)	(277,448.55)
Redemption / Maturity of bank deposits (having original maturity more than 3 months)	255,975.00	292,750.00
Interest received	142,34.47	179,38.30
Net cash from investing activities B	500,89.96	180,00.72

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

		Rupees in lakhs
	Year ended 31 st March, 2016	15 months ended 31 st March, 2015
c. CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings	(74.25)	(102.69)
Interest paid	(42.13)	(46.90)
Dividend paid	(529,39.39)	(423,51.50)
Tax on distributed profit	(107,77.40)	(71,97.64)
Net cash used in financing activities	C	(496,98.73)
Net increase in cash and cash equivalents	(A + B + C)	20,66.33
Cash and cash equivalents as at 1 st April, 2015 (opening balance)	115,59.42	94,93.09
Cash and cash equivalents as at 31 st March 2016 (closing balance)	117,35.28	115,59.42
Net increase in cash and cash equivalents	1,75.86	20,66.33
NOTES:		
1. Cash and cash equivalents include:		
Cash on hand	0.12	0.76
Term deposits with original maturity period of less than three months	56,01.00	60,02.00
Balances with banks	61,34.16	55,56.66
Total cash and cash equivalents	117,35.28	115,59.42
2. Other Bank balances include:		
Term deposits with original maturity period of more than three months	1208,00.00	1774,75.00

3. The Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements, notified under Section 133 of the Companies Act, 2013.

This is the Consolidated Cash Flow Statement referred to in our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, 25th May, 2016

For and on behalf of the Board

Chairman	D. S. PAREKH DIN: 9078
Managing Director	A. Vaidheesh DIN: 1444303
CFO & Executive Director	A.A. Aristidou DIN: 7034424
Audit Committee Chairman	D. Sundaram DIN: 16304
Company Secretary	A.A. Nadkarni

Mumbai, 25th May, 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2016

1A GENERAL INFORMATION

GlaxoSmithKline Pharmaceuticals Limited ('the Company') is a public limited company and is listed on the BSE Ltd (Bombay Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company and its subsidiary (jointly referred to as the 'Group' hereinafter) are engaged inter alia, in the business of manufacturing, distributing and trading in pharmaceuticals.

The subsidiary considered in these consolidated financial statements is :

Name of the Company	Country of incorporation	% voting power held as at 31 st March, 2016	% voting power held as at 31 st March, 2015
Biddle Sawyer Limited (BSL)	India	100	100

1B STATEMENT OF ACCOUNTING POLICIES

(a) Basis for preparation of accounts

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30th March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013.

(b) Principles of consolidation

The consolidated financial statements relate to GlaxoSmithKline Pharmaceuticals Limited (the 'Company') and its wholly owned subsidiary. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- The excess of cost to the Company of its investment in the subsidiary is recognised in the financial statements as goodwill, which is amortised over a period of ten years.

(c) Other Significant Accounting Policies

These are set out in the notes to the financial statements under "Statement of Accounting Policies" of the financial statements of the Company and BSL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Rupees in lakhs		
	As at 31 st March, 2016	As at 31 st March, 2015
2 SHARE CAPITAL		
AUTHORISED		
9,00,00,000 equity shares of ₹10 each	90,00.00	90,00.00
ISSUED		
8,47,07,710 equity shares of ₹10 each	84,70.77	84,70.77
SUBSCRIBED AND PAID-UP		
8,47,03,017* equity shares of ₹10 each, fully paid up	84,70.30	84,70.30
TOTAL	84,70.30	84,70.30

*excludes 4,693 equity shares of ₹10 each of the Company (3,352 equity shares of ₹ 10 each of erstwhile Burroughs Wellcome (India) Limited) held in abeyance.

	As at 31 st March, 2016		As at 31 st March, 2015	
	Number of Shares	Rupees in lakhs	Number of Shares	Rupees in lakhs
a) Reconciliation of the number of share				
Balance at the beginning of the year	84,703,017	84,70.30	84,703,017	84,70.30
Issued during the year	-	-	-	-
Balance at the end of the year	84,703,017	84,70.30	84,703,017	84,70.30

b) Rights, preferences and restrictions attached to equity shares:

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shares held by subsidiaries of ultimate holding company in aggregate

	Number of Shares	Rupees in lakhs	Number of Shares	Rupees in lakhs
Equity shares of ₹10 each (representing 75.00% of total shareholding)	63,527,262	63,52.73	63,527,262	63,52.73

d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company:

	Number of Shares	% Shareholding	Number of Shares	% Shareholding
Glaxo Group Limited, U.K.	30,485,250	35.99%	30,485,250	35.99%
GlaxoSmithKline Pte Limited, Singapore	20,609,774	24.33%	20,609,774	24.33%
Eskaylab Limited, U.K.	5,880,000	6.94%	5,880,000	6.94%
Life Insurance Corporation of India	5,131,118	6.06%	4,749,658	5.61%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
3 RESERVES AND SURPLUS		
CAPITAL RESERVE		
Balance as at the beginning of the year	1,70.97	1,70.97
Additions/Deductions	-	-
Balance as at the end of the year (a)	1,70.97	1,70.97
CAPITAL REDEMPTION RESERVE		
Balance as at the beginning of the year	2,62.00	2,62.00
Additions/Deductions	-	-
Balance as at the end of the year (b)	2,62.00	2,62.00
GENERAL RESERVE:		
Balance as at the beginning of the year	863,20.59	816,04.13
Transfer from Surplus in Statement of Profit and Loss	-	47,16.46
Balance as at the end of the year	863,20.59	863,20.59
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
Balance as at the beginning of the year	876,73.95	1084,66.10
Profit for the year	376,82.59	476,41.09
Less : Appropriations		
Proposed Dividend	(423,51.50)	(529,39.38)
Tax on dividend	(86,21.92)	(107,77.40)
Transfer to General Reserve	-	(47,16.46)
Balance as at the end of the year	743,83.12	876,73.95
TOTAL	1611,36.68	1744,27.51

(a) Includes Central Government subsidy ₹ 15.00 lakhs and capital profit on reissue of shares forfeited of erstwhile Burroughs Wellcome (India) Limited ₹ 0.51 lakhs.

(b) Includes ₹ 2,61.95 lakhs on account of buy back of equity shares.

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
4 LONG TERM BORROWINGS		
Unsecured		
Interest free sales tax loan from SICOM Limited	1,59.50	2,62.60
	1,59.50	2,62.60

Terms of repayment

Interest free Sales Tax Loan from SICOM Limited as at 31st March, 2016 of ₹ 2,37.30 lakhs (previous year ₹ 3,11.55 lakhs) availed under the 1993 Sales Tax deferment Scheme repayable in seventeen instalments (previous year twenty one instalments) closing on 30th April, 2021. The current maturity amount of ₹ 77.80 lakhs (previous year ₹ 48.95 lakhs) of the loan has been disclosed under Note 8 - Other Current Liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
5 OTHER LONG TERM LIABILITIES		
Security deposits received	2,26.10	2,37.35
Other long term liabilities	3,41.58	2,92.14
TOTAL	5,67.68	5,30.21
6 LONG TERM PROVISIONS		
For Pricing matters (Refer Notes 22 and 23)	123,96.15	123,96.15
For employee benefits		
Gratuity	46,38.06	42,07.25
Leave encashment and compensated absences	41,40.27	40,49.66
Post retirement medical and other benefits	36,58.04	34,63.73
For long term incentive plan	4,92.50	6,22.52
For divestment / restructuring	12,02.83	12,02.83
For others	19,87.59	12,79.06
TOTAL	285,15.44	272,21.20
7 TRADE PAYABLES		
Dues of micro and small enterprises	4,21.98	2,59.25
Dues of creditors other than micro and small enterprises	323,52.11	305,44.64
TOTAL	327,74.09	308,03.89
8 OTHER CURRENT LIABILITIES		
Current Maturity of Long Term Borrowings		
Interest free sales tax loan from SICOM Limited (Refer Note 4)	77.80	48.95
Unclaimed dividends *	22,26.12	20,26.22
Salaries, wages and bonus payable	82,48.00	52,79.60
Statutory dues including provident fund and tax deducted at source	18,84.89	17,31.90
Creditors for capital goods	72,48.75	30,34.15
Rationalisation relating to a manufacturing site	1,30.28	1,32.84
Other Payables	4,65.74	7,55.36
TOTAL	202,81.58	130,09.02
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
9 SHORT TERM PROVISIONS		
For proposed equity dividend	423,51.50	529,39.38
For provision for taxation (net) (Refer note 47 (a))	3,07.26	15,86.49
For tax on distributed profit	86,21.92	107,77.40
For employee benefits		
Gratuity	-	-
Leave encashment and compensated absences	2,53.77	2,52.24
Post retirement medical and other benefits	2,14.15	1,99.61
For long term incentive plan	1,75.01	1,08.06
For rationalisation relating to a manufacturing site	73.80	1,35.43
For others	6,98.67	8,43.31
TOTAL	526,96.08	668,41.92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

10 MOVEMENT IN PROVISIONS

Rupees in lakhs

	Rationalisation relating to a manufacturing site	Pricing matters	Long term Incentive Plan	Divestment / Restructuring	Others
April 2015-March 2016					
Opening Balance	1,35.43	123,96.15	7,30.58	12,02.83	21,22.37
Add: Provision during the year	-	-	6,94.45	-	16,95.79
Less: Amounts utilised/reversed during the year	61.63	-	7,57.52	-	11,31.90
Balance at the year end	73.80	123,96.15	6,67.51	12,02.83	26,86.26
January 2014-March 2015					
Opening Balance	3,52.96	123,96.15	12,66.83	16,13.72	18,40.28
Add: Provision during the period	-	-	5,31.68	-	11,07.99
Less: Amounts utilised/reversed during the period	2,17.53	-	10,67.93	4,10.89	8,25.90
Balance at the period end	1,35.43	123,96.15	7,30.58	12,02.83	21,22.37

11 FIXED ASSETS

Rupees in lakhs

	Gross block (at cost)				Depreciation/Amortisation				Net block	
	As at 31 st March, 2015	Additions/ Adjustments	Deductions (b)	As at 31 st March, 2016	As at 31 st March, 2015	For the Year	On Deductions/ Adjustments (b)	As at 31 st March, 2016	As at 31 st March, 2016	As at 31 st March, 2015
(A) INTANGIBLE ASSETS										
Distribution Rights (c)	-	3,22.80	-	3,22.80	-	3,22.80	-	3,22.80	-	-
Goodwill (f)	42,14.97	-	-	42,14.97	42,14.97	-	-	42,14.97	-	-
TOTAL (A)	42,14.97	3,22.80	-	45,37.77	42,14.97	3,22.80	-	45,37.77	-	-
Previous period (A)	42,14.97	-	-	42,14.97	42,14.97	-	-	42,14.97	-	-
(B) TANGIBLE ASSETS										
Freehold land	4.08	-	-	4.08	-	-	-	-	4.08	4.08
Leasehold land (d)	44.27	54,51.20	-	54,95.47	-	44.46	-	44.46	54,51.01	44.27
Freehold buildings (a)	33,26.51	24.69	67.00	32,84.20	8,29.09	45.02	53.03	8,21.08	24,63.12	24,97.42
Leasehold buildings	45,44.19	2,38.08	1.67	47,80.60	21,52.69	1,21.17	0.52	22,73.34	25,07.26	23,91.50
Plant and equipment	188,29.74	42,13.00	27,03.85	203,38.89	126,84.33	14,80.93	25,06.11	116,59.15	86,79.74	61,45.41
Furniture and fixtures	31,18.61	94.93	47.78	31,65.76	26,08.86	92.65	27.65	26,73.86	4,91.90	5,09.75
Vehicles	15,79.05	4,35.46	6,16.66	13,97.85	10,75.07	2,55.04	5,22.04	8,08.07	5,89.78	5,03.98
Office Equipment	6,72.22	1,34.03	20.34	7,85.91	4,60.59	1,15.58	9.77	5,66.40	2,19.51	2,11.63
TOTAL (B)	321,18.67	105,91.39	34,57.30	392,52.76	198,10.63	21,54.85	31,19.12	188,46.36	204,06.40	
Previous period (B)	301,07.41	56,41.89	36,30.63	321,18.67	200,98.15	25,35.25	28,22.77	198,10.63		123,08.04
TOTAL (A+B)	363,33.64	109,14.19	34,57.30	437,90.53	240,25.60	24,77.65	31,19.12	233,84.13	204,06.40	
Previous period (A+B)	343,22.38	56,41.89	36,30.63	363,33.64	243,13.12	25,35.25	28,22.77	240,25.60		123,08.04

Note:

- (a) Freehold buildings include investments representing ownership of residential flats (Refer Note 26).
- (b) Deductions in the previous period include Tangible assets held for sale shown under 'Other Current Assets' (Refer note 20) : gross block ₹ 5,23.57 lakhs, accumulated depreciation ₹ 3,98.29 lakhs and net block ₹ 1,25.28 lakhs.
- (c) Intangible assets ₹ 3,22.80 lakhs towards Distribution Rights of the vaccines portfolio acquired from Novartis Healthcare Private Limited. (Refer note 46).
- (d) Additions to leasehold land pertains to land acquired for the new greenfield manufacturing factory being constructed at Bengaluru (Refer note 49).
- (e) During the year, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act 2013 or re-assessed useful life based on technical evaluation. The impact of the change in useful lives on the profit for the year ended March 31, 2016 is not material.
- (f) Amortised over a period of ten years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
12 NON-CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)		
TRADE		
IN EQUITY INSTRUMENTS		
Unquoted		
Biotech Consortium India Limited		
50,000 Equity Shares of ₹ 10 each fully paid	5.00	5.00
Dinette Exclusive Club Private Limited		
500 Equity Shares of ₹ 100 each fully paid	0.50	0.50
OTHER INVESTMENTS		
Unquoted		
National Savings Certificate (Lodged with Government authorities)	0.17	0.17
TOTAL	5.67	5.67
Aggregate of Unquoted Investments - At Book value	5.67	5.67
There are no investments purchased and sold / redeemed during the year		
13 DEFERRED TAX ASSETS (NET)		
Deferred tax assets and liabilities are attributable to the following items:		
Assets		
Provision for employee benefits	44,10.11	41,03.35
Costs of voluntary retirement schemes	4,96.44	12,25.25
Provision for doubtful debts, loans and advances	6,38.16	5,17.12
Provision for pricing matters	17.66	18.15
Interest on Income-tax refund not accounted but considered as taxable under the Income-tax Act, 1961	22,42.10	22,02.06
Expenses allowable for tax purposes when paid	21,53.22	12,55.93
TOTAL	99,57.69	93,21.86
Liabilities		
Depreciation (including tangible assets held for sale)	10,78.79	10,11.63
TOTAL	10,78.79	10,11.63
TOTAL	88,78.90	83,10.23
14 LONG TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)		
Capital advances	81,11.91	64,22.76
Less : Allowance for doubtful loans and advances	(3,87.93)	(3,87.93)
Security Deposits	13,91.99	14,11.79
Other loans and advances (Refer Note 48)		
Advance income-tax (net) (Refer Note 47(b))	155,85.64	171,02.85
Balance with Government Authorities	12,18.14	12,18.14
Sundry Deposits	38,00.58	30,70.18
Loans and advances recoverable in cash or in kind *	4,70.35	4,78.82
TOTAL	301,90.68	293,16.61
* includes outstanding loans receivable from related parties		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
15 OTHER NON CURRENT ASSETS		
Remittances in transit [Refer Note 24(iii)]	5.92	5.92
Margin money/ Deposit against bank guarantee	29.67	2,92.21
Deposits with banks of maturity period more than 12 months	1.45	1.45
Tangible assets held for sale (at book value or estimated net realisable value / salvage value, whichever is lower)	11,05.90	11,05.90
TOTAL	11,42.94	14,05.48
16 INVENTORIES		
Stores and spares	2,53.13	2,59.31
Raw and packing materials (includes in-transit ₹ 2,79.88 lakhs; previous year: ₹ 3,05.27 lakhs)	104,62.63	98,76.38
Work-in-progress	36,31.87	31,74.48
Traded goods (includes in-transit ₹ 19,37.90 lakhs; previous year: ₹ 12,01.55 lakhs)	220,02.97	135,74.30
Finished goods	162,36.06	106,73.80
TOTAL	525,86.66	375,58.27
17 TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	10,80.52	9,32.19
Others	115,75.98	90,99.60
Considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	13,29.07	11,27.27
Others	-	-
Less : Provision for doubtful debts	(13,29.07)	(11,27.27)
TOTAL	126,56.50	100,31.79
18 CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	0.12	0.76
Balances with banks		
Current account	58,65.14	54,89.72
Term deposit with original maturity period of less than three months	56,01.00	60,02.00
Other bank balances		
Term deposit with original maturity period of more than three months but less than twelve months	1183,00.00	1557,75.00
Term deposit with original maturity period of more than twelve months but maturing within next twelve months	25,00.00	217,00.00
Unpaid dividend accounts	22,26.12	20,26.22
Margin money/ Deposit against bank guarantee	2,69.02	66.94
TOTAL	1347,61.40	1910,60.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
19 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Balance with Government Authorities	19,77.57	14,80.52
Current account balances with group companies	39,48.78	26,13.73
Prepaid Expenses	9,51.88	10,13.16
Advances recoverable in cash or in kind *	54,68.75	71,09.76
TOTAL	123,46.98	122,17.17
* includes outstanding loans receivable from related parties		
20 OTHER CURRENT ASSETS		
Interest accrued on investments/deposits	44,27.00	65,53.66
Tangible assets held for sale (at book value or estimated net realisable value / salvage value whichever is lower)	4,14.02	12,59.85
Others	17.36	16.80
TOTAL	48,58.38	78,30.31
21 CONTINGENT LIABILITIES AND COMMITMENTS		
A Contingent Liabilities not provided for:		
(i) Cheques discounted with banks	1,09.24	3,74.00
(ii) In respect of claims made against the Company not acknowledged as debts by the Company		
- Sales tax matters	278,86.16	34,59.31
- Excise matters	5,93.30	5,93.30
- Service tax matters	1,29.20	1,29.20
- Labour matters	89,93.10	83,57.08
- Other legal matters	82,50.45	22,01.55
which net of current tax amount to -	299,83.67	97,30.16

The increase in contingent liability in respect of 'Sales Tax matters' during the current year pertains to the Orders passed by the sales tax authorities relating to two assessment years. The orders imposed a demand upon the Company due to non submission of documents for the relevant assessment years. The Company has preferred an appeal against this demand, and has collated majority of documents as required in the assessment orders and the same have been submitted to the authorities. The Company's appeal is yet to be heard.

The increase in contingent liability for 'Other legal matters' pertains to an Order passed by the Competition Commission of India, imposing a penalty upon the company for alleged cartelization. The Company has preferred an appeal against the said Order before the Commission Appellate Tribunal and the appeal is scheduled for hearing.

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
(iii) Income-tax matters in respect of which appeals are pending		
- Tax on matters in dispute	197,89.01	177,46.83
(iv) Guarantee given by the Company to the Customs Authorities	2,00.00	2,00.00
(v) Based on the data obtained by Government, it had directed the Company to pay a tentative amount along with interest due thereon into the Drugs Prices Equilisation Account (DPEA) under Drugs (Price Control) Order 1979, in respect of Bulk Drug Amoxicillin Trihydrate, on account of alleged unintended benefit enjoyed by the Company. The Company had filed its reply contending that no amount is payable into DPEA.	49.29	49.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

		Rupees in lakhs	
		As at 31 st March, 2016	As at 31 st March, 2015
Notes:			
Future cash outflows in respect of (i) above are dependant on the return of cheques by banks.			
Future cash outflows in respect of (ii) and (iii) above are determinable on receipt of decisions / judgements pending with various forums / authorities.			
Future cash outflows in respect of (iv) above are dependent on the future performance of the obligation by BSL.			
B Commitments			
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for (Refer note 49)		383,37.72	87,40.19
(ii) Uncalled liability on partly paid shares: - in Hill Properties Limited		0.12	0.12
Note:			
Future cash outflow is dependent on the call to be made by Hill Properties Limited.			

- 22** The demand of ₹71,79 lakhs made by the Central Government on the Company in respect of Betamethasone bulk drugs and formulations made therefrom during the period May 1981 to August 1987 has been under litigation for a period spanning nearly 30 years. Pursuant to the special leave petition of the Central Government in the Supreme Court of India against the Delhi High Court's Judgment and Order dated 19th October 2001 which was held in favour of the Company, the Supreme Court has, vide its Judgment and Order dated 31st March, 2011, upheld the demand. The Company had accrued a liability of ₹18,68 lakhs in earlier years and a further provision of ₹53,11 lakhs was accrued in 2011.

Based on a legal advice, the Company has filed an Application in the Supreme Court seeking, inter alia, clarifications on some aspects of the Judgment and directions for recomputation of the demand. Simultaneously, the Company without prejudice to and subject to the outcome of the Application filed in the Supreme Court, has tendered as a further deposit, an amount of ₹ 63,60 lakhs, which together with the amount of ₹ 8,19 lakhs previously deposited with the Government, aggregates to the demand of ₹ 71,79 lakhs made by the Government in November 1990. The Company filed a Review Petition in the Supreme Court which was rejected in March 2012.

In October 1996, the Government had claimed interest of ₹ 117,66 lakhs for the period 12th May 1981 to 17th October 1996, for which no provision was made in earlier years. The Government has vide letter dated 4th May 2011 called upon the Company to discharge the entire liability, including upto date interest calculated at 15% p.a., and has vide letter dated 10th October 2011, raised a demand on the Company for the interest amount amounting to ₹ 247,44 lakhs. Without prejudice to the position that interest is not payable, the Company has recognized a provision of ₹ 247,44 lakhs in respect of the Government's claim for interest in 2011. The Company has filed a Writ Petition at Delhi High Court against the above demand which has been admitted. The Company also filed stay applications which have been dismissed and has filed a Special Leave Petition (SLP) before the Supreme Court for stay of the interest demand until final determination of the Writ Petition filed in the Delhi High Court. The Supreme Court on hearing the above SLP, passed an order on 3rd April 2012. The said order stayed the Demand Notice dated 10th October 2011 during the pendency of the Writ Petition at the Delhi High Court subject to the Company depositing ₹ 136,82 lakhs in three equal installments within six month's time from the date of order. All three instalments have been deposited with the Government as of date. The Supreme Court, vide its order dated 5th October 2012, directed the Delhi High Court to dispose of the Writ Petition as expeditiously as possible. The Delhi High Court has listed the Writ Petition for hearing on 11th August, 2016.

- 23** Further, BSL received a letter dated 20th/24th August, 1998 from the Central Government demanding an amount of ₹ 4,40.80 lakhs comprising ₹ 1,42.74 lakhs in respect of prices relating to Salbutamol formulations during the period April, 1979 to December, 1983 with interest thereon amounting to ₹ 2,98,05,808 upto 31st July, 1998. The Company had been legally advised that the demand of ₹ 1,42.74 lakhs is not sustainable and it, therefore follows that the interest demand also cannot be sustained. The total demand has been challenged by the Company in a Writ Petition filed in the Bombay High Court. The Bombay High Court has granted an interim stay of the demand, subject to the Company depositing 50% of the principal amount. Accordingly, the Company has deposited an amount of ₹ 71.50 lakhs with the Government on 3rd May, 1999. This is a normal interim order passed by the High court in such matters and does not in any way reflect upon the merits or otherwise of the case. The amount will be refunded if the Company succeeds at the final hearing of the matter. The Government's application in the Supreme Court praying that this writ petition be transferred to the Supreme Court from the Bombay High

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Court was not allowed and the Company's writ petition will now be heard by the Bombay High Court.

24 Matters in respect of erstwhile Burroughs Wellcome (India) Limited (BWIL):

- (i) The Government of India, Ministry of Chemicals and Fertilisers, New Delhi, passed a final order on 21st July, 1993, directing erstwhile BWIL to pay an amount of ₹ 1,91.15 lakhs along with interest due thereon from the date of default into the Drugs Prices Equalisation Account (DPEA) in respect of a bulk drug procured by erstwhile BWIL during the period April 1981 to April 1983.

Erstwhile BWIL filed a writ petition in August 1993 which was admitted by the Bombay High Court. After hearing both the parties, the High Court granted an interim injunction restraining the Government of India from taking any action in furtherance of and/or implementation of the order dated 21st July, 1993 or from in any manner seeking to compel erstwhile BWIL to deposit any amount into the DPEA, pending the hearing and final disposal of the petition on the condition that erstwhile BWIL furnishes a bank guarantee for ₹ 2,00 lakhs from a nationalised bank and undertakes to pay the amount demanded with interest at the rate of 20% per annum in case the petition fails.

Erstwhile BWIL had accordingly furnished the required bank guarantee. If calculated on the basis of correct data, taking into account set offs claimable for earlier years for which data has been provided by erstwhile BWIL, no amount will be payable by the Company and accordingly no provision in that respect is considered necessary. The Company's stand that the demand is not sustainable has been confirmed by an eminent counsel. The Government of India's application in the Supreme Court praying that the writ petition be transferred to the Supreme Court from the Bombay High Court was not allowed and the Company's writ petition will now be heard by the Bombay High Court.

- (ii) Erstwhile BWIL had made an application to the Government of India for approval under Section 198(4) of the Companies Act, 1956, in respect of payment of the Managing Director and three whole time Directors amounting to ₹ 10.93 lakhs for the year ended 31st August, 1986, which was in accordance with the minimum remuneration provided in the agreement entered into with them prior to erstwhile BWIL becoming public, which required such Government of India's sanction. The approval is still awaited.
- (iii) Remittances in transit represent monies deposited by customers in favour of erstwhile BWIL with banks in Zambia - ₹ 0.31 lakhs and in Tanzania - ₹ 5.61 lakhs, the remittance of which is pending clearance of the authorities in those countries.

25 Matters in respect of erstwhile SmithKline Beecham Pharmaceuticals (India) Limited:

- (i) ₹ 1,44.44 lakhs received from Beckman Instruments International S.A. on account of disputed alleged additional commission has been included under Long term provisions and Income tax paid thereon aggregating to ₹ 64.77 lakhs has been included under long term loans and advances. The Company is contesting the matter with the concerned authorities.
- (ii) Refund of surtax ₹ 96.81 lakhs, and interest thereon amounting to ₹ 48.52 lakhs, received during 1994, have not been adjusted against the provision for tax in the books of account and recognised as income respectively, since the Income tax department had filed a reference application against the income tax tribunal's order which was pending before the High Court of Karnataka. The Company has received an order dated 18th April, 2007 from the High Court of Karnataka which is partially in the Company's favour. On the basis of the aforesaid order, Income Tax Appellate Tribunal (ITAT), Bangalore will pass an order giving directions. On receipt of the ITAT order, the Company will take appropriate steps in the matter.

	Rupees in lakhs	
	As at 31 st March, 2016	As at 31 st March, 2015
26 Tangible fixed Assets include the following investments representing ownership of residential flats :		
5 partly paid 'A' equity shares of ₹ 1,20,000 each, ₹ 1,18,000 each paid-up and 1 partly paid 'B' equity share of ₹ 90,000, ₹ 88,500 paid-up in Hill Properties Limited.	7.22	7.22
10 shares of ₹ 50 each fully paid-up in Prathamesh Co-operative Housing Society Limited.	2.00	2.00
10 shares of ₹ 50 each fully paid-up in Montreal Olympic Premises Co-operative Housing Society Limited.	48.13	48.13
5 shares of ₹ 50 each fully paid-up in Poonam Co-operative Housing Society Limited.	23.62	23.62
10 shares of ₹ 100 each fully paid-up in Anita Co-operative Housing Society Limited.	33.31	33.31
20 shares of ₹ 50 each fully paid-up in Cooprage Woodhouse Co-operative Housing Society Limited.	45.59	45.59
5 shares of ₹ 50 each fully paid-up in Sea-Face Park Co-operative Housing Society Limited.	-	67.00
20 shares of ₹ 50 each fully paid-up in Red Rose Co-operative Housing Society Limited.	19.32	19.32
1 share of ₹ 100 fully paid-up in The Imperial Condominium	21,52.80	21,52.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs	
	Year ended 31 st March 2016	15 months ended 31 st March, 2015
27 PROPOSED DIVIDEND		
The dividend on Equity Shares of ₹ 10 each is as follows:		
Amount of dividend	423,51.50	529,39.38
Dividend per Equity Share	50.00	62.50
28 REVENUE FROM OPERATIONS		
Sale of products	2828,06.47	3378,62.28
Excise duty	(86,96.00)	(106,14.99)
Sale of products (net)	2741,10.47	3272,47.29
Other operating revenue	27,24.65	32,04.40
TOTAL	2768,35.12	3304,51.69
(a) DETAILS OF SALE OF PRODUCTS		
Tablets and Capsules	1271,51.95	1465,24.48
Solids including Powders and Ointments	695,32.99	836,83.57
Liquids- Orals, Topicals and Parenterals	347,74.78	459,67.43
Vaccines	397,72.28	440,33.79
Others	115,74.47	176,53.01
	2828,06.47	3378,62.28
(b) OTHER OPERATING REVENUE		
Service income		
Clinical research and data management	36,23.89	52,02.72
Other services	19,73.13	19,58.57
Direct expenses relating to the above	(44,74.00)	(58,39.14)
	11,23.02	13,22.15
Export related benefits (net)	0.57	10.84
Consignment sales commission	30.56	67.86
Manufacturing charges recovery	9,88.69	6,49.09
Others	5,81.81	11,54.46
	27,24.65	32,04.40
29 OTHER INCOME		
Interest income (Gross):		
On deposits with banks	120,72.98	188,12.56
On loans	26.00	34.39
On tax refunds	-	8,99.23
On investments - Government securities and other than trade		
- long term [net of premium write-off of Nil (Previous year ₹ 0.24 lakhs)]	-	83.53
Others	8.83	17.91
	121,07.81	198,47.62
Less : Interest expense:		
Security deposits	(23.64)	(31.50)
Others	(18.49)	(15.40)
	(42.13)	(46.90)
	120,65.68	198,00.72
Rent received	71.59	92.63
Profit on sale / disposal of fixed assets (net)	30.05	58.00
Provision written back as no longer required	1,08.22	42.99
TOTAL	122,75.54	199,94.34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs			
	Year ended 31 st March 2016		15 months ended 31 st March, 2015	
30 COST OF MATERIALS CONSUMED				
Betamethasone-17 Valerate IP		79,50.42		75,99.50
Other raw materials consumed *		395,93.11		474,76.47
Packing materials consumed *		167,08.30		183,47.76
TOTAL		642,51.83		734,23.73
Notes :				
* No single raw or packing material accounts for more than 10% of total consumption				
Cost of materials consumed is based on derived values				
VALUE OF IMPORTED AND INDIGENOUS RAW AND PACKING MATERIALS CONSUMED				
		%		%
Purchased indigenously	88.49	568,55.06	83.84	615,61.75
Imported by the company (including duty and other charges)	11.51	73,96.77	16.16	118,61.98
	100.00	642,51.83	100.00	734,23.73
31 PURCHASE OF TRADED GOODS				
Purchase of traded goods		739,93.66		779,90.73
TOTAL		739,93.66		779,90.73
DETAILS OF PURCHASE OF TRADED GOODS				
Tablets and Capsules		162,29.61		173,53.16
Solids including Powders and Ointments		63,02.53		63,35.22
Liquids- Orals, Topicals and Parenterals		69,25.75		106,48.79
Vaccines		360,12.46		310,94.10
Others		85,23.31		125,59.46
		739,93.66		779,90.73
32 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS				
Opening stock				
Work-in-progress	31,74.48		32,36.99	
Finished goods	106,73.80		90,43.62	
Traded goods	135,74.30		147,72.32	
	274,22.58		270,52.93	
Less: Closing stock				
Work-in-progress	36,31.87		31,74.48	
Finished goods	162,36.06		106,73.80	
Traded goods	220,02.97		135,74.30	
	418,70.90	(144,48.32)	274,22.58	(3,69.65)
TOTAL		(144,48.32)		(3,69.65)
33 EMPLOYEE BENEFITS EXPENSES				
Salaries, wages and bonus		394,67.89		442,85.30
Contributions to : Provident and pension funds		21,36.12		24,54.81
Gratuity funds		8,02.19		7,96.08
Staff welfare		19,31.25		17,66.04
TOTAL		443,37.45		493,02.23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

	Rupees in lakhs			
	Year ended 31 st March 2016		15 months ended 31 st March, 2015	
34 OTHER EXPENSES				
Sales promotion		120,02.32		138,38.58
Stock point commission		14,72.85		16,63.81
Freight (net)		52,76.37		67,28.37
Travelling		66,41.04		79,32.35
Manufacturing charges		95,46.19		97,25.82
Repairs - Buildings	2,94.50		3,98.03	
- Plant and Machinery	14,27.51		17,40.03	
- Others	10.89	17,32.90	15.05	21,53.11
Consumption of stores and spares		5,29.98		6,58.01
Power, fuel and water		25,96.53		31,16.79
Rent		19,73.16		22,96.05
Rates and taxes		29,28.92		34,11.02
Printing, postage and telephones		12,88.66		15,18.96
Sales training, briefing and conference		18,92.71		17,46.97
Excise duty		4,84.99		68.82
Insurance		5,34.95		7,15.93
Remuneration to auditors :				
Statutory audit fees	79.05		48.75	
In other capacity in respect of :				
Tax audit fees	6.00		6.00	
Audit of tax accounts	-		20.00	
Other services	26.25		30.75	
Reimbursement of expenses	4.13		6.47	
	1,15.43		111.97	
Cost audit fees	6.58	1,22.01	9.11	1,21.08
Date-expired stocks		31,74.27		46,25.71
Corporate social responsibility (Refer Note 38)		14,31.65		5,58.12
Commission to non whole-time Directors		85.67		58.75
Directors' sitting fees		18.14		19.80
Miscellaneous		93,68.83		95,12.17
Reimbursement of expenses (net) (Refer Note 37)		21,84.68		21,76.39
Expenses relating to service income [Refer Note 28 (b)]		(44,74.00)		(58,39.14)
TOTAL		608,12.82		668,07.47

35 The recurring expenditure on research and development charged off to revenue amounts to ₹ 1,99.57 lakhs (Previous period - ₹ 2,19.35 lakhs).

36 Miscellaneous expenses in Note 34 include loss on foreign currency transactions (net) ₹ 8,86.07 lakhs (Previous period - ₹ 1,74.02 lakhs).

37 "Reimbursement of expenses (net)" in Note 34 are amounts recovered from GlaxoSmithKline Asia Private Limited ₹ 13.38 lakhs (Previous period - ₹ 1,64.65 lakhs), from Stiefel India Private Limited ₹ 19.85 lakhs (Previous period - ₹ 24.97 lakhs) , from GlaxoSmithKline Pte Limited ₹ 8.18 lakhs (Previous period - ₹ 30.96 lakhs), from GlaxoSmithKline Service Unlimited ₹ 71.33 lakhs (Previous period - ₹ 2,19.75 lakhs), GlaxoSmithKline Brasil Ltda ₹ 40.34 Lakhs (Previous period - ₹ 46.98 Lakhs), from GlaxoSmithKline Research and Development Limited ₹ 98.19 lakhs (Previous period - ₹ 1,05.74 lakhs) and paid to GlaxoSmithKline Consumer Healthcare Limited ₹ 23,09.50 lakhs (Previous period - ₹ 27,69.44 lakhs), GlaxoSmithKline Asia Private Limited ₹ 1,26.45 lakhs (Previous period - Nil), towards the value of costs apportioned, in accordance with the agreements on allocation of expenses with the companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

38 Expense towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 is as under:

	Rupees in lakhs	
	Year ended 31 st March 2016	15 months ended 31 st March 2015
a) Amount spent		
Particulars		
(i) Construction/ acquisition of the asset	-	-
(ii) On purposes other than (i) above	14,84.12	5,97.28
	14,84.12	5,97.28
The above includes allocation of ₹ 52.47 lakhs (previous period ₹ 39.16 lakhs) towards Corporate Social Responsibility which are shown under Employee Benefits Expenses in note 33.		
(b) Gross amount required to be spent by the Company	14,27.48	-
39 EXCEPTIONAL ITEMS		
Portfolio and Manufacturing activities rationalisation costs	(5,14.97)	-
Costs for Asset Sale transaction with Novartis (Refer note 46)	(7,70.29)	-
Profit on sale of property	15,99.57	-
Write down due to rationalisation of capital assets including capital work-in-progress for one of the dosage forms at a manufacturing facility	(55.97)	(30,37.42)
Actuarial gain/(loss) on employee benefits	2.99	(21,50.72)
	2,61.33	(51,88.14)

40 The disclosures as required by Accounting Standard 15, Employee benefits (revised 2005), notified under Section 133 of the Companies Act, 2013 are set out in note 44 to the standalone financial statements of the Company. Since there are no employees in BSL, the disclosures for consolidated financial statements are the same as those given for the Company.

41 The Company has only one reportable segment which is Pharmaceuticals. Accordingly, no separate disclosures of segment information have been made.

42 Related Party disclosures

Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures", notified under Section 133 of the Companies Act, 2013 are given below:

1 Relationships (during the year):

- (i) Shareholders (the GlaxoSmithKline (GSK) Group shareholding) in the Company
 - Glaxo Group Limited, U.K.
 - GlaxoSmithKline Pte Limited, Singapore
 - Eskaylab Limited, U.K.
 - Burroughs Wellcome International Limited, U.K.
 - Castleton Investment Limited, Mauritius
 - Holding company / ultimate holding company of the above shareholders
 - GlaxoSmithKline plc, U.K.
 - GlaxoSmithKline Finance plc, U.K.*
 - Setfirst Ltd, U.K. *
 - SmithKline Beecham Limited, U.K.*
 - Wellcome Limited, U.K.*
 - The Wellcome Foundation Limited, U.K.*
 - Wellcome Consumer Healthcare Limited, U.K.*

* no transactions during the year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

- (ii) Other related parties in the GlaxoSmithKline (GSK) Group where common control exists and with whom the Company had transactions during the year:

GlaxoSmithKline Asia Private Limited, India
 GlaxoSmithKline Brasil Ltda, Brazil
 GlaxoSmithKline Consumer Healthcare Limited, India
 GlaxoSmithKline Biologicals S.A., Belgium
 GlaxoSmithKline Services Unlimited, U.K.
 Glaxo Operations UK Limited, U.K
 GlaxoSmithKline Export Limited, U.K.
 GlaxoSmithKline Research & Development Ltd, U.K
 GlaxoSmithKline Pte Limited, Singapore
 GlaxoSmithKline Philippines Inc., Philippines
 GlaxoSmithKline Australia Pty Limited, Australia
 GlaxoSmithKline Trading Services Limited, Ireland
 GlaxoSmithKline Limited, Hong Kong
 GlaxoSmithKline South Africa (Pty) Ltd, South Africa
 GlaxoSmithKline LLC, U.S.A
 Stiefel India Private Limited, India
 Glaxo Wellcome Ceylon Ltd., Sri Lanka
 US GMS Financial Services, U.S.A.

Chiron Behring Vaccines Private Ltd, India (w.e.f 31st March, 2016)

- (iii) Directors and members of GSK India Management Team and their relatives:

Mr. A. Vaidheesh (w.e.f 3 rd August, 2015)	Mr. P. V. Nayak (upto 31 st October, 2015)
Mr. A. Aristidou (w.e.f 1 st December, 2014)	Mr. R. Bartaria
Ms. A. Bansal	Mr. R.C. Sequeira
Mr. A.N. Roy	Mr. R.R. Bajaj
Mr. B. Akshikar (w.e.f 14 th May, 2015)	Mr. R. Krishnaswamy
Mr. C.T. Renganathan (up to 31 st December, 2014)	Mr. R. Simard (w.e.f.18 th May, 2015) *
Mr. D.S. Parekh	Mr. S. Harford (up to 18 th May, 2015) *
Mr. D. Sundaram	Dr. S. Joglekar (up to 21 st February, 2014)
Dr. H.B. Joshipura (up to 31 st July, 2015)	Mr. S. Khanna
Mr. H. Buch (up to 15 th June, 2015)	Mr. S. Dheri
Mr. K. Hazari	Mr. S. Venkatesh (w.e.f 25 th June, 2014)
Mr. M.B. Kapadia (up to 30 th November, 2014)	Ms. V. Desai (w.e.f 11 th February, 2014)
Mr. N. Kaviratne	Mr. V. Thyagarajan (up to 31 st October, 2015)
Mr. P. Bhide	
* no transactions during the year	

- 2 The following transactions were carried out with the related parties in the ordinary course of business.

- (i) Dividend paid to parties referred to in item 1(i) above:

	Rupees in lakhs	
	2015-16	January 14-March 15
Glaxo Group Limited, U.K.	190,53.28	152,42.62
GlaxoSmithKline Pte Limited, Singapore	128,81.11	103,04.89
Eskaylab Limited, U.K.	36,75.00	29,40.00
Burroughs Wellcome International Limited, U.K.	21,00.00	16,80.00
Castleton Investment Limited, Mauritius	19,95.15	15,96.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

(ii) Details relating to parties referred to in items 1(i) and 1(ii) above:

Rupees in lakhs

	Holding company/ ultimate holding company (i)		Other companies in the GSK Group (iii)	
	2015-16	January 14 - March 15	2015-16	January 14 - March 15
1 Purchase of materials/traded goods	-	-	486,98.76	542,80.41
2 Sale of materials/sale of products	-	-	44.48	3,82.35
3 Sale of fixed assets	-	-	2,36.26	-
4 Expenses recharged to other companies	-	-	28,31.54	21,77.00
5 Expenses recharged to other companies pursuant to Asset Sale Deal (Refer note 46)	12,09.29	-	-	-
6 Expenses recharged by other companies	-	-	42,30.59	59,82.25
7 Manufacturing charges recovered	-	-	9,88.69	6,49.09
8 Consignment sales commission received	-	-	7.05	21.22
9 Clinical research and data management recoveries	-	-	36,23.89	52,02.72
10 Central Value Added Tax credits availed on behalf of a related party (net)	-	-	4,16.43	4,61.79
11 Employee benefits transferred to a related party	-	-	17.46	16.83
12 Outstanding (payables)/receivables at the period end (net) #	12,09.29	-	(75,15.47)	(66,63.46)

Transactions with the above parties are accounted in the respective current accounts.

(iii) Disclosure in respect of material transactions with parties referred to in item 1 (i) and 1(ii) above:

Rupees in lakhs

	2015-16	January 14-March 15
(a) Purchase of materials/traded goods		
GlaxoSmithKline Asia Private Limited, India	91,56.12	152,68.08
GlaxoSmithKline Biologicals S.A., Belgium	221,71.80	122,90.70
GlaxoSmithKline Export Limited, U.K.	168,35.50	244,48.19
(b) Sale of materials/sale of products		
GlaxoSmithKline Trading Services Limited, Ireland	44.48	3,82.35
(c) Sale of fixed assets		
Glaxo Operations UK Limited, U.K.	2,36.26	-
(d) Expenses recharged to other companies		
GlaxoSmithKline Asia Private Limited, India	1,208.04	6,15.72
GlaxoSmithKline Consumer Healthcare Limited, India	3,12.63	3,90.66
GlaxoSmithKline Services Unlimited, U.K.	1,92.38	2,89.40
Glaxo Operations UK Limited, U.K.	5,05.20	1,66.27
GlaxoSmithKline Trading Services Limited, Ireland	5,72.41	6,76.64
(e) Expenses recharged to other companies pursuant to Asset Sale Deal		
GlaxoSmithKline plc, U.K.	12,09.29	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Rupees in lakhs		
	2015-16	January 14-March 15
(f) Expenses recharged by other companies		
GlaxoSmithKline Consumer Healthcare Limited, India	25,28.99	29,97.00
Glaxo Operations UK Limited, U.K	12,20.52	18,89.69
GlaxoSmithKline Services Unlimited, U.K.	1,69.00	6,36.55
(g) Manufacturing charges recovered		
GlaxoSmithKline Asia Private Limited, India	9,88.69	6,49.09
(h) Consignment sales commission received		
GlaxoSmithKline Asia Private Limited, India	7.05	21.22
(i) Clinical research and data management recoveries		
GlaxoSmithKline Biologicals S.A., Belgium	21,91.56	31,84.22
GlaxoSmithKline Services Unlimited, U.K.	-	16,65.31
GlaxoSmithKline Research & Development Ltd	14,32.33	-
(j) Central Value Added Tax credits availed on behalf of a related party (net)		
GlaxoSmithKline Asia Private Limited, India	4,16.43	4,61.79
(k) Employee benefits transferred to a related party		
GlaxoSmithKline Asia Private Limited, India	17.46	16.83
(l) Outstanding (payables)/receivables at the period end (net)		
GlaxoSmithKline Asia Private Limited, India	(29,08.44)	(18,66.63)
GlaxoSmithKline Consumer Healthcare Limited, India	20,06.22	19,63.87
GlaxoSmithKline Biologicals S.A., Belgium	(26,68.95)	1,03.49
GlaxoSmithKline Export Limited, U.K.	(34,64.85)	(54,22.00)
GlaxoSmithKline Research & Development Ltd	4,77.11	1,46.29
GlaxoSmithKline Trading Services Limited, Ireland	1,09.71	92.79
GlaxoSmithKline Services Unlimited, U.K.	(66.46)	39.71
Glaxo Operations UK Limited, U.K.	87.33	(18,41.15)
Chiron Behring Vaccines Private Ltd	(7,92.87)	-

(iv) Details relating to persons referred to in item 1(iii) above:

Rupees in lakhs		
	2015-16	January 14-March 15
1 Remuneration/commission/sitting fees	27,18.16	21,06.75
2 Payments under the long-term incentive plan	5,68.78	6,16.81
3 Interest income on loans given	0.35	0.68
4 Outstanding loans receivable	8.70	16.13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

(v) Disclosure in respect of material transactions with persons referred to in item 1(iii) above:

		Rupees in lakhs	
		2015-16	January 14-March 15
(a) Remuneration/commission/sitting fees			
Mr. A. Aristidou		3,54.23	64.52
Dr. H.B. Joshipura		7,58.23	4,94.83
Mr. M.B. Kapadia		-	3,63.02
Mr. S. Venkatesh		3,17.68	1,14.13
(b) Payments under the long-term incentive plan			
Dr. H.B. Joshipura		3,92.40	1,20.41
Mr. M.B. Kapadia		-	2,11.12
(c) Interest income on loans given			
Mr. H. Buch		0.09	0.28
Mr. S. Dheri		0.26	0.34
(d) Outstanding loans receivable			
Mr. H. Buch		-	7.29
Mr. S. Dheri		8.70	8.84

43 The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows :

		Rupees in lakhs									
Particulars	Pound Sterling	United States Dollar	Euro	Japanese Yen	Singapore Dollar	Malaysian Ringgit	Australian Dollar	South African Rand	Chinese Yuan	Hong Kong Dollar	Thailand Baht
Receivables	96.08	12,79.22	7,14.18	2.56	0.71	0.20	-	-	0.01	-	-
	(3.82)	(30,90.05)	(6,33.15)	(2.29)	(0.88)	-	(0.11)	-	(0.01)	(0.15)	(0.21)
Payables	28,65.70	55,20.23	98.94	-	-	-	2,54.98	55.46	-	-	-
	(29,48.85)	(54,97.54)	(3,21.79)	-	-	-	(98.14)	(6.13)	-	-	-

(Figures in brackets pertain to the previous period)

44 Disclosures as required by Accounting Standard 19, "Leases", notified under Section 133 of the Companies Act, 2013 given below:

(i) The Company has taken various residential, office and godown premises under operating lease or leave and licence agreements. These are not non-cancellable and range between 11 months and 3 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements.

(ii) Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 34.

45 Earnings per share

		Year ended 31 st March, 2016	15 months ended 31 st March, 2015
Net Profit	Rupees in lakhs	376,82.59	476,41.09
Weighted average number of shares	Nos.	8,47,03,017	8,47,03,017
Earnings per share (Basic and Diluted)	₹	44.49	56.24
Face value per share	₹	10	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

- 46** In April 2014, GlaxoSmithKline Plc (GSK), London, UK, entered into an inter-conditional agreement with Novartis AG (Novartis), Basel, Switzerland where GSK (i) will acquire the Novartis's Vaccines Business and manufacturing capabilities and facilities from Novartis, and (ii) will sell the rights to its Marketed Oncology Portfolio, related R&D activities and AKT Inhibitors currently in development to Novartis. Globally, this transaction with Novartis was completed on March 2nd 2015.

In connection to the above transactions, the GlaxoSmithKline Pharmaceuticals Limited ("Company") Board in its meeting held on 12th February 2015, approved the transactions on an Asset Sale basis with Novartis Healthcare Private Limited, a private unlisted Company incorporated under the Companies Act 1956. Pursuant to the global deal, the Company will have its distribution rights terminated for the oncology portfolio in return for accessing the distribution rights of the acquired vaccines portfolio. The Company has completed this transaction on September 30, 2015 on receipt of all applicable legal and regulatory approvals. The transaction is not material and is profit neutral for the Company.

The Company continues to sell the Oncology portfolio relating to this transaction up until the marketing authorisations transfer to Novartis Healthcare Private Limited.

- 47** (a) Provision for tax is net of advance tax and tax deducted at source amounting to ₹ 204,42.17 lakhs (Previous year - ₹ 251,92.00 lakhs).
- (b) Advance income-tax (net) represents payments in excess of provisions of ₹ 3307,03.74 lakhs (Previous period - ₹ 3038,41.68 lakhs) and includes a net tax refund with interest of ₹ 110,35.00 lakhs which has been held as provision pending the final outcome of a litigation.
- 48** Other Loans and advances are net of allowances for doubtful loans and advances aggregating ₹ 29,96.83 lakhs (previous year ₹ 29,96.83 lakhs).
- 49** Increase in the value of 'Capital work-in-progress' and 'Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for' is mainly on account of the ongoing investments in the new greenfield manufacturing factory being constructed at Bengaluru.
- 50** The Company has appointed Mr. A. Vaidheesh as the Managing Director of the Company for the period August 3, 2015 to September 30, 2019 at the Board Meeting held on June 22, 2015 and has re-appointed Mr. Ronald C Sequeira as the Whole-time Director of the Company for the period of three years from October 25, 2015 at the Board Meeting held on October 31, 2015, both subject to approval of members in ensuing Annual General Meeting. Consequently, the total remuneration paid to these directors for the aforesaid period amounting to ₹ 2,81.61 lakhs is subject to shareholders approval.
- 51** The accounting year of the Company and BSL has been changed from January - December to April - March with effect from the previous period. Consequently, the previous period's financial statements are for the 15 months from 1st January, 2014 to 31st March, 2015. In view of this, the current year's figures are not comparable with those of the previous period. Previous period's figures have been regrouped wherever necessary.

The accompanying notes are an integral part of the consolidated financial statements.

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

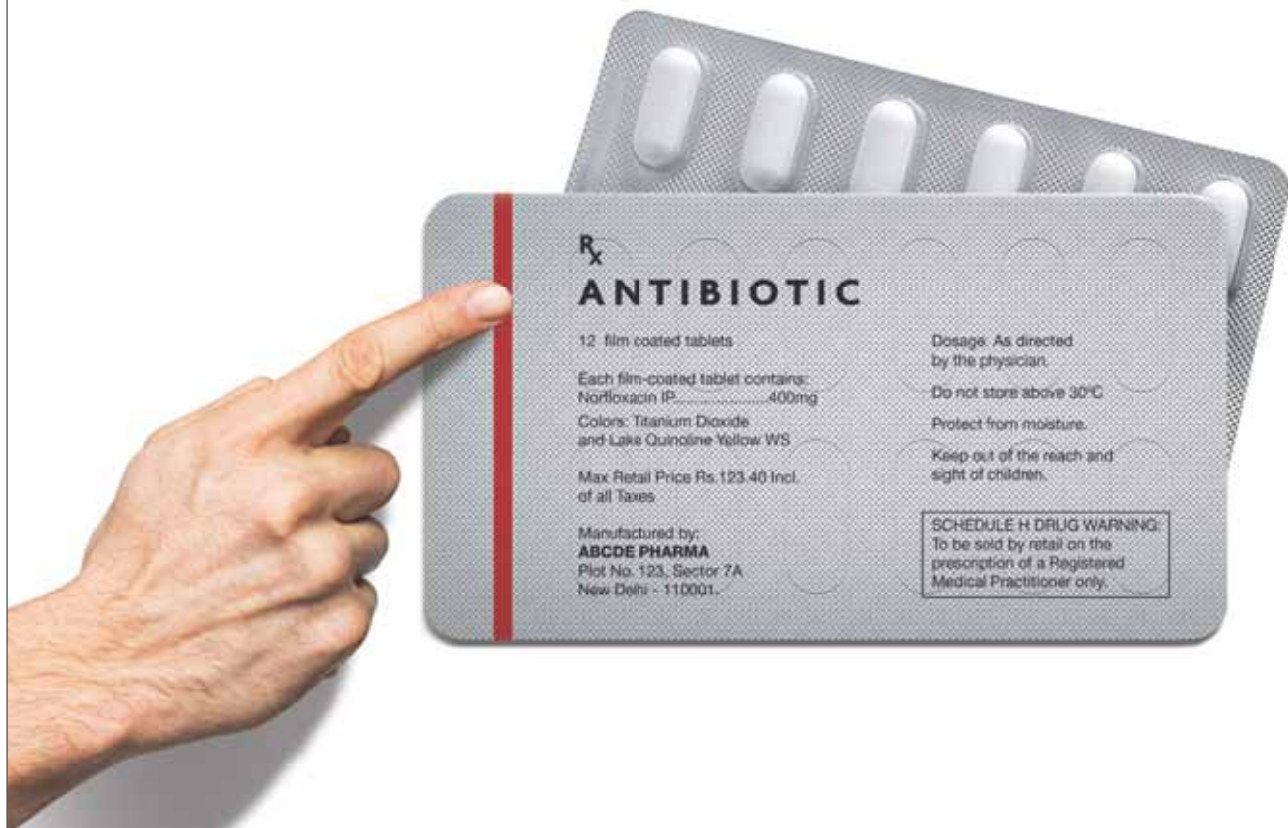
Mumbai, 25th May, 2016

For and on behalf of the Board

Chairman	D. S. PAREKH DIN: 9078
Managing Director	A. Vaidheesh DIN: 1444303
CFO & Executive Director	A.A. Aristidou DIN: 7034424
Audit Committee Chairman	D. Sundaram DIN: 16304
Company Secretary	A.A. Nadkarni

Mumbai, 25th May, 2016

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THE STRIP SHOULD NEVER BE CONSUMED
WITHOUT DOCTOR'S PRESCRIPTION



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GlaxoSmithKline Pharmaceuticals Limited

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