



do more
feel better
live longer

*Leveraging science to
enhance the quality of life*

GlaxoSmithKline Pharmaceuticals Limited

Annual Report for the 15 months
period ended 31st March 2015

A word from the Managing Director



Consistent with GSK's mission to improve the quality of human life by enabling people to do more, feel better and live longer, your Company has over the years, endeavoured to bring the latest in pharmaceuticals, both from the parent company as well as through licensing opportunities. In the current year, a medicine for metastatic colorectal cancer, a difficult disease to treat was launched from one of our Licensor partners. In addition, given its expertise in the respiratory area, it has launched the Ventorlin Mini Spacer which is an add-on device for asthma and COPD patients. A face mask is to be used along with the Ventorlin Spacer and Inhaler to help paediatric and geriatric population suffering from asthma and COPD.

Your Company's other ambition is to provide access to its medicines to as many patients as possible. To this end, given the recent price drop on the flagship product Augmentin, your Company has taken a number of steps to ensure much wider access to the product. This has been responsibly done keeping in mind the problem of antibiotic resistance. Significant increase in the prescription share, a reflection of access, has been achieved. This has been done for other products which have been impacted by price control as well. This is a demonstration of a unique business model of the Company, where it strives to not only add value by leveraging science to enhance the quality of life of its patients, keeping in mind access pricing, but also adding value in the process to other stakeholders as an outcome.

Efforts have also been made to improve the diagnosis and treatment of thyroid diseases by not only educating healthcare professionals widely, but also patients. The whole focus on access has also reflected in the continuing emphasis on the rural initiatives to support patients in rural

markets. It has been gratifying to note the success of the oncology business by providing state-of-the-art cancer treatments at affordable prices for the benefit of a large number of patients during the year. In the area of preventive health, your Company continues to be a leading provider of the widest range of vaccines to as many patients as possible with continued innovation to improve access. In this context, a cost effective extension of the market leading pneumococcal vaccine in the form of vials was launched to help more children.

Given its healthcare heritage, your Company's focus on CSR has been in the area of access to healthcare, preventing infant and maternal mortality, apart from other health initiatives.

A recent transaction with Novartis will, during the course of the coming year, see the transfer of the oncology business to Novartis and in return, your Company will receive a market leading vaccine for dog bites, apart from addition to its portfolio of vaccines for meningitis.

Over the last few years, an attempt has been to broad base the offerings of your Company to increase its healthcare impact footprint through entry in new therapeutic areas as well as channels. This will benefit many more patients in the time to come.

Above all, your Company remains a benchmark in terms of compliance and ethical behaviour, and in the current year, a novel incentive system for its frontline field force which is not linked to direct sales was introduced. Many initiatives in this area are planned in the time to come.



GSK is a company that 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 and there are thousands of diseases without effective treatments. We want to change this and are working to develop innovative new medicines and vaccines while also finding new ways to get them to everybody who needs them.

Leveraging science to enhance the quality of life

At GSK, the aim is to improve quality of human life by putting people at the heart of everything that we do to help them do more, feel better and live longer. The Company develops and makes medicines to treat a broad range of acute and chronic diseases. GSK India continues to be a leader in many of the therapy areas in which it provides healthcare solutions to patients. By straddling the domains of preventive and curative, the Company effectively leverages the power of science to enhance the quality of life.

The year has witnessed key brands in the Mass Markets portfolio such as Zinetac, Calpol, Neosporin, Betnesol, Zyloric, Zentel, and Cetzine maintain dominant market leadership positions. In keeping with the Company's vision of improving access and reach of medicines to as many patients as possible, the Company targeted the adjacent and direct category competition to drive unit sales. The rural initiative, REACH, is being expanded further to ensure prescription leadership and support to patients in rural markets.

The Mass Specialty business continued its growth trajectory with Augmentin regaining the No. 1 position in the amoxy-clav market with a remarkable recovery despite the NLEM (National List of Essential Medicines List) impact.

To help rapid and early diagnosis of Thyroid disorders, GSK conducted around 2,600 one-to-one Scientific Promotion Meetings (SPMs) on "Maternal Thyroidism" and translated Thyroid guidelines to equip HCPs for appropriate disease management. In addition, the team also conducted disease awareness initiative on Congenital Hypothyroidism (CH) in various cities.

Apart from this, Ceftum also registered a double digit prescription growth in major specialty areas, while the new launch, Avamys showed a positive value growth and became the 6th brand among 52 brands in INCS (intranasal corticosteroids) market with a market share of 5.8%.

In the Specialty business, the Company continued to retain a strong leadership position in Dermatology. Within clinical dermatology, brands like Betnovate, TBACT, Tenovate sustained strong growth while the cosmetology portfolio of brands comprising Ansolar, Oilatum and Physiogel continued to benefit increasing number of patients requiring these therapeutic options. Creating unique platforms for patients and physicians with programmes like SKIN SENSE (aimed at enabling patients and physicians for early diagnosis of skin problems) and SPEAK campaign (aimed at spreading awareness for conditions like Psoriasis and Eczema) resonated with its strong patient focused approach.

The Oncology division's vision to improve patient care in cancer management at affordable prices has benefited almost 7,000 patients during the year. Apart from innovative solutions in the form of key brands such as Tykerb, Revolade, Votrient and Hycamtin used to treat various types of cancer, the year saw the division driving unique and unstinted commitment to patient care for brands like XGEVA (indicated for Skeletal related disorders) with programmes like "SWASTI" aimed at improving patient access. This division also launched Vectibix (in licensed from AMGEN) a novel innovative monoclonal antibody for patients with certain types of metastatic colorectal cancer.

The Respiratory team made inroads into the asthma / Chronic Obstructive Pulmonary Disorder (COPD) category with products like Seretide and Ventorlin, while the Evohaler device with dose counter continued to create a new mark in the category for patients with asthma. The CNS team created unique awareness campaigns for patients and physicians in areas such as Epilepsy and Bipolar Disorders. Lamictal became the second largest prescribed brand of Lamotrigine in Epilepsy. In the Cardiology division, focus on areas like hypertension and dyslipidemia continued with brands like Benitec, Rosutec, Carzec and Volibris. The team organised screening camps across the country to enable physicians and patients to diagnose conditions like dyslipidemia early and thereby improve treatment outcomes.

In the area of preventive healthcare, GSK Vaccines continues to be the No.1 vaccines Company in the private vaccines market in India. In keeping with the Company's philosophy of offering access to vaccines to as many patients as possible, a more cost effective extension of the flagship pneumococcal vaccine in the form of vials was launched, which will help protect more kids from pneumococcal diseases (one of the leading causes of infant mortality in India).



New Products launched in 2014-15



Vectibix is a fully human monoclonal antibody for the treatment of patients with metastatic colorectal cancer (mCRC). **Vectibix** is a novel anti-epidermal growth factor receptor (EGFR) drug and has been granted an approval for a controlled indication in all 3 lines of mCRC based on the RAS gene status of the patient.

Ventorlin mini spacer is a device to be used along with Ventorlin Inhaler as an add-on device for asthma and COPD Patients. Face mask is to be used along with Ventorlin mini spacer and Ventorlin Inhaler especially for paediatric and geriatric population suffering from asthma and COPD.

Ventorlin®
Mini Spacer

Sustaining Excellence

Enhancing the quality of life by ensuring seamless supply of our medicines to patients is the hallmark of a responsible organisation.

The India manufacturing and supply operations undertook various global programmes to ensure smooth operations throughout the year. The Nashik site is being upgraded with a special focus on Good Manufacturing Practices (GMP), Safety and Sustainability. Further, the site has embarked on the GSK Production System (GPS) Deployment journey in line with Global Manufacturing and Supply initiative to achieve Zero Accidents, Zero Defects & Zero Waste with an ambitious target to deploy GPS to 50% of direct value stream zones in 2015.



Board of Directors

(As on 18.05.2015)

Chairman
D. S. Parekh

Vice-Chairman
V. Thyagarajan

Managing Director
Dr. H. B. Joshipura

Directors
A. Aristidou (w.e.f. 01.12.14)
R. R. Bajaaj
Ms. A. Bansal
P. V. Bhide
S. Harford (upto 18.05.15)
M. B. Kapadia (upto 30.11.14)
N. Kaviratne CBE
R. Krishnaswamy
P. V. Nayak
A. N. Roy
R. C. Sequeira
R. Simard (w.e.f. 18.05.15)
D. Sundaram

Audit Committee
D. Sundaram – Chairman
P. V. Bhide
N. Kaviratne CBE
P. V. Nayak
D. S. Parekh
V. Thyagarajan

Stakeholders' Relationship Committee
D. S. Parekh – Chairman
R. R. Bajaaj
P. V. Bhide
Dr. H. B. Joshipura

Nomination & Remuneration Committee
N. Kaviratne CBE – Chairman
Ms. A. Bansal
D. S. Parekh
V. Thyagarajan

Corporate Social Responsibility Committee
D. S. Parekh – Chairman
Ms. A. Bansal
Dr. H. B. Joshipura
A. N. Roy

Management Team
Managing Director
Dr. H. B. Joshipura

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. Bataria
– *Pharmaceuticals*
H. Buch
– *Pharmaceuticals*
K. Hazari
– *Legal & Corporate Affairs*

Vice-Presidents
Dr. (Ms.) V. Desai
– *Medical & Clinical Research*
S. Dheri
– *Biologicals*
S. Khanna
– *Finance*

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Factory
Ambad, Nashik

Solicitors
Gagrat & Co.

General Manager – Administration & Company Secretary
A. A. Nadkarni

Auditors
Price Waterhouse & Co Bangalore LLP

Cost Auditors
R. Nanabhoy & 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
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Contents

| | |
|--|----|
| Performance Summary & Charts | 2 |
| Directors' Report..... | 3 |
| Annexure to Directors' Report..... | 14 |
| Report on Corporate Governance | 17 |
| Business Responsibility Report..... | 31 |
| Independent Auditors' Report..... | 37 |
| Financial Statements | 40 |
| Statement pursuant to Section 212 | 68 |
| Biddle Sawyer Limited..... | 69 |
| Consolidated Financial Statements | 77 |

Performance Summary

| (Amounts in Rupees Lakhs) | 15 Months Ended March 2015 * | 2013 * | 2012 * | 2011 * | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| PROFIT AND LOSS ACCOUNT | | | | | | | | | | |
| Sales | 3358.54 | 2593.39 | 2669.97 | 2391.73 | 2155.08 | 1912.77 | 1751.56 | 1712.84 | 1677.57 | 1575.89 |
| Profit before tax | 800.51 | 703.17 | 994.78 | 921.60 | 867.27 | 758.48 | 679.90 | 606.73 | 555.95 | 477.91 |
| Tax | (278.10) | (226.19) | (317.59) | (290.24) | (285.89) | (253.59) | (231.54) | (209.94) | (194.23) | (171.63) |
| Profit after tax and before exceptional items | 522.41 | 476.98 | 677.19 | 631.36 | 581.38 | 504.89 | 448.36 | 396.79 | 361.72 | 306.28 |
| Exceptional items (net of tax) | (50.76) | 24.90 | (99.93) | (200.76) | (17.69) | 7.40 | 128.21 | 140.87 | 183.79 | 195.80 |
| Net Profit | 471.65 | 501.88 | 577.26 | 430.60 | 563.69 | 512.29 | 576.57 | 537.66 | 545.51 | 502.08 |
| Balance brought forward | 1099.94 | 1142.95 | 1110.59 | 1164.53 | 1049.23 | 882.41 | 759.89 | 632.75 | 441.19 | 259.75 |
| Dividends | (529.39) | (423.51) | (423.51) | (381.16) | (338.81) | (254.11) | (338.81) | (304.93) | (262.58) | (237.17) |
| Tax on distributed profit | (107.77) | (71.19) | (63.66) | (60.32) | (53.21) | (40.13) | (57.58) | (51.82) | (36.82) | (33.26) |
| Transfer to General Reserve | (47.16) | (50.19) | (57.73) | (43.06) | (56.37) | (51.23) | (57.66) | (53.77) | (54.55) | (50.21) |
| Balance carried forward | 887.27 | 1099.94 | 1142.95 | 1110.59 | 1164.53 | 1049.23 | 882.41 | 759.89 | 632.75 | 441.19 |
| 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 | 1766.96 | 1932.49 | 1925.31 | 1835.23 | 1846.11 | 1674.45 | 1456.39 | 1276.21 | 1110.01 | 863.91 |
| Borrowings | 3.12 | 4.14 | 4.59 | 4.91 | 5.16 | 5.42 | 5.65 | 5.77 | 5.54 | 4.85 |
| | 1854.78 | 2021.33 | 2014.60 | 1924.84 | 1935.97 | 1764.57 | 1546.74 | 1366.68 | 1200.25 | 953.46 |
| Fixed Assets | 238.28 | 161.93 | 133.19 | 115.32 | 117.65 | 114.17 | 100.35 | 92.90 | 94.46 | 96.94 |
| Investments | 47.67 | 57.67 | 102.58 | 159.80 | 160.35 | 190.91 | 751.87 | 1333.32 | 1139.41 | 913.06 |
| Net Deferred Tax | 82.91 | 92.11 | 86.54 | 61.47 | 56.40 | 44.69 | 29.60 | 20.14 | 24.61 | 29.76 |
| Net Assets (Current and Non-Current) | 1485.92 | 1709.62 | 1692.29 | 1588.25 | 1601.57 | 1414.80 | 664.92 | (79.68) | (58.23) | (86.30) |
| | 1854.78 | 2021.33 | 2014.60 | 1924.84 | 1935.97 | 1764.57 | 1546.74 | 1366.68 | 1200.25 | 953.46 |

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

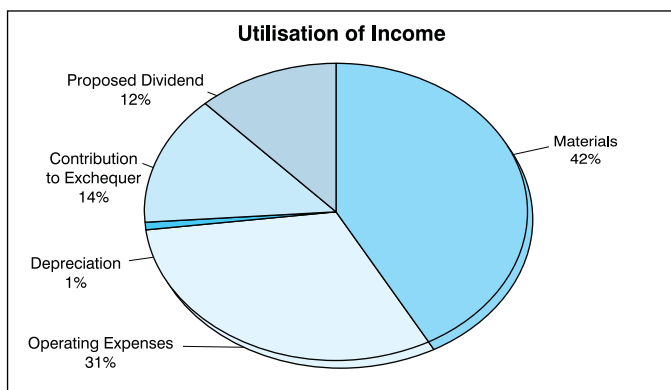
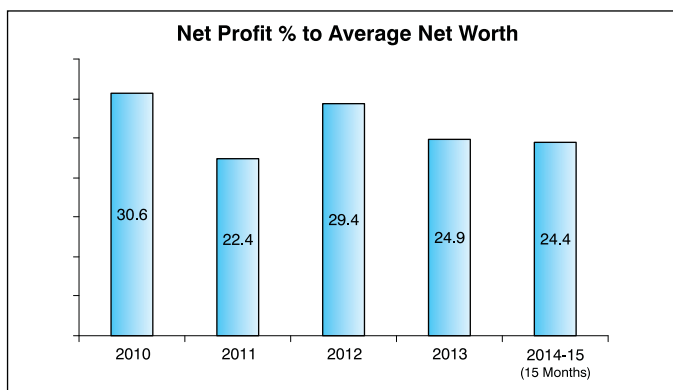
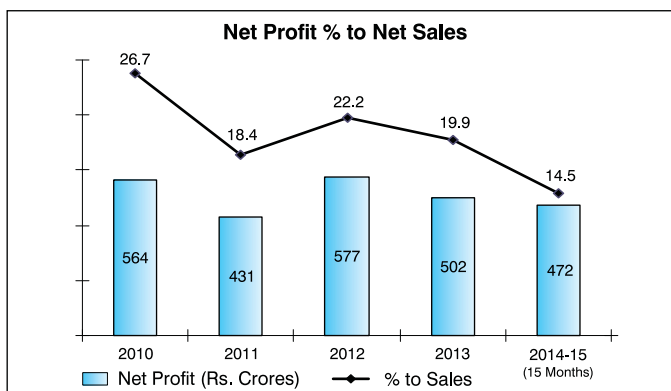
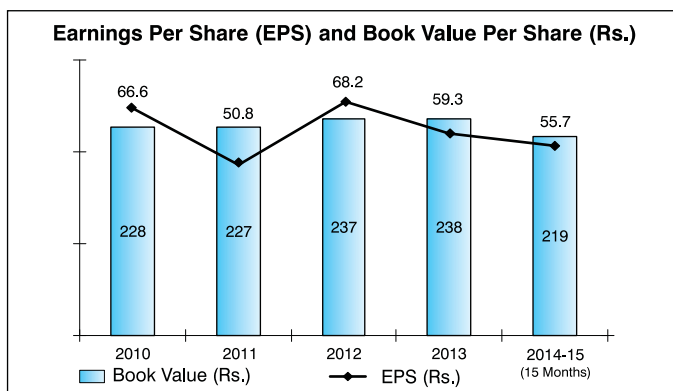
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|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| OTHER KEY DATA | | | | | | | | | | |
| Rupees per Rs.10/- Equity Share | | | | | | | | | | |
| DIVIDENDS | 62.50 | 50.00 | 50.00 | 45.00 | 40.00 | 30.00 | 22.00 | 18.00 | 17.00 | 14.00 |
| SPECIAL ADDITIONAL DIVIDEND | — | — | — | — | — | — | 18.00 | 18.00 | 14.00 | 14.00 |
| TOTAL | 62.50 | 50.00 | 50.00 | 45.00 | 40.00 | 30.00 | 40.00 | 36.00 | 31.00 | 28.00 |
| EARNINGS PER EQUITY SHARE | 55.68 | 59.25 | 68.15 | 50.84 | 66.55 | 60.48 | 68.07 | 63.48 | 64.40 | 58.51 |
| BOOK VALUE | 218.61 | 238.16 | 237.31 | 226.67 | 227.96 | 207.69 | 181.95 | 160.67 | 141.05 | 112.00 |

| | | | | | | | | | | |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| Number of employees | 4657 | 5034 | 4706 | 5055 | 4338 | 4006 | 3722 | 3620 | 3850 | 4016 |
|---------------------|------|------|------|------|------|------|------|------|------|------|

NOTES

- The Company has divested its Fine Chemicals business on 30th September, 2007 and its Animal Health business on 31st July, 2006.
- The Company has bought back and extinguished 26,19,529 equity shares during 2005.
- The accounting year of the Company has been changed from January-December to April-March with effect from the current year. Consequently, the current year's financial statements are for the 15 months from 1st January, 2014 to 31st March, 2015. The current year's figures therefore, are not comparable with those of the previous year.
- Figures have been adjusted/regrouped wherever necessary in line with the financial statements, to facilitate comparison.

Charts



Directors' Report

The Directors have pleasure in submitting their Report for the fifteen months period ended 31st March 2015. The Accounting year of the Company has been changed from January-December to April-March in line with the provisions of the Companies Act, 2013, which prescribe a uniform financial year. Accordingly, current year's Annual Accounts and Report of the Company are for a period of fifteen months from 1st January 2014 to 31st March 2015. These figures, therefore, are not comparable with those of the previous year ended 31st December 2013.

1. Financial Results & Dividend for the fifteen months ended 31st March 2015

| | | | 15 months ended 31 st March 2015 Rs. in lakhs | Year ended 31 st December 2013 Rs. in lakhs |
|---|----|----|---|---|
| Sale of Products (Net of Excise Duty) | .. | .. | 3253,40.98 | 2520,17.24 |
| Other Operating Revenue | .. | .. | 34,16.82 | 25,97.50 |
| Revenue from Operations | .. | .. | 3287,57.80 | 2546,14.74 |
| Profit before Exceptional Items and Tax | .. | .. | 800,50.43 | 703,16.57 |
| Less: Exceptional Items | .. | .. | (51,88.14) | 26,15.46 |
| Profit before Tax | .. | .. | 748,62.29 | 729,32.03 |
| Less: Tax expense | .. | .. | 276,97.71 | 227,43.79 |
| Net Profit for the year | .. | .. | 471,64.58 | 501,88.24 |
| Add: Opening Surplus brought forward from the previous year | | | 1099,93.27 | 1142,94.60 |
| Less: Appropriations: | | | | |
| Proposed Dividend (including tax on distributed Profits) | | | 637,16.78 | 494,70.75 |
| Transfer to General Reserve | .. | .. | 47,16.46 | 50,18.82 |
| Closing Surplus carried forward | .. | .. | 887,24.61 | 1099,93.27 |

2. Dividend

The Directors recommend a Dividend of Rs. 62.50 per Equity Share for the fifteen months period (previous twelve months period: Rs. 50 per Equity Share). If approved by the Shareholders at the Annual General Meeting, the Dividend will absorb Rs. 529 crores. The Dividend Distribution Tax borne by the Company will amount to Rs. 108 crores.

3. Management Discussion and Analysis

(a) Finance and Accounts

Sale of Products (net of Excise Duty) increased by 29% for the fifteen months period 31st March 2015 as compared with the previous year twelve months period ending 31st December 2013. The fifteen months period was impacted by the full year effect of the Prices Control Order introduced in mid 2013. The Pharmaceuticals business continues to be affected by supply constraints mainly from local supplies during the period to meet the demands of the market.

The Gross Margin has remained flat compared to last year mainly driven by the full period absorption of the Price Control Order. Other expenses such as field force recruitment were restricted to segments that required resourcing for growth and significant investments continued to be made for the consumer brands Iodex and Ostocalcium which are marketed by GlaxoSmithKline Consumer Healthcare Limited.

Profit before Exceptional items and Tax amounted to 25% of Net Sales for the fifteen months period, compared to the twelve months previous year of 28%. Profit after Exceptional items and Tax for the corresponding periods amounted to 14% of Net Sales for the fifteen months

period, as compared to 20% in 2013. This is mainly due to the profit on disposal of property in 2013 of Rs. 21.18 crores (pre-tax) as compared to Exceptional costs of Rs. 52 crores in the current fifteen months period. These costs include Rs. 21.51 crores relating to actuarial loss on employee benefits and a charge of Rs. 30.37 crores for the rationalization 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. Your Company continues to look for ways and means of deploying accumulated cash balances which remain invested largely in bank deposits.

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 2015.

Key Comparable Figures for the 12 months period ending April-March 2015 as compared to April-March 2014

As mentioned above, the audited results for the fifteen months period ended 31st March, 2015 are not comparable with those of the previous year ended 31st December, 2013. However, on a memorandum basis, for comparative purposes, unaudited results for the twelve months ended 31st March, 2015 are given below:

- Net Sales at Rs. 2653.4 crores (2013-14: Rs. 2488.1 crores) grew by 6.6% with a Gross Margin improvement of 1.8% to 54% in the current period.
- Profit from operations (excluding Other Income and Exceptional items) at Rs. 499.3 crores (2013-14: Rs. 447.9 crores) grew at 11.5%, enhancing Operational profit margin by 0.8% to 18.8%.
- Profit before tax at Rs. 371.5 crores (2013-14: Rs. 418.4 crores) decreased by 11.2% mainly due to exceptional gains in 2013-14 of Rs. 21.18 crores arising from profit on sale of property and Rs. 5.78 crores from actuarial gain on employee benefits, as compared to an exceptional charge in 2014-15 towards the actuarial loss on employee benefits (Rs. 22.5 crores) as well as charge of Rs. 30.4 crores towards the rationalization of capital assets for one of the dosage forms at a manufacturing facility.

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's Vaccines Business (excluding influenza vaccine) and manufacturing capabilities and facilities from Novartis, and in the second agreement, GSK agreed to sell the rights of its Marketed Oncology Portfolio, related R&D activities and AKT Inhibitors currently in development to Novartis. Globally, these transactions with Novartis were 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 and it will acquire distribution rights for vaccines portfolio. The transaction is expected to be profit neutral for the Company.

GSK Plc and Novartis AG have obtained the approval from Competition Commission of India. The Company and Novartis Healthcare Private Limited have filed separate applications for approval with Foreign Investment Promotion Board (FIPB). The closing of the asset sales between the companies is subject to the receipt of all applicable legal and regulatory approvals, consent, permissions and sanctions as may be necessary from the concerned authorities.

(b) Pharmaceuticals Business performance and outlook

Your Company continues to enjoy a leadership position in the therapy areas in which it provides health care solutions to patients.

The speciality business continued to make rapid strides during the year with strong leadership position in therapy areas like Dermatology. Within the Clinical dermatology area, brands like

Betnovate, TBact and Tenovate sustained strong growth while the Cosmetology portfolio of brands like Ansolar, Oilatum and Physiogel continued to benefit increasing number of patients requiring these therapeutic options. The cornerstone of the Dermatology business continues to be a strong patient focused approach. This division created unique platforms for patients and physicians with programs like SKIN SENSE (aimed at enabling patients and physicians for early diagnosis of skin problems) and SPEAK campaign (aimed at spreading awareness for conditions like Psoriasis and Eczema).

The Oncology team articulated vision to improve patient care with affordability benefited over 7000 patients during the year. Apart from the innovative solutions in the form of key brands like Tykerb, Revolade, Votrient & Hycamtin used to treat various types of cancer, the year saw this division driving unique and unstinted commitment to patient care for brands like Xgeva (indicated for Skeletal related disorders) with programs like “SWASTI” aimed at improving patient access. This division also launched VECTIBIX (in licensed from AMGEN), a novel innovative monoclonal Antibody for patients with certain types of metastatic colorectal cancer.

The Respiratory team made new inroads for patients with asthma/Chronic Obstructive Pulmonary Disorder (COPD) with products like Seretide and Ventorlin. The “EVOHALER” device continues to create a new mark in the category for patients with asthma with dose counter. The Central Nervous System (CNS) team created new and unique awareness campaigns for patients and physicians in areas like Epilepsy and Bipolar Disorders. “Lamictal” became the 2nd largest prescribed brand of Lamotrigine in Epilepsy. The Cardiology team continued to focus on areas like hypertension and dyslipidemia with brands like Benitec, Rosutec, Carzec and Volibris. This team deployed screening camps across the country as a patient awareness initiative to enable physicians and patients to diagnose conditions like dyslipidemia early and thereby improve treatment outcomes.

The Mass Speciality 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) list and under DPCO 2013 with an annual prescription growth of 46%. 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 remains focused to enable Augmentin achieve the status of volume leader in the market and be the highest prescribed brand in the “Amoxy Clav” market. Eltroxin, the 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 1:1 Scientific Promotion meetings on “Maternal Thyroidism” and “Translating of Thyroid guidelines”. As many as 2600 such meetings took place during the year. The ‘One to 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 the Company is spreading awareness in the society and thus improving the future of children with CH. Ceftum also registered a double digit prescription growth in major specialities areas. The new launch, “Avamys” showed a positive value growth and became No. 6 brand amongst 52 brands in INCS market with a market share of 5.8%.

The key brands in Mass markets like Zinetac, Calpol, Neosporin, Betnesol, Zyloric, Zentel, and Cetzine all have maintained dominant market leadership positions. Brands like Betnesol and Zinetac sell almost double the number of units as compared to total population of the country. Your Company’s strategy was to expand the access opportunities to patients by targeting the adjacent and direct category competition and drive unit Sales consistent with the Company’s policy of improving access to their medicines to as many patients as possible. The rural initiative is being expanded further which will ensure prescription leadership and support to patients in rural markets.

In the area of preventive healthcare, GSK Vaccines continues to be the No. 1 vaccines Company in the private vaccines market in India. Again, consistent with the Company philosophy of offering access to enable as many patients as possible to use them, a more cost effective

presentation of a flagship pneumococcal vaccines in the form of vials was launched which will help protect more kids from pneumococcal diseases which is one of the leading causes of infant mortality in the country. Sudden changes in interpretation of licensing requirements coupled with constraints of supplies from the Parent's facility led to shortages of number of vaccines through the year. Notwithstanding that, the measure of the ability of your Company's vaccines to benefit children and women 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.

Exports recorded a sales turnover of Rs. 6.3 crores for the fifteen months period ended 31st March 2015.

(c) Opportunities, risk, concerns and threats

The health budget of the Government saw an overall decline of 5.7 percent, however, it has announced the move towards Universal Health Assurance with a set of drugs, diagnostics and services to be made free of cost to the population. State governments are expected to play a larger role in pooling resources and taking the health agenda forward. Your Company's early initiative of having a tender focused team should help in supporting this initiative in a small way.

Importantly the Insurance Bill was approved in the Parliament replacing the previous ordinance that increased FDI in the insurance sector to 49% from 26%. The approval in the Parliament brings more certainty to the foreign investor and from a health insurance view point, the potential investment flow and the increase in foreign holding in the insurance ventures can shape the health insurance sector in a faster pace than it used to be before. The strong growth in demand for quality healthcare over the last few years has been driven by the opening of the health insurance sector. Support for this sector will continue to strengthen demand for quality healthcare of pharmaceuticals.

With the expansion of Jan Aushadhi schemes the government is also likely to explore possible legislative changes to increase generic prescription. Whilst there is a positive sentiment in the Pharmaceuticals Industry further guidance is required on formalising and implementing the schemes.

The Drug Price Control Order (DPCO) which had a significant impact on the fortune of your Company in 2013 has resulted in widening the access of medicines of your Company to a larger pool of patients then before and the outlook for continued strong growth continues to remain positive.

(d) Regulatory Affairs, Clinical Research, Medical Affairs and Medical Governance

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 several 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 these 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 include a biological oncology product of atumumab (Arzerra) for the treatment of patients with refractory or previously untreated chronic lymphocytic leukaemia (CLL), another biological product denosumab 60 mg/ml (Prolia) for treatment of post-menopausal osteoporosis in women as well as male osteoporosis, a line extension for micafungin injection (Mycamine 100 mg) for treatment of systemic fungal infections by candida and aspergillus sp., a new combination vaccine for prophylaxis of measles, mumps, rubella and varicella (MMRV) infections (Priorix Tetra), new indication for panitumumab (Vectibix) for use in first line and second line therapy of colorectal cancer (CRC), new indication for eltrombopag (Revolade) for use in patients with Hepatitis C patients for treatment of thrombocytopenia, new indication for pazopanib (Votrient) for treatment of advanced soft tissue sarcoma, expansion of indication for use of lapatinib (Tykerb) in combination with trastuzumab for treatment of metastatic breast cancer, expansion of label of varicella vaccine (Varilrix) to include 2-dose vaccination schedule

and expansion of label of pneumococcal vaccine (Synflorix) to include catch up schedule for infants as well as vaccination schedule for pre-term infants. All these new products and indications approved for the Company during the year under review will be beneficial to Indian patients.

GlaxoSmithKline continues to be committed to Research and Development of medicines that will improve the quality of life of people around the world and truly make a difference to patients. GlaxoSmithKline conducted clinical studies in infectious diseases, oncology and respiratory diseases. The team has established robust clinical trial processes, with a focus on patient-centricity, in the fast-evolving Indian clinical research landscape. Quality continues to be a priority as demonstrated by a number of successful compliance audits. To strengthen quality of data, the team meticulously reviewed quality checks, simplified systems and processes to ensure compliance to regulations. This will help generate accurate and meaningful data, and ensure that the rights, dignity and safety of patients taking part in our studies are protected.

The Medical Affairs team has provided valuable medical inputs for the development and execution of launch strategy and for supporting the Health Care Physician in treating patients with new medicines such as Vectibix (panitumumab) and new indications for Revolade (Eltrombopag), Votrient (Pazopanib) and Tykerb (Lapatinib). The team played a crucial role in communicating high-quality scientific information to the medical fraternity. It was involved in conducting scientific engagement activities such as advisory board meetings, congress presentations, publications, satellite symposia and provision of evidence-based medical information to healthcare practitioners. The Medical Affairs and the Medical Governance teams ensure that your Company's promotional activities and HCP engagements are consistent with the path breaking global standards which the parent Organisation of your Company is known for and in line with all the applicable guidelines and standard operating practices.

(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 the Company's risk management policies and systems. Compliance with laws and regulations is also monitored through a matrix of a 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.

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. 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 our 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.

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.

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.

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 encourage 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 GSK. An independent company manages these reporting lines and calls are logged through their central system to ensure integrity of the programme. The 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. The 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 victimized or discriminated.

(f) Human Resources

Your Company, in 2014, has seen progress and focus on various initiatives in the Human Resources function. These have been in the areas of Talent Management, Rewards & Recognitions, Capability Building & Employee Engagement.

In 2014, your Company has placed greater emphasis on 'patient focused selling' and it has become the pioneer in the industry to move away from incentive rewards linked to sales targets for its front line sales force. The new framework encompasses the three areas of capability: Scientific Knowledge, Business Acumen and Customer Engagement. The selling model sits within the Customer Engagement component. In addition to this change, business now is focusing on multi channel marketing to engage with HCPs differently using digital platforms.

In the area of talent management the Leadership and Human Resources team continued to focus on identifying and investing in Talent to build a strong Leadership pipeline. In line with its development framework, differentiated development plans for the individuals identified as talent have been put in place with a 70% focus towards on the job development, 20% towards relationship/coaching and 10% towards formal development/classroom training. Towards enhancing the pipeline of talent the "GMAC – GSK Marketing Accreditation Program" was launched, focusing on an 18 months development plan for high potential Sales Managers. The Company continues to invest in its 'future leaders' programme drawing on fresh talent from leading universities/business schools around the country. Through the launch of its Hi-Potential Frontline Sales development programme, employees who have directly joined the sales force are also being provided the structured cross functional development programme through the 'future leaders programme'.

Your Company's employee engagement initiatives have allowed employees to volunteer in small group activities like the 'Empowerment League' Programme, the PULSE and Orange day programme – a volunteering program encouraging employees to work with identified NGOs on select community service projects. The Pulse project was targeted at giving a different experience to talented individuals allowing them to work full time for three to six months on these projects. Recognition scheme "AAA – Acknowledge, Appreciate & Applaud" continues to motivate and recognize performance and high performance behavior of your Company. In 2014 close to 20% of employees have been recognized through this and other recognition schemes.

Your Company has a commitment to conduct its operations in a responsible manner to protect its employees, the environment and community in which it operates. Extensive work has been carried out in our Nasik site to train and create awareness on Employee Health and

Safety. All employees are responsible for implementing the appropriate controls for effective management of Employee Health Safety (EHS) risks in their respective areas. Your Company has run safety awareness programmes for its sales force relating to safe two wheeler riding. Training programmes like 'Energy for Performance' and 'Personal Resilience' have been run to promote employee health, wellbeing and resilience.

Learning and Development has provided various learning platforms which include classroom and online self learning modules to meet the development need of employees to help build their skills, knowledge & capability. Extensive sales training programmes have also been conducted. Leadership programs continue to be key focus with programs such as – First Line Leader, Leading Delivery to develop high potential employees to take on leadership roles in future.

Your Company also went through a Values Maturity Assessment facilitated by the global team to understand how much do leaders and employees live our values (Transparency, Respect for People, Integrity & Patient Focused). Surveys along with interviews were conducted to hear from employees about values in practice. These results have been shared with employees and specific action plans are being put in place to improve the scores and further embed our values in the organization.

Your Company has been recognized by Fortune India as the Most Admired Company consecutively for the 3rd time this year, ranked 19 overall amongst the top 50 & No. 3 in the Drugs, Pharmaceuticals & Healthcare segment.

(g) Supply Chain

Manufacturing

India manufacturing operations ended with a positive note in terms of EHS, Quality and product delivery. The Nashik site continues its journey on the roadmap of the long term strategy and has made significant progress in terms of building capability through implementing GPS, recruitment of professionals specifically in Quality, EHS and Manufacturing. Further enhancement of the existing Eltroxin facility in terms of safety standards was completed. Similar initiatives are also being implemented at contract manufacturing units. The Nashik site is ready to launch new products in Creams (Bactroban - 7.5 gms) early next year. Other site initiatives currently on-going are site decongestion plan, serialization requirements and vision system. Manufacturing of ampoules and liquids has been discontinued in December 2014 to be in line with the Company's long term strategy.

The Company is upgrading the Nashik site by investing in infrastructure across all areas with special focus on Good Manufacturing Practices (GMP), Safety and Sustainability. The remediation of the Nashik site is progressing as per plan with significant investments in processes as well as infrastructure.

New Manufacturing Site

Your Company has decided to create a new Greenfield manufacturing Site at Vemgal, Bangalore. This location has been identified for a number of reasons including amongst others; recognised Pharmaceutical/Biotech hub, availability of skilled staff, located close to the Southern Distribution hub, moderate climate, easy accessibility, availability of State based investment incentives, availability of Government owned land. This new Site is part of the strategic plan to rationalize, streamline and reduce costs in the supply network, whilst increasing capacity to meet the growing demands for important medicines. Quality, safety and compliance are the key drivers for the Project Team along with rigorous cost management and control.

The new site, which represents up to Thousand crores in investment, will be the first Greenfield pharmaceutical site GSK has built across the globe over the past ten years. This site will be 'state of the art' and will be the first factory designed for the new 'GSK Production Systems', whereby it will deliver by first design intent the concepts of zero accidents, defects and waste. The site has been designed with the future in mind; an innovative design will support easy expansion well into the future as the need arises. Initially the site will supply a range of solid dose form products. The site is expected to be operational in 2017. The site will have an installed capacity of more than 9 billion tablets and capsules per year to supply to the Indian market.

Manufacturing Excellence

Nashik site has embarked into the GSK Production System (GPS) Deployment journey in line with Global Manufacturing and Supply initiative to achieve Zero Accidents, Zero Defects & Zero Waste. Aligned to this objective, the entire site leadership team & target area First Line Leaders along with operators were extensively trained in each standard. They were also mentored by Regional GPS coaches for effective deployment. For 2015, there is an ambitious target to deploy GPS to 50% of direct value stream zones. In addition, Nashik site also conducted overall equipment efficiency diagnostics event for Eltroxin & Ointment Value Streams & the team came up with Kaizens to improve delivery performance while adhering to Safety & Quality requirements.

End to End Supply Chain & Logistics

The Company has launched a Regional Transformation plan with a special focus on a number of key areas including Core Commercial Cycle, Selling and Distribution Hub, End to End Quality and Portfolio optimization etc. Despite several products coming under price control due to NLEM during the year, the Company ensured supplies of our medicines to the patients.

(h) Corporate Social Responsibility Initiatives

Healthy communities are the backbone of strong, sustainable societies. As a part of its social development initiatives, your Company continued to improve access to healthcare and support people in vulnerable communities through partnerships. Your Company supported various ongoing social projects and initiated new CSR projects in partnership with not-for-profit organisations successfully touching the lives of 200,000 people across the country during the period.

Your Company supported Niramaya Health Foundation to improve healthcare access by supporting healthcare centres and mobile clinics in the tribal districts of Peth and Trimbak, Nashik and in two slum communities of Rafique Nagar and Shanti Nagar, near the waste dumping grounds of Deonar, Mumbai. At these clinics qualified doctors and paramedics delivered quality healthcare services to over 75,000 underserved people. In addition, the health workers attached to these clinics also raised awareness in the communities on communicable diseases, family planning and preventive healthcare measures. Your Company also supported AmeriCares through product donation for their mobile health clinics, which provided healthcare services to slum populations across Maharashtra.

During the year, your Company continued its support to various organisations working towards cancer care. Your Company's support to Sri Chaitanya Seva Trust has enabled over 40,000 people across 39 villages/slums in Maharashtra and U.P. to access screening and awareness for early detection of cancer. In addition, your Company's support to Indian Cancer Society has provided vocational training with stipend to over 100 cancer patients and has enabled them to continue their treatment through support for their stay at *Dharamshalas*. Your Company also supported St. Jude India Child Care Centres to build a new centre in Mumbai, which provides residential, nutritional, educational and transportation facilities to children affected with cancer and their parents. This centre supported 40 children affected with cancer to complete their treatment and follow-up. Since some cancer cases are not treatable, your Company continued its support to Bangalore Hospice Trust to provide palliative care to over 5,000 cancer patients through home based and facility based care.

Your Company continued its partnership with the Institute for Indian Mother and Child to provide medical support, nutritional supplements, counselling and monitoring of pregnant, lactating, new mothers and children below 5 years in West Bengal. During the year, your Company extended support to Society for Nutrition, Education and Health Action to run a women's OPD in Kalwa hospital, Thane, which provided counselling, legal and other support interventions for survivors of domestic violence. The project addressed 253 cases of domestic violence, of which 56 were satisfactorily resolved and others are under resolution. Your Company has also taken steps to address the entire continuum of care for newborn survival, from facility based newborn care to community based newborn care. Your Company has chosen to work in high burden districts in Rajasthan and Madhya Pradesh and aims to reduce the neonate mortality significantly over the next few years.

Your Company continued its support to projects to address the healthcare needs of the differently abled – The Paraplegic Foundation in Mumbai provided residential, therapy and nutritional care to over 70 orthopaedically differently abled; The Aured Charitable Trust, Hyderabad, provided early intervention, parents' counselling and auditory and speech therapies to over 45 children with hearing impairment and Sanjeevani Social Welfare Society, Delhi, provided nutritional and educational care to the mentally differently abled.

Your Company sought to address the holistic care of vulnerable children, at risk of child labour, abuse and exploitation by supporting residential care for boys and girls. Your Company's continued support to Pratham shelter homes at Bahraich, Uttar Pradesh and Jodhpur, Rajasthan supported 95 vulnerable boys and the support to Nai Dharti, Patna extended to 70 vulnerable girls.

To promote education related to healthcare, your Company initiated a project to support diploma and degree courses in eye care in partnership with The Medical Research Foundation, Chennai.

Your Company was quick to contribute to the relief operations in Jammu and Kashmir by donating medicines, including anti-inflammatory, antibiotics, antihistaminics, vitamins and minerals to the National Disaster Management Authority. More than 4,50,000 units of medicines were donated and the field teams ensured that the medicines were utilized as per the identified medical need in the region.

(i) Cautionary Note

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. Mehernosh Kapadia retired as Director from 30th November 2014. Mr. Simon Harford resigned as a Director from 18th May 2015. The Board places on record its appreciation of the valuable services rendered by Mr. Kapadia and Mr. Harford during their tenure as Directors and for their contribution to the deliberations of the Board.

The Board of Directors has appointed Mr. Andrew Aristidou as Executive Director & CFO with effect from 1st December 2014, in the casual vacancy caused by the resignation of Mr. Mehernosh Kapadia. The Shareholders have approved his appointment by Postal Ballot. Approval to his appointment from Central Government is awaited. The Board has also appointed Mr. Regis Simard as Non-Executive Director with effect from 18th May 2015 in the casual vacancy caused by the resignation of Mr. Simon Harford.

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 viz. Mr. R. R. Bajaaj, Ms. A. Bansal, Mr. P. V. Bhide, Mr. N. Kaviratne, Mr. P. V. Nayak, Mr. A. N. Roy and Mr. D. Sundaram for a term for 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).

Glaxo Group Limited U.K. have rights enshrined in the Articles of Association to appoint Directors not exceeding one-third of the total number of Directors. Accordingly they have appointed four Non-retiring Directors. In terms of the provisions of the Companies Act, 2013, the Independent Directors will be excluded for ascertaining the number of Directors liable to retire by rotation. In view of this Glaxo Group Limited will have right to appoint one third of the retiring Directors and can appoint two Non-retiring Directors. Accordingly, Mr. V. Thyagarajan and Mr. Regis Simard will now be the Directors retiring by rotation and, being eligible, offer themselves for re-appointment.

During the fifteen months period eight 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 Clause 49 of the Listing Agreement, 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.

5. Related Party Transactions

All related party transactions that are entered into during the fifteen months period were on arms 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 of the Company at large.

6. Directors' Responsibility Statement

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (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 at the end of the fifteen months period ended 31st March 2015 and of the profit of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

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 Agreements with the Stock Exchanges. A report on Corporate Governance, along with a Certificate of Compliance from the Auditors, given in Annexure 'B', 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 'C', also forms a part of this Report.

8. Auditors

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. Members 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.

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 2015-2016 and have recommended their remuneration to the members of the Company for their ratification at the ensuing Annual General Meeting.

9. General

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'A' forming part of this Report. The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the rules thereunder, forms part of this Report. However, as per the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all the Shareholders of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company. Further, attached to the accounts of the Company are the Report and Audited Accounts of Biddle Sawyer Limited a, subsidiary company.

10. Employees

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 organization in providing new healthcare solutions which are products of its discovery labs and the technology improvements which benefits your Company immensely.

11. Disclaimer

The Ministry of Corporate Affairs vide its Circular No. 8/2014 dated 4th April 2014 clarified that the financial statements and the documents required to be attached thereto, the Auditor's and Boards' Report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956 schedules and rules made thereunder. Accordingly, whilst the financial statements and the Auditor's Report as aforesaid are prepared as per the requirements of the Companies Act, 1956, the Company as a good governance practice has provided the information to the extent possible in the Directors' Report as per the Companies Act, 2013.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 18th May 2015

Annexure 'A' to the Directors' Report

Conservation of Energy:

Nashik Site has undertaken various initiatives for energy conservation in the year 2014 & 2015 that resulted in reduced energy consumption by 212430 units, with several initiatives like HVAC upgrading, (including replacement of 5 Air handling units), rationalization of compressed air consumption, cooling towers and other systems. At the same time, 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.

The site is working on various options of reducing energy consumption in 2015, including conversion to biomass for boiler, consumption and controls optimisation for HVAC systems, boiler and water reduction.

Power and fuel consumption:

| | | Fifteen Months period ended 31 st March 2015 | Year ended 31 st December 2013 |
|------|-------------------------|---|---|
| 1. | Electricity | | |
| (a) | Purchased units | KWH'000 | |
| | Total amount | Rs. Lacs | |
| | Rate/Unit | Rs. | |
| (b) | Own generation | | |
| (i) | Through DG | | |
| | Units | KWH'000 | |
| | Units/ltr of HSD | | |
| | Cost per unit | Rs. | |
| (ii) | Coal | NA | |
| 2. | Furnace Oil, LDO & LSHS | | |
| | Quantity | KL | |
| | Total amount | Rs. Lacs | |
| | Average rate | Rs./KL | |

Consumption per unit of production:

| | | Fifteen Months Period ended 31 st March 2015 | Year ended 31 st December 2013 |
|-------------------------|---------|--|--|
| | | Chemicals (Incl. Bulk Drugs) Per Tonne | Formulations Per Million Packs |
| | | Chemicals (Incl. Bulk Drugs) Per Tonne | Formulations Per Million Packs |
| Electricity | (Units) | – | 95,967 |
| Furnace Oil, LDO & LSHS | Kltrs | – | 6.81 |
| Natural Gas | Th.NM3 | – | – |

Research and Development (R&D):

The Company R&D unit, namely Pharmaceutical Research & Development (PR&D) is approved by Department of Science and Industrial Research, Government of India.

Pharmaceutical Research and Development (PR&D), Nashik

During the year, Pharmaceutical R&D has been restructured, resized and reshaped to align to Global Technical functional principle and to site value stream model and created more headspace & technical capability to support the Site and Regional Supply Chain demand.

Pharmaceutical R&D has transferred the in-house developed Branded Generics Losartan Tablet product to F268 site in Pakistan, with successful Bio-Equivalent study by following GSK standard "BGx Blue Print" approach. PR&D has led the implementation of standard global business process such as, Technical Risk Assessment (TRA) and Product control strategy (PCS) & standard work translated to the shop floor for number of key products at the Nashik site. In addition, Process Robustness Diagnostic

has been completed for Eltroxin tablets range of products and output of the same is being implemented for enhancing the process capability and reducing waste. PR&D has provided vital support to resolve the challenges to handle chemical exposure risk in Eltroxin & beta area through risk assessment of process and equipment change.

The department undertook a number of Product transfer activities (23) and completed by applying Global Technical Transfer blue print process, and through product transfer performance management principles. PR&D also, led the procurement material source change initiatives for API and Excipients (26 alternate source change projects) through MRA (Material Risk Assessment) process and successfully implemented most of them and supported to avoid potential stock outs situations.

The Company continues to be privileged to have access to various research databases used worldwide and to latest technologies developed by GlaxoSmithKline Group.

Important milestones achieved by PR&D:

- Transferred the in-house developed Branded Generics Losartan products for emerging markets, with successful Bioequivalent study completed.
- Process Robustness has been implemented for Eltroxin range products, and has resulted in positive outcome with respect to reduction in the cost of waste disposal and increase in process capability. Technical Risk assessment has been completed for key products and product control strategy and standard has been translated to shop floor.
- Successfully transferred 23 products by applying Technology Transfer blue print process through Product transfer performance management principles and standard ways of working.
- Manufacturing capacity enhancement completed for Betnovate-C product.
- Significant stock outs has been avoided, by successfully implementing 26 alternate new sources by applying GSK Standard business process of material risk assessment.
- Supported Greenfield Site in India from Scheme design, continuous manufacturing process as well batch process perspective to cater the increased demand/patient requirement.

Future Plans:

- Introduction of new pack size for Bactroban and T-Bact Cream products.
- Introduction of new strengths for Eltroxin Tablets.
- Product Lifecycle Management implementation for key products.
- Support to new Eltroxin facility/Derms facility/Site Master Plan projects.
- Continue support to new Greenfield project team to implement latest technology like continuous manufacturing processes.
- Support Project Secure through material risk assessment for alternate source development.
- Technical capability build within South Asia to support regional strategy and increased business demand and expectation.
- Roll out of the process robustness diagnostic program to reduce waste.

Expenditure on R&D:

| | | | | | | | | | | | | Rs. Lakhs |
|---|----|----|----|----|----|----|----|----|----|----|----|-----------|
| Capital | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | 88.30 |
| Recurring | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | 219.35 |
| Total | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | 307.65 |
| Total R&D expenditure as a percentage of turnover | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | 0.10% |

GSK plc, the parent organization of your Company, is one of the biggest investors in R&D to bring new products and vaccines to the market. Your Company has been a beneficiary of this significant investment in R&D and it is the effort of the parent organization which has enabled your Company to bring a number of new drugs to market since inception.

Technology Absorption, Adaptation and Innovation

The Nashik Site is focused on the immediate need to complete remediation in 2015 to ensure sustainable capability and performance in Safety, Quality, Service and Cost. A continued focus is being placed on the development of our people to Build Capability in line with the expectations for the future. A number of key programmes of work will be implemented over the next 1-3 years:

- Finalize remediation of the Nashik Site in 2015.
- Introduction of new strengths for Eltroxin Tablets in 2015.
- Identify and work on various opportunities in pack redesign, configuration, barcoding and serialization.
- Drive process robustness diagnostic to reduce the waste.

Foreign Exchange Earnings and Outgo

- (1) Exports amounted to Rs. 631 lakhs for the fifteen months period ended 31st March 2015
- (2) Total Foreign Exchange used and earned during the 15 months period includes, the foreign exchange outgo of Rs. 76809 lakhs (which includes amounts spent on import of raw and packing materials and finished goods aggregating to Rs. 41754 lakhs and Dividend payment of Rs. 31764 lakhs) as compared to Rs. 53804 lakhs in the year 2013. The foreign exchange earned was Rs. 6993 lakhs mainly on account of exports and clinical research and data management as compared to Rs. 6255 lakhs in the twelve months period ending 31st December 2013. Details have been given in Notes 41 to 44 to the financial statements.

Annexure 'B' to the Directors' Report

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreements 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 fourteen Directors. The Board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. Four Directors, including the Managing Director, are Executive Directors. There are ten Non-Executive Directors, of which, seven 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

Seven Board meetings were held during the fifteen months period ended 31st March 2015 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 Annexure I to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated at least three 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 February 2014 | 14 | 11 |
| 2. | 17 th April 2014 | 14 | 13 |
| 3. | 12 th August 2014 | 14 | 13 |
| 4. | 6 th November 2014 | 14 | 14 |
| 5. | 10 th January 2015 | 14 | 12 |
| 6. | 12 th February 2015 | 14 | 11 |
| 7. | 20 th March 2015 | 14 | 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 17 th April 2014 | 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 | 7 | Yes | 8 | 1 | 2 |
| Mr. V. Thyagarajan Vice-Chairman | Non-Executive | 5 | Yes | 1 | Nil | 2 |
| Dr. H. B. Joshipura Managing Director | Executive | 7 | Yes | 2 | Nil | Nil |
| Mr. A. A. Aristidou (w.e.f. 01.12.2014) | Executive | 3 | N.A. | 1 | Nil | Nil |
| Mr. R. R. Bajaaj | Non-Executive & Independent | 6 | Yes | 2 | Nil | Nil |
| Ms. A. Bansal | Non-Executive & Independent | 5 | Yes | 2 | Nil | Nil |
| Mr. P. V. Bhide | Non-Executive & Independent | 7 | Yes | 6 | 1 | 4 |
| Mr. S. Harford (upto 18.05.2015) | Non-Executive | 5 | Yes | Nil | Nil | Nil |
| Mr. M. B. Kapadia (upto 30.11.2014) | Executive | 4 | Yes | 1 | Nil | Nil |
| Mr. N. Kaviratne | Non-Executive & Independent | 6 | Yes | 1 | Nil | Nil |
| Mr. R. Krishnaswamy | Executive | 7 | Yes | 1 | Nil | Nil |
| Mr. P. V. Nayak | Non-Executive & Independent | 6 | Yes | 1 | Nil | 1 |
| Mr. A. N. Roy | Non-Executive & Independent | 5 | Yes | 2 | 2 | Nil |
| Mr. R. C. Sequeira | Executive | 7 | Yes | 2 | Nil | Nil |
| Mr. R. Simard (w.e.f. 18.05.2015) | Non-Executive | N.A. | N.A. | Nil | Nil | Nil |
| Mr. D. Sundaram | Non-Executive & Independent | 6 | Yes | 4 | 1 | 1 |

- Directors with materially significant related party transactions, pecuniary or business relationship with the Company

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interests of the Company at large.

- 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. V. Thyagarajan and Mr. R. Simard 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 49 (VI) (A) of the Listing Agreement is as under:

Mr. A. Aristidou

Andrew has a B.Sc. (Hons.) in Economics and Accountancy from Loughborough University in the United Kingdom. He is also a Fellowship Chartered Accountant of the ICAEW (Institute of Chartered Accountants in England and Wales) having qualified with Price Waterhouse in London.

Andrew has most recently been Head of Corporate Development, Europe and International Finance for ViiV Healthcare in London. He first joined GlaxoSmithKline in 1999 holding a number of roles of increasing importance including North Andes Finance Director based in Venezuela, as well as Corporate Development Director and Southern & Eastern European Finance Director. In 2007 he joined Gilead Sciences as International Director of Financial Planning and Analysis before rejoining the GlaxoSmithKline Group in 2010 into the ViiV Healthcare organization.

Andrew is appointed as Executive Director and Chief Financial Officer of the Company from 1st December 2014. He is a Director of Biddle Sawyer Limited which forms part of the GlaxoSmithKline Group Companies in India. He does not hold any shares of the Company.

Mr. V. Thyagarajan

Mr. Thyagarajan who is a Bachelor of Technology from the Indian Institute of Technology, Delhi and an MBA from the Indian Institute of Management, Ahmedabad, joined Glaxo India in 1970. He held a series of senior positions culminating in his appointment as Managing Director of the Company in 1994. In between, Mr. Thyagarajan worked for Glaxo Wellcome in Europe, Middle East, Africa and Asia Pacific. At the time of the merger between Glaxo Wellcome and SmithKline Beecham in 2001, he was appointed as Vice-President, South Asia and concurrently as Vice-Chairman and Managing Director of the Company in India. He is the Vice-Chairman of the Company since January 2003. Mr. Thyagarajan is a Director of TCS Limited and is a member of their Audit Committee and Stakeholders Relationship Committee. He does not hold any shares of the Company.

Mr. R. Simard

Regis Simard is a Mechanical Engineer and also holds an MBA. He has held senior management positions in the Electronic and Tech industries (Sony, Konica-Minolta) and in the Healthcare and Medical devices industries (Covidien) where he gained valuable experience working with Japan, China, UK and France. Regis joined GlaxoSmithKline in 2005 as Site Director at the GSK France plant at Notre Dame de Bondeville, then moved to GSK House UK to lead the Antibiotics and Latina Manufacturing cluster. In January 2011, Regis was appointed Commercial Partner Emerging Markets & Asia Pacific.

In January 2013 Regis was appointed to his current role as Senior Vice-President/ Head of Europe and EMAP Pharma Supply. Regis is a member of both the Supply Chain Executive team and the Emerging Markets Commercial leadership team. Diverse and broad experience of manufacturing, leadership to distil complexity and convey clear strategic direction, high levels of commerciality and customer/patient focus, incisive and focused when it comes to driving delivery, strong interest in people development. He is appointed as Non-Executive Director of the Company w.e.f. 18th May 2015. He does not hold any shares of the Company.

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 49 of the Listing Agreements 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 49 (VII) of the Listing Agreement;
- 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:

Eight Audit Committee meetings were held in the fifteen months period ending 31st March 2015. The Committee comprises of Independent and Non-Executive Directors and their meetings were held on 18th February 2014, 17th April 2014, 12th August 2014, 11th September 2014, 6th November 2014, 10th January 2015, 12th February 2015, and 20th March 2015.

| Name | Designation | Category of Directorship | Attendance out of eight meetings held |
|--------------------|-------------|-----------------------------|---------------------------------------|
| Mr. D. Sundaram | Chairman | Non-Executive & Independent | 7 |
| Mr. D. S. Parekh | Member | Non-Executive | 8 |
| Mr. V. Thyagarajan | Member | Non-Executive | 5 |
| Mr. P. V. Nayak | Member | Non-Executive & Independent | 7 |
| Mr. N. Kaviratne | Member | Non-Executive & Independent | 6 |
| Mr. P. V. Bhide | Member | Non-Executive & Independent | 8 |

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 17th April 2014.

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 Listing Agreements 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 | Designation | Category of Directorship |
|--------------------|-------------|-----------------------------|
| Mr. N. Kaviratne | Member | Non-Executive & Independent |
| Mr. D. S. Parekh | Member | Non-Executive |
| Mr. A. Bansal | Member | Non-Executive & Independent |
| Mr. V. Thyagarajan | Member | Non-Executive |

During the period under review, the Committee met on 20th March 2015 and the Chairman and all the members other than Ms. Bansal attended the meeting.

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 the Listing Agreement 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 judgement, level of engagement, their contribution, safeguarding the interests of the Company and minority shareholders.

Remuneration to Non-Executive Directors

- a) Independent and Non-Executive Directors other than Directors who are in the employment of the GlaxoSmithKline Group Companies are entitled for a sitting fees of Rs.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.
- b) 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.
- c) 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 fifteen months period ending 31st March 2015 are given below:

(Rs. in lakhs)

| Executive Directors | Salary | Performance Bonus | Perquisites and Allowances | Contribution to Provident Fund and Superannuation Fund | Total |
|---|---------------|--------------------------|-----------------------------------|---|--------------|
| Dr. H. B. Joshipura | 265.84 | 44.27 | 112.94 | 71.78 | 494.83 |
| Mr. M. B. Kapadia (upto 30.11.2014) | 98.52 | 15.96 | 221.93 | 26.60 | 363.01 |
| Mr. R. C. Sequeira | 72.95 | 6.20 | 51.29 | 19.70 | 150.14 |
| Mr. R. Krishnaswamy | 71.22 | 21.97 | 71.02 | 19.23 | 183.44 |
| Mr. A. Aristidou (w.e.f. 01.12.2014) | 27.20 | 0.00 | 37.12 | 4.36 | 68.68 |

(Rs. in lakhs)

| Independent Directors and Non-Executive Directors | #Commission | Sitting Fees | Total |
|--|--------------------|---------------------|--------------|
| Mr. D. S. Parekh | 8.75 | 5.70 | 14.45 |
| Mr. R. R. Bajaj | 6.25 | 1.10 | 7.35 |
| Mr. P. V. Nayak | 6.25 | 1.80 | 8.05 |
| Mr. N. Kaviratne | 6.25 | 1.40 | 7.65 |
| Mr. V. Thyagarajan | 6.25 | 1.20 | 7.45 |
| Mr. D. Sundaram | 6.25 | 2.00 | 8.25 |
| Mr. P. V. Bhide | 6.25 | 1.80 | 8.05 |
| Mr. A. N. Roy | 6.25 | 1.40 | 7.65 |
| Ms. A. Bansal | 6.25 | 3.40 | 9.65 |

payable in 2015

Notes:

- The agreement between the Company and each of the Executive Directors is for a period of five years (three years in case of Mr. R. C. Sequeira and Mr. A. Aristidou) or normal retirement date, whichever is earlier. Either party to the 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 period, in addition to the above, Dr. H. B. Joshipura, Mr. M. B. Kapadia Mr. R. C. Sequeira and Mr. R. Krishnaswamy were paid an amount of Rs. 1,20,41,451 Rs. 2,11,11,721 Rs. 32,52,178 and Rs. 27,53,599 respectively under the GlaxoSmithKline plc. Share Value Plan.
- None of the Directors other than those listed above are paid remuneration.
- Mr. D. S. Parekh and Mr. P. V. Nayak hold 612 and 576 shares of the Company, respectively. None of the other Non-Executive Directors hold any shares of the Company.

5. Stakeholders Relationship Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement, the Board has renamed the existing Shareholders/Investors Grievance Committee as Stakeholders Relationship Committee. 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 | Member | Executive |

During the period under review, the Committee met on 10th January 2015 and the Chairman 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: ajay.a.nadkarni@gsk.com

The complaints received during the period are as follows:

| Correspondence in the nature of complaints from | Q1 | Q2 | Q3 | Q4 | Q5 | Total |
|---|----|----|----|----|----|-------|
| Securities and Exchange Board of India | 7 | 6 | 7 | 6 | 6 | 33 |
| Stock Exchanges | 1 | – | – | – | – | 1 |
| Shareholders | 3 | 5 | 1 | – | – | 9 |
| Total | 11 | 11 | 8 | 6 | 6 | 43 |

During the period, 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.

6. 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 |
|-----------------------------|------|---|-----------|
| 17 th April 2014 | 2013 | Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Marine Lines, Mumbai – 400 020 | 3.00 p.m. |
| 16 th April 2013 | 2012 | | 3.00 p.m. |
| 10 th April 2012 | 2011 | | 3.00 p.m. |

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.

7. Disclosure

- 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.html>). 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 fifteen months period ended 31st March 2015 as mentioned under the Companies Act, 2013 and Clause 49 of the Listing Agreements were in the ordinary course of business and at on arms length pricing basis. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- Transactions with related parties are disclosed in Note 47 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 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.

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. The Company had one meeting with and made a presentation to institutional investors and analysts once during the year.
- The Management Discussion and Analysis Report forms a part of this Annual Report.

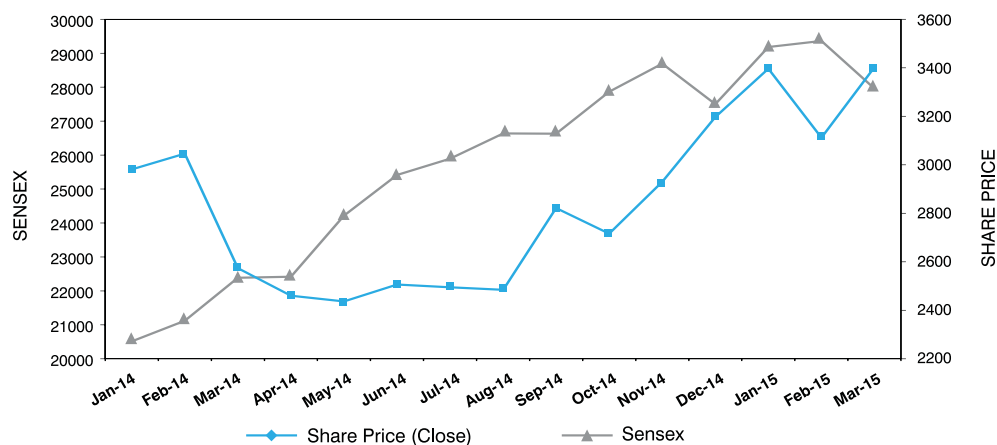
9. General Shareholder Information

- AGM: Date, Time and Venue 31st July 2015 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 – First week of November
 - iv) Third Quarter Results – Second Week of February 2016
 - v) Results for the year ending 31st March 2016 - May 2016
- Date of Book Closure 25th July 2015 to 31st July 2015 (both days inclusive)
- Dividend Payment date(s) On or after 1st August 2015
- Listing on Stock Exchange The Stock Exchange, Mumbai, and the National Stock Exchange of India Limited. The Company has paid the listing fees for the period 1st April 2014 to 31st March 2015.
- Stock Code – Physical 500660 on The Stock Exchange, Mumbai
GLAXO on The National Stock Exchange
- Demat ISIN Number for NSDL and CDSL INE 159A01016

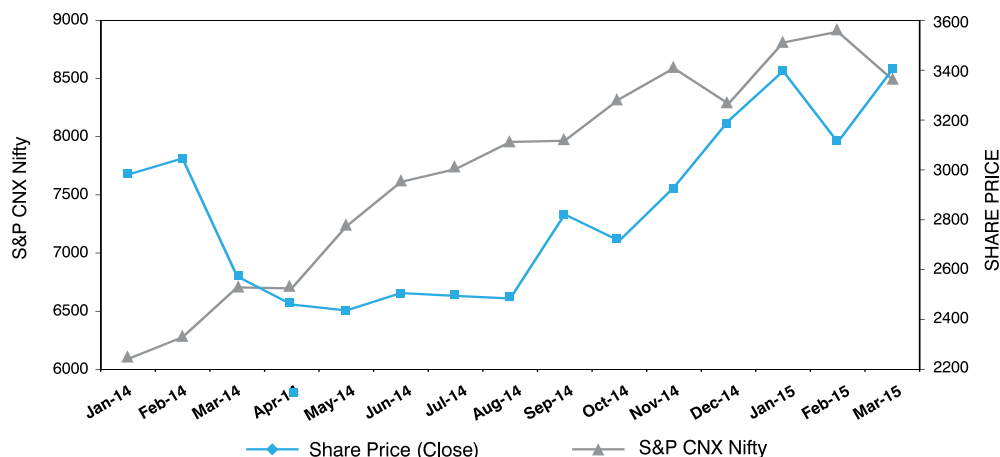
- High/low of market price of the Company's shares traded along with the volumes on The Stock Exchange, Mumbai and on the National Stock Exchange during the year January 2014 to March 2015 is furnished below:

| Period | BSE | | | NSE | | |
|----------------|---------------|--------------|------------------------|---------------|--------------|------------------------|
| | High (Rupees) | Low (Rupees) | Volume (No. of Shares) | High (Rupees) | Low (Rupees) | Volume (No. of Shares) |
| January 2014 | 3015.00 | 2945.00 | 78905 | 3005.00 | 2960.45 | 1806224 |
| February 2014 | 3049.00 | 2966.05 | 388799 | 3049.00 | 2965.15 | 1710669 |
| March 2014 | 3054.40 | 2433.00 | 525842 | 3054.50 | 2426.30 | 1603870 |
| April 2014 | 2608.00 | 2405.00 | 46737 | 2619.95 | 2412.25 | 281060 |
| May 2014 | 2573.00 | 2370.00 | 35092 | 2573.90 | 2365.00 | 249751 |
| June 2014 | 2550.00 | 2351.60 | 31815 | 2549.00 | 2421.80 | 143657 |
| July 2014 | 2580.00 | 2435.60 | 25856 | 2575.05 | 2440.50 | 220249 |
| August 2014 | 2528.00 | 2400.00 | 20312 | 2530.00 | 2450.00 | 124855 |
| September 2014 | 2834.00 | 2465.00 | 322868 | 2842.00 | 2470.00 | 794951 |
| October 2014 | 2907.55 | 2650.60 | 26388 | 2913.95 | 2645.00 | 186881 |
| November 2014 | 2980.00 | 2681.00 | 59458 | 2984.00 | 2692.00 | 294131 |
| December 2014 | 3242.00 | 2859.40 | 124005 | 3247.00 | 2850.10 | 309926 |
| January 2015 | 3550.00 | 3070.00 | 136473 | 3550.00 | 3080.00 | 432972 |
| February 2015 | 3434.00 | 3051.55 | 54961 | 3445.00 | 3056.05 | 199711 |
| March 2015 | 3479.00 | 3050.00 | 135213 | 3498.00 | 3060.00 | 422675 |

- 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 Rs. 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 | 5.61 |
| 2. | General Insurance Corporation of India | 1.16 |
| 3. | Aberdeen Global Indian Equity (Mauritius) Limited | 0.74 |
| 4. | The Oriental Insurance Company Limited | 0.66 |
| 5. | Vanguard emerging markets Stock Index Fund, A Serie's of Vanguard International Equity Index Fund | 0.42 |
| 6. | Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life MNC Fund | 0.30 |
| 7. | SBI Life Insurance Co. Ltd. | 0.24 |
| 8. | The India Fund Inc. | 0.23 |
| 9. | Birla Sun Life Trustee Company Private Limited A/c. Birla Sun Life Frontline Equity Fund | 0.21 |
| 10. | Vanguard Total International Stock Index Fund | 0.17 |

- The distribution of shareholding as on 31.03.2015 is as follows:

| No. of Equity Shares held | Folios | % | Shares | % |
|---------------------------|--------|--------|----------|--------|
| Up to 25 | 29932 | 30.71 | 337890 | 0.40 |
| 26 to 50 | 15512 | 15.92 | 668850 | 0.79 |
| 51 to 100 | 19748 | 20.26 | 1608891 | 1.90 |
| 101 to 500 | 29701 | 30.48 | 5756156 | 6.80 |
| 501 to 1000 | 1788 | 1.83 | 1255610 | 1.48 |
| 1001 to 10000 | 707 | 0.73 | 1434116 | 1.69 |
| 10001 and above | 65 | 0.07 | 73641504 | 86.94 |
| Grand Total | 97453 | 100.00 | 84703017 | 100.00 |

- Shareholding pattern as on 31.03.2015 is as follows:

| Category | No. of Shares | % |
|--|---------------|--------|
| Glaxo Group Limited, U.K. | 30485250 | 35.99 |
| GlaxoSmithKline Pte Limited, Singapore | 20609774 | 24.33 |
| Eskaylab Limited, U.K. | 5880000 | 6.94 |
| Burroughs Wellcome International Limited, U.K. | 3360000 | 3.97 |
| Castleton Investment Limited | 3192238 | 3.77 |
| Insurance Companies, Fls & Banks | 6976395 | 8.24 |
| FIs, NRIs, OCBs | 1767763 | 2.09 |
| Mutual Funds | 870295 | 1.03 |
| Domestic Companies | 828735 | 0.98 |
| Resident Individuals | 10491176 | 12.39 |
| Others | 241391 | 0.28 |
| Total | 84703017 | 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(s): Mr. M. R. V. Subrahmanyam /
Mr. Premkumar Nair
Email: 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 twice in a month or more depending on the volume of transfers. Share transfers are registered and returned within maximum of 18 days from the date of lodgment if documents are complete in all respects.

- Dematerialisation of shares and liquidity

97.25% of the paid-up capital has been dematerialised as on 31.03.2015. 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.
- Plant locations The Company's plant is located at Nashik (Maharashtra).
- 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. 2495 9595 Extension 433/434

Email: ajay.a.nadkarni@gsk.com

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

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 15 months ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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 (as stipulated in Clause 49 of the Listing Agreement), 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 above mentioned Listing Agreements.

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

Priyanshu Gundana
Partner
Membership Number 109553

Mumbai
May 18, 2015

Declaration by the CEO under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

In accordance with Clause 49 sub-clause I (D) of the Listing Agreement with the Stock Exchanges, 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 fifteen months period ended March 31, 2015.

for GlaxoSmithKline Pharmaceuticals Limited

May 18, 2015

Dr. H. B. Joshipura
Managing Director

Annexure 'C' to Directors' Report

Business Responsibility Report

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

About our report

GSK, a science-led global healthcare company makes a range of innovative products that are used by millions of people around the world. While our primary contribution is to develop new products that improve people's health, we also create value as a global company by making direct and indirect economic and social contributions in the countries we operate. As a science-led global healthcare company, we have the opportunity to improve the health and well-being of millions of people around the world. GSK contributes to improving health by developing innovative products and supporting disease prevention. The Company's mission drives us to make a difference to the lives of millions of people with our commitment to effective healthcare solutions.

Environmental sustainability is a priority for GSK. At GSK, we look at practices that incorporate sustainability into the core of our business to make innovative products. We believe it is possible to grow our business and to provide access to healthcare products to an increasing number of people across the world while protecting the resources we need for the future.

Investing in our people and communities helps us to ensure the long-term sustainability of our business. Our employment practices are designed to help us create the right workplace culture in which all employees feel valued, respected, empowered and inspired. All business decisions are guided by our core values. We expect all employees to commit to transparency, show respect for people, demonstrate the highest integrity and be patient focussed. Business responsibility is about our commitment to be open and transparent about our business activities.

Our Business Responsibility Report follows the Securities and Exchange Board of India's (SEBI) proposal and is in accordance with the key principles articulated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'.

This report provides details of the Company in the areas of sustainability, human rights, stakeholder engagement, employees' wellbeing, corporate social responsibility, proactive advocacy and inclusive growth.

Governance and Accountability

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 values-based culture and our actions are supported by robust policies and compliance process.

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. 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 practises. 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 have a culture of disclosure which is enabled by a strong grievance redressal body and supportive ecosystems. In addition specific process 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 whistle blowing that they can use to get advice, and to report suspected cases of misconduct anonymously if required.

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, 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.

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.

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 special focus in the areas of Talent Management, Rewards & Recognitions, Capability building and Employee Engagement.

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 "GMAC – GSK Marketing Accreditation Program" was launched focusing on an 18 month development plan for high potential Sales Managers. 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. To read more about our recruitment process log on to – <http://www.gsk.com/careers/why-gsk.html>

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.

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 are being 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 4657 employees working with GSK of which 564 are women employees and 4 permanent employees with disability.

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.

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 most 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 fulfil 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

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.

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.

The emissions generated by the Company are within limit specified by Maharashtra Pollution Control Board. No showcase notice or warning letter 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 affluent 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

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

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 INR 3.5 crores to be spent over two years.

We also encourage employee volunteering through programmes such as Orange Day and the PULSE initiative. 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 2014, over 1,000 employees made a difference by contributing nearly 9,000 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.

For the 15 month period, your Company's turnover was INR 3253.41 crores and the net profit after tax was INR 471.65 crores. The CSR spend during this period was INR 6.1 crores, which is 1.29 percentage of the net profit after tax.

To read more about our CSR projects and our CSR Policy, log on to –
<http://www.gsk-india.com/corporate-index.html>

*Source: <http://www.searo.who.int/publications/journals/seajph/whoseajphv1i3p279.pdf>

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, 2015, from a quality perspective, only seven cases are pending where our response is awaited.

Conclusion

Our third Business Responsibility Report discloses details related to our sustainability commitments and management approach across the dimensions for the fifteen months period ended March 31, 2015.

Contact

Mr. Raju Krishnaswamy, Executive Director is responsible for implementation of the BR policies.

His details:

DIN No: 03043004

Tel.: +91 22 24959650

Email: raju.x.krishnaswamy@gsk.com

The Company's CIN No: L24239MH1924PLC001151

Independent Auditors' Report

TO THE MEMBERS OF GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of GlaxoSmithKline Pharmaceuticals Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss for the 15 months period from January 1, 2014 to March 31, 2015 (the "period") and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act [Section 143(11) of the Companies Act, 2013] (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 a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act [Section 143(3) of the Companies Act, 2013], we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act [Section 164(2) of the Companies Act, 2013].

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

Priyanshu Gundana
Partner

Mumbai, May 18, 2015

Membership Number: 109553

Annexure To Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Pharmaceuticals Limited on the financial statements as of and for the 15 months period ended March 31, 2015

- 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 of the Company have been 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 period and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the period.
- ii. (a) The inventory excluding stocks with third parties has been physically verified by the Management during the period. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- iv. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act [Section 189 of the Companies Act, 2013].
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act [Section 73, 74, 75 and 76 of the Companies Act, 2013] and the rules framed there under.
- vi. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- vii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act [Section 148(1) of the Companies Act, 2013], 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.
- viii. (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 service tax, sales tax and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, customs duty, excise duty 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 wealth tax and custom duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax and excise duty as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount* (Rs. 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 | 39,24.88 | Several demands pertaining to Assessment Years 2005-2006 to 2008-2009 and 2011-12. | Appellate Authority – up to Commissioner's level |
| | | 2,86.79 | Assessment years 1990-1991 and 1999-2000. | Tribunal |
| The Central Sales Tax Act, 1956 and Local Sales Tax Acts | Sales-tax including interest and penalty, as applicable | 30,47.89 | Several demands pertaining to the period 1983-1984 and 1988 to 2014. | Appellate Authority – up to Commissioner's level |

| Name of the statute | Nature of dues | Amount* (Rs. in lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|------------------------------|---|---|--|--|
| | | 56,43.11 (include Rs. 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 2008-2009. | 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 |

*Net of amounts paid including under protest.

- ix. The Company has no accumulated losses as at the end of the period and it has not incurred any cash losses in the period ended on that date or in the immediately preceding financial year.
- x. 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 dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xi. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xii. 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 on or by the Company, noticed or reported during the period, nor have we been informed of any such case by the Management.
- xiii. Matters specified in clauses (iii), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order do not apply to the Company.

For Price Waterhouse & Co., Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants
Priyanshu Gundana
Partner
Membership Number: 109553

Mumbai, May 18, 2015

GlaxoSmithKline Pharmaceuticals Limited

Balance Sheet as at 31st March, 2015

| | | | | | | | | | | Rupees in lakhs | |
|--------------------------------|----|----|----|----|----|----|----|----|----|---------------------------|------------------------------|
| | | | | | | | | | | As at 31st March, 2015 | As at 31st December, 2013 |
| | | | | | | | | | | Note No. | |
| EQUITY AND LIABILITIES | | | | | | | | | | | |
| SHAREHOLDERS' FUNDS | | | | | | | | | | | |
| Share Capital | .. | .. | .. | .. | .. | .. | .. | .. | .. | 2 | 84,70.30 |
| Reserves and Surplus | .. | .. | .. | .. | .. | .. | .. | .. | .. | 3 | 1766,96.51 |
| NON-CURRENT LIABILITIES | | | | | | | | | | | |
| Long-term borrowings | .. | .. | .. | .. | .. | .. | .. | .. | .. | 4 | 2,62.60 |
| Other long-term liabilities | .. | .. | .. | .. | .. | .. | .. | .. | .. | 5 | 5,28.86 |
| Long-term provisions | .. | .. | .. | .. | .. | .. | .. | .. | .. | 6 | 270,95.87 |
| CURRENT LIABILITIES | | | | | | | | | | | |
| Trade payables | .. | .. | .. | .. | .. | .. | .. | .. | .. | 7 | 305,88.63 |
| Other current liabilities | .. | .. | .. | .. | .. | .. | .. | .. | .. | 8 | 131,55.53 |
| Short-term provisions | .. | .. | .. | .. | .. | .. | .. | .. | .. | 9 | 668,41.92 |
| TOTAL | | | | | | | | | | .. | 3236,40.22 |
| ASSETS | | | | | | | | | | | |
| NON-CURRENT ASSETS | | | | | | | | | | | |
| Fixed assets | | | | | | | | | | | |
| Tangible assets | .. | .. | .. | .. | .. | .. | .. | .. | .. | 11 | 123,05.96 |
| Capital work-in-progress | .. | .. | .. | .. | .. | .. | .. | .. | .. | | 115,22.44 |
| Non-current investments | .. | .. | .. | .. | .. | .. | .. | .. | .. | 12 | 47,66.97 |
| Deferred tax assets (net) | .. | .. | .. | .. | .. | .. | .. | .. | .. | 13 | 82,91.43 |
| Long-term loans and advances | .. | .. | .. | .. | .. | .. | .. | .. | .. | 14 | 288,31.03 |
| Other non-current assets | .. | .. | .. | .. | .. | .. | .. | .. | .. | 15 | 14,04.03 |
| CURRENT ASSETS | | | | | | | | | | | |
| Current investments | .. | .. | .. | .. | .. | .. | .. | .. | .. | 16 | — |
| Inventories | .. | .. | .. | .. | .. | .. | .. | .. | .. | 17 | 368,85.59 |
| Trade receivables | .. | .. | .. | .. | .. | .. | .. | .. | .. | 18 | 100,31.79 |
| Cash and bank balances | .. | .. | .. | .. | .. | .. | .. | .. | .. | 19 | 1898,01.75 |
| Short-term loans and advances | .. | .. | .. | .. | .. | .. | .. | .. | .. | 20 | 119,74.32 |
| Other current assets | .. | .. | .. | .. | .. | .. | .. | .. | .. | 21 | 78,24.91 |
| TOTAL | | | | | | | | | | .. | 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

Priyanshu Gundana
Partner
Membership No. 109553

Mumbai, 18th May, 2015

For and on behalf of the Board

| | |
|--------------------|------------------------------------|
| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Statement of Profit and Loss for the 15 months ended 31st March, 2015

Rupees in lakhs

| | Note No. | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
|--|----------|----------------------------------|-------------------------------------|
| Sale of products | | 3358,54.49 | 2593,39.32 |
| Excise duty | | (105,13.51) | (73,22.08) |
| Sale of products (net) | | 3253,40.98 | 2520,17.24 |
| Other operating revenue | | 34,16.82 | 25,97.50 |
| Revenue from operations | 29 | 3287,57.80 | 2546,14.74 |
| Other Income | 30 | 198,67.17 | 200,96.86 |
| TOTAL REVENUE .. | | 3486,24.97 | 2747,11.60 |
| Cost of materials consumed | 31 | 726,73.46 | 538,56.74 |
| Purchases of traded goods | 32 | 779,89.39 | 670,00.11 |
| Changes in inventories of finished goods, work-in-progress and traded goods .. | 33 | (1,38.69) | (50,74.71) |
| Employee benefits expense | 34 | 493,02.23 | 362,04.85 |
| Depreciation expense | 11 | 25,35.25 | 19,88.14 |
| Other expenses | 35 | 662,12.90 | 504,19.90 |
| TOTAL EXPENSES .. | | 2685,74.54 | 2043,95.03 |
| Profit before exceptional items and tax | | 800,50.43 | 703,16.57 |
| Exceptional Items | 40 | (51,88.14) | 26,15.46 |
| Profit before Tax | | 748,62.29 | 729,32.03 |
| Tax expense: | | | |
| Current tax | | 267,78.49 | 233,00.35 |
| Deferred tax | | 9,19.22 | (5,56.56) |
| Net Profit | | 471,64.58 | 501,88.24 |
| Earnings per equity share (basic and diluted) (Rs.) | | | |
| Face value Rs. 10 each | 50 | 55.68 | 59.25 |

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

Priyanshu Gundana
Partner
Membership No. 109553

Mumbai, 18th May, 2015

For and on behalf of the Board

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| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Cash Flow Statement for the 15 months ended 31st March, 2015

Rupees in lakhs

a. CASH FLOW FROM OPERATING ACTIVITIES

| | | | | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
|--|----|----|----|----------|-------------------------------------|--|
| Profit before taxation and exceptional items | .. | .. | .. | .. | 800,50.43 | 703,16.57 |
| Adjustments for : | | | | | | |
| Provision written back as no longer required | .. | .. | .. | .. | (42.99) | (42.32) |
| Profit on sale / disposal of tangible assets (net) | .. | .. | .. | .. | (58.00) | (1,64.92) |
| Interest income | .. | .. | .. | .. | (197,20.45) | (173,48.20) |
| Dividend income | .. | .. | .. | .. | — | (25,00.00) |
| Interest expense | .. | .. | .. | .. | 46.90 | 33.09 |
| Depreciation | .. | .. | .. | .. | 25,35.25 | 19,88.14 |
| Unrealised foreign currency (loss) / gain | .. | .. | .. | .. | — | (4.18) |
| Operating profit before working capital changes | .. | .. | .. | .. | 628,11.14 | 522,78.18 |
| Adjustments for : | | | | | | |
| Inventories | .. | .. | .. | .. | (26,45.86) | (60,35.44) |
| Trade Receivables | .. | .. | .. | .. | (3,92.47) | 19,50.48 |
| Short-term loans and advances | .. | .. | .. | .. | (49,82.95) | (12,88.58) |
| Other current assets | .. | .. | .. | .. | (1.57) | 8.66 |
| Other non-current assets | .. | .. | .. | .. | (48.65) | (39.88) |
| Long-term loans and advances | .. | .. | .. | .. | (3,01.88) | (13,35.36) |
| Trade payables | .. | .. | .. | .. | 27,87.39 | 42,82.35 |
| Provisions | .. | .. | .. | .. | 7,81.57 | 29,97.11 |
| Other current liabilities | .. | .. | .. | .. | 17,55.09 | (3,73.05) |
| Other long-term liabilities | .. | .. | .. | .. | 32.14 | — |
| Cash generated from operations | .. | .. | .. | .. | 597,93.95 | 524,44.47 |
| Direct taxes paid (net of refunds) | .. | .. | .. | .. | (250,13.31) | (242,05.33) |
| Cash flow before exceptional items | .. | .. | .. | .. | 347,80.64 | 282,39.14 |
| Exceptional items: | | | | | | |
| Payments under Voluntary Retirement Scheme | .. | .. | .. | .. | (4,74.75) | (3,90.28) |
| Non recurring expenses for rationalisation initiatives | .. | .. | .. | .. | (2,18.16) | (11,06.72) |
| Net cash generated from operating activities | .. | .. | .. | A | 340,87.73 | 267,42.14 |

b. CASH FLOW FROM INVESTING ACTIVITIES

| | | | | | | |
|--|----|----|----|----------|------------------|------------------|
| Purchase of tangible fixed assets | .. | .. | .. | .. | (163,12.28) | (58,22.17) |
| Sale of tangible fixed assets | .. | .. | .. | .. | 73.24 | 6,50.90 |
| Sale of property (Exceptional item) | .. | .. | .. | .. | — | 21,41.02 |
| Expenses relating to sale of property (Exceptional item) | .. | .. | .. | .. | — | (23.21) |
| Sale / redemption of current investments | .. | .. | .. | .. | 10,00.01 | 44,90.90 |
| Investment in bank deposits (having original maturity more than 3 months) | .. | .. | .. | .. | (276,250.00) | (214,975.00) |
| Redemption / Maturity of bank deposits (having original maturity more than 3 months) | .. | .. | .. | .. | 291,450.00 | 213,675.00 |
| Interest received | .. | .. | .. | .. | 178,00.86 | 171,60.10 |
| Dividend received | .. | .. | .. | .. | — | 25,00.00 |
| Net cash from investing activities | .. | .. | .. | B | 177,61.83 | 197,97.54 |

Cash Flow Statement (Contd.)

Rupees in lakhs

c. CASH FLOW FROM FINANCING ACTIVITIES

| | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
|---|-------------------------------------|--|
| Repayments of borrowings | (1,02.69) | (45.09) |
| Interest paid | (46.90) | (33.09) |
| Dividend paid | (422,14.19) | (421,37.90) |
| Tax on distributed profit | (71,97.64) | (67,92.08) |
| Net cash used in financing activities C | (495,61.42) | (490,08.16) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 22,88.14 | (24,68.48) |
| Cash and cash equivalents as at 1st January, 2014 (opening balance) .. | 112,38.61 | 137,07.09 |
| Cash and cash equivalents as at 31st March, 2015 (closing balance) .. | 135,26.75 | 112,38.61 |
| Net increase/(decrease) in cash and cash equivalents | 22,88.14 | (24,68.48) |

NOTES:

1. Cash and cash equivalents include:

| | | |
|--|------------------|------------------|
| Cash on hand | 0.76 | 1.67 |
| Term deposits with original maturity period of less than three months .. | 60,02.00 | 23,54.00 |
| Balances with banks | 54,97.77 | 69,94.03 |
| Unclaimed dividend accounts.. .. . | 20,26.22 | 18,88.91 |
| Total cash and cash equivalents | 135,26.75 | 112,38.61 |

2. Other Bank balances include:

| | | |
|--|-------------------|-------------------|
| Term deposits with original maturity period of more than three months .. | 1762,75.00 | 1914,75.00 |
|--|-------------------|-------------------|

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 sub-section (3C) of Section 211 of the Companies Act, 1956.

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

Priyanshu Gundana
Partner
Membership No. 109553

Mumbai, 18th May, 2015

For and on behalf of the Board

| | |
|--------------------|------------------------------------|
| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Notes to the Financial Statements for the 15 months ended 31st March, 2015

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 circular 15/2013 dated September 13, 2013 read with circular 08/2014 dated April 4, 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) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

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 Revised Schedule VI to the Companies Act, 1956. 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 useful life of the assets as under:

| | |
|--|----------|
| Buildings | 29 years |
| Plant and Equipment other than Gas Installations | 10 years |
| Gas Installations | 6 years |
| Personal Computers and Laptops | 3 years |
| Other Computer Equipment | 4 years |
| Furniture and Fixtures | 10 years |
| Office Equipment | 10 years |
| Vehicles | 4 years |

Depreciation on capital projects of Rs. 100 lakhs or more is provided pro-rata for the number of months availability for use and for other assets for the full year. 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 Rs. 5,000 (other than on turnkey contracts) is depreciated at the rate of 100%.

Leasehold land is not amortised.

Leasehold improvements are amortised over the period of the lease.

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) 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

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

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.

(d) 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.

(e) 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.

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.

(f) 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.

(g) 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.

(h) 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 when the right to receive the payment is established.

(i) 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.

(j) Proposed Dividend

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

(k) 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.

(l) 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 "Operating and other expenses".

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

(m) 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.

(n) 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.

(o) 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.

(p) 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 15 months ended 31st March, 2015 — continued

2 SHARE CAPITAL

AUTHORISED

| | | | | | | | |
|--|----|----|----|----|----|------------------------|---------------------------|
| 9,00,00,000 equity shares of Rs. 10 each | .. | .. | .. | .. | .. | As at 31st March, 2015 | As at 31st December, 2013 |
| | | | | | | 90,00.00 | 90,00.00 |

ISSUED

| | | | | | | | |
|--|----|----|----|----|----|----------|----------|
| 8,47,07,710 equity shares of Rs. 10 each | .. | .. | .. | .. | .. | 84,70.77 | 84,70.77 |
|--|----|----|----|----|----|----------|----------|

SUBSCRIBED AND PAID-UP

| | | | | | | | |
|--|----|----|----|----|----|----------|----------|
| 8,47,03,017* equity shares of Rs. 10 each, fully paid up | .. | .. | .. | .. | .. | 84,70.30 | 84,70.30 |
|--|----|----|----|----|----|----------|----------|

TOTAL

Rupees in lakhs

As at 31st March, 2015

As at 31st December, 2013

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

| | | | | | As at 31st March, 2015 | | As at 31st December, 2013 | |
|-----|--|----|----|----|------------------------|-----------------|---------------------------|-----------------|
| | | | | | 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 period | .. | .. | | 84,703,017 | 84,70.30 | 84,703,017 | 84,70.30 |
| | Issued during the period | .. | .. | .. | — | — | — | — |
| | Balance at the end of the period | .. | .. | | 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 Rs. 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 Rs. 10 each [representing 75.00% of total shareholding (Previous year - 50.67%)] | 63,527,262 | 63,52.73 | 42,917,488 | 42,91.75 |

(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% | — | — |
| Eskaylab Limited, U.K. | 5,880,000 | 6.94% | 5,880,000 | 6.94% |
| Life Insurance Corporation of India | 4,749,658 | 5.61% | 4,822,848 | 5.69% |

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

3 RESERVES AND SURPLUS

CAPITAL RESERVE

| | | | | | | | | |
|---|----|----|----|----|------------------------|---------|---------------------------|---------|
| Balance as at the beginning of the period | .. | .. | .. | .. | As at 31st March, 2015 | 1,65.51 | As at 31st December, 2013 | 1,65.51 |
| Additions/Deductions | .. | .. | .. | .. | — | — | — | — |
| Balance as at the end of the period | .. | .. | .. | .. | (a) | 1,65.51 | 1,65.51 | 1,65.51 |

CAPITAL REDEMPTION RESERVE

| | | | | | | | | |
|---|----|----|----|----|---------|---------|---------|---------|
| Balance as at the beginning of the period | .. | .. | .. | .. | 2,61.95 | 2,61.95 | 2,61.95 | 2,61.95 |
| Additions/Deductions | .. | .. | .. | .. | — | — | — | — |
| Balance as at the end of the period | .. | .. | .. | .. | (b) | 2,61.95 | 2,61.95 | 2,61.95 |

GENERAL RESERVE

| | | | | | | | | |
|---|----|----|----|----|-----------|-----------|-----------|-----------|
| Balance as at the beginning of the period | .. | .. | .. | .. | 828,27.98 | 778,09.16 | 778,09.16 | 778,09.16 |
| Transfer from Surplus in Statement of Profit and Loss | .. | .. | .. | .. | 47,16.46 | 50,18.82 | 50,18.82 | 50,18.82 |
| Balance as at the end of the period | .. | .. | .. | .. | 875,44.44 | 828,27.98 | 828,27.98 | 828,27.98 |

SURPLUS IN STATEMENT OF PROFIT AND LOSS

| | | | | | | | | |
|---|----|----|----|----|-------------|-------------|-------------|-------------|
| Balance as at the beginning of the period | .. | .. | .. | .. | 1099,93.27 | 1142,94.60 | 1142,94.60 | 1142,94.60 |
| Profit for the period | .. | .. | .. | .. | 471,64.58 | 501,88.24 | 501,88.24 | 501,88.24 |
| Less : Appropriations | .. | .. | .. | .. | | | | |
| Proposed Dividend | .. | .. | .. | .. | (529,39.38) | (423,51.50) | (423,51.50) | (423,51.50) |
| Tax on dividend | .. | .. | .. | .. | (107,77.40) | (71,19.25) | (71,19.25) | (71,19.25) |
| Transfer to General Reserve | .. | .. | .. | .. | (47,16.46) | (50,18.82) | (50,18.82) | (50,18.82) |
| Balance as at the end of the period | .. | .. | .. | .. | 887,24.61 | 1099,93.27 | 1099,93.27 | 1099,93.27 |
| TOTAL | .. | .. | .. | .. | 1766,96.51 | 1932,48.71 | 1932,48.71 | 1932,48.71 |

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

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

4 LONG TERM BORROWINGS

Unsecured

| | | | | | | | | |
|---|----|----|----|----|---------|---------|---------|---------|
| Interest free sales tax loan from SICOM Limited | .. | .. | .. | .. | 2,62.60 | 3,60.50 | 3,60.50 | 3,60.50 |
| TOTAL | .. | .. | .. | .. | 2,62.60 | 3,60.50 | 3,60.50 | 3,60.50 |

Terms of repayment

Interest free Sales Tax Loan from SICOM Limited as at 31st March, 2015 of Rs. 3,11.55 lakhs (Previous year - Rs. 4,14.24 lakhs) includes NIL (Previous year - Rs. 4.80 lakhs repayable in one installment) availed under the 1988 Sales Tax deferment Scheme, closing on 31st January, 2014 and Rs. 3,11.55 lakhs (Previous year - Rs. 4,09.44 lakhs) under the 1993 Sales Tax deferment Scheme repayable in twenty one instalments (previous year twenty seven instalments) closing on 30th April, 2021. The current maturity amount of Rs. 48.95 lakhs (Previous year - Rs. 53.74 lakhs) of the loan has been disclosed under Note 8 - Other Current Liabilities.

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

| | | | | | | | | Rupees in lakhs | |
|----------|--|----|----|----|----|----|--------------|---------------------------|------------------------------|
| | | | | | | | | As at 31st March, 2015 | As at 31st December, 2013 |
| 5 | OTHER LONG TERM LIABILITIES | | | | | | | | |
| | Security Deposits received | .. | .. | .. | .. | .. | .. | 2,36.72 | 2,81.72 |
| | Other long term liabilities | .. | .. | .. | .. | .. | .. | 2,92.14 | 2,15.00 |
| | | | | | | | TOTAL | 5,28.86 | 4,96.72 |
| 6 | LONG TERM PROVISIONS | | | | | | | | |
| | For Pricing matters (Refer Note 23) | .. | .. | .. | .. | .. | .. | 122,70.82 | 122,70.82 |
| | For employee benefits : | | | | | | | | |
| | Gratuity | .. | .. | .. | .. | .. | .. | 42,07.25 | 24,50.66 |
| | Leave encashment and compensated absences | .. | .. | .. | .. | .. | .. | 40,49.66 | 29,65.19 |
| | Post retirement medical and other benefits | .. | .. | .. | .. | .. | .. | 34,63.73 | 30,74.67 |
| | For long-term incentive plan | .. | .. | .. | .. | .. | .. | 6,22.52 | 6,59.55 |
| | For divestment / restructuring | .. | .. | .. | .. | .. | .. | 12,02.83 | 16,13.72 |
| | For others | .. | .. | .. | .. | .. | .. | 12,79.06 | 10,69.43 |
| | | | | | | | TOTAL | 270,95.87 | 241,04.04 |
| 7 | TRADE PAYABLES | | | | | | | | |
| | Micro and Small enterprises (Refer Note 26) | .. | .. | .. | .. | .. | .. | 2,54.30 | 3,79.01 |
| | Others | .. | .. | .. | .. | .. | .. | 303,34.33 | 274,22.23 |
| | | | | | | | TOTAL | 305,88.63 | 278,01.24 |
| 8 | OTHER CURRENT LIABILITIES | | | | | | | | |
| | Current Maturity of Long Term Borrowings : | | | | | | | | |
| | Interest free sales tax loan from SICOM Limited (Refer Note 4) | .. | .. | .. | .. | .. | .. | 48.95 | 53.74 |
| | Subsidiary company | .. | .. | .. | .. | .. | .. | 1,50.60 | 2,14.38 |
| | Unclaimed dividends* | .. | .. | .. | .. | .. | .. | 20,26.22 | 18,88.91 |
| | Salaries, wages and bonus payable | .. | .. | .. | .. | .. | .. | 52,79.60 | 28,10.37 |
| | Statutory dues including provident fund and tax deducted at source | .. | .. | .. | .. | .. | .. | 17,27.81 | 21,33.88 |
| | Creditors for capital goods | .. | .. | .. | .. | .. | .. | 30,34.15 | 3,88.30 |
| | Rationalisation relating to a manufacturing site | .. | .. | .. | .. | .. | .. | 1,32.84 | 6,07.59 |
| | Other Payables | .. | .. | .. | .. | .. | .. | 7,55.36 | 5,24.90 |
| | | | | | | | TOTAL | 131,55.53 | 86,22.07 |

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

9 SHORT TERM PROVISIONS

| | As at 31st March, 2015 | As at 31st December, 2013 |
|--|---------------------------|------------------------------|
| For proposed equity dividend | 529,39.38 | 423,51.50 |
| For provision for taxation (net) (Refer note 51 (a)) | 15,86.49 | — |
| For tax on distributed profit | 107,77.40 | 71,97.64 |
| For employee benefits : | | |
| Gratuity | — | 22.01 |
| Leave encashment and compensated absences | 2,52.24 | 3,79.14 |
| Post retirement medical and other benefits | 1,99.61 | 2,01.85 |
| For long-term incentive plan | 1,08.06 | 6,07.28 |
| For rationalisation relating to a manufacturing site | 1,35.43 | 3,52.96 |
| For other (including statutory levies) | 8,43.31 | 7,70.85 |
| TOTAL .. | 668,41.92 | 518,83.23 |

10 MOVEMENT IN PROVISIONS

| | Rationalisation relating to a manufacturing site | Pricing matters | Long-term Incentive Plan | Divestment / Restructuring | Others |
|---|---|--------------------|--------------------------------|-------------------------------|----------|
| 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 |
| January - December 2013 | | | | | |
| Opening Balance | 12,74.50 | 128,34.05 | 6,29.55 | 16,58.97 | 9,14.72 |
| Add: Provision during the year | — | — | 8,53.56 | — | 9,99.87 |
| Less: Amounts utilised/reversed during the year | 9,21.54 | 5,63.23 | 2,16.28 | 45.25 | 74.31 |
| Balance at the year end | 3,52.96 | 122,70.82 | 12,66.83 | 16,13.72 | 18,40.28 |

11 FIXED ASSETS

Rupees in lakhs

| | Gross block (at cost) | | | | Depreciation | | | | Net block | |
|------------------------|--------------------------------|---------------------------|-------------------|-----------------------------|--------------------------------|-------------------|---|-----------------------------|-----------------------------|--------------------------------|
| | As at 31st December 2013 | Additions/ Adjustments | Deductions (b) | As at 31st March 2015 | As at 31st December 2013 | For the Period | On Deductions/ Adjustments (b) | As at 31st March 2015 | As at 31st March 2015 | As at 31st December 2013 |
| TANGIBLE ASSETS | | | | | | | | | | |
| Freehold land | 2.00 | — | — | 2.00 | — | — | — | — | 2.00 | 2.00 |
| Leasehold land | 44.27 | — | — | 44.27 | — | — | — | — | 44.27 | 44.27 |
| Freehold buildings (a) | 10,64.27 | 22,45.26 | — | 33,09.53 | 6,87.33 | 1,24.78 | — | 8,12.11 | 24,97.42 | 3,76.94 |
| Leasehold buildings | 37,85.68 | 7,60.20 | 1.69 | 45,44.19 | 19,99.96 | 1,53.97 | 1.24 | 21,52.69 | 23,91.50 | 17,85.72 |
| Plant and equipment | 203,20.33 | 1,921.32 | 35,78.64 | 186,63.01 | 135,16.96 | 17,77.31 | 27,76.67 | 125,17.60 | 61,45.41 | 68,03.37 |
| Furniture and fixtures | 29,82.63 | 1,40.04 | 17.54 | 31,05.13 | 24,54.12 | 1,59.17 | 17.91 | 25,95.38 | 5,09.75 | 5,28.51 |
| Vehicles | 11,01.13 | 4,98.97 | 21.10 | 15,79.00 | 7,80.44 | 3,12.58 | 18.00 | 10,75.02 | 5,03.98 | 3,20.69 |
| Office Equipment | 6,07.78 | 76.10 | 11.66 | 6,72.22 | 4,62.10 | 7.44 | 8.95 | 4,60.59 | 2,11.63 | 1,45.68 |
| TOTAL | 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 | |
| Previous year | 272,03.63 | 34,03.52 | 6,99.06 | 299,08.09 | 182,63.42 | 19,88.14 | 3,50.65 | 199,00.91 | | 100,07.18 |

Note:

(a) Freehold buildings include investments representing ownership of residential flats (Refer Note 27).

(b) Deductions include Tangible assets held for sale shown under 'Other Current Assets' (Refer note 21) : gross block Rs. 5,23.57 lakhs, accumulated depreciation Rs. 3,98.29 lakhs and net block Rs. 1,25.28 lakhs (Previous year shown under 'Other Non Current Assets' (Refer note 15) - gross block Rs. 4,47.82 lakhs, accumulated depreciation Rs. 1,50.20 lakhs and net block Rs. 2,97.62 lakhs).

Ruppes in lakhs

As at 31st
March, 2015

As at 31st
December, 2013

12 NON-CURRENT INVESTMENTS

(VALUED AT COST UNLESS OTHERWISE STATED)

TRADE

IN EQUITY INSTRUMENTS

Unquoted

Biotech Consortium India Limited

| | | | | | | |
|--|----|----|----|----|------|------|
| 50,000 Equity Shares of Rs. 10 each fully paid | .. | .. | .. | .. | 5.00 | 5.00 |
|--|----|----|----|----|------|------|

Dinette Exclusive Club Private Limited

| | | | | | | |
|--|----|----|----|----|------|------|
| 500 Equity Shares of Rs. 100 each fully paid | .. | .. | .. | .. | 0.50 | 0.50 |
|--|----|----|----|----|------|------|

OTHER INVESTMENTS

Unquoted

| | | | | | | | | |
|------------------------------|----|----|----|----|----|----|------|------|
| National Savings Certificate | .. | .. | .. | .. | .. | .. | 0.17 | 0.17 |
|------------------------------|----|----|----|----|----|----|------|------|

(Lodged with Government authorities)

IN SUBSIDIARY COMPANY

Unquoted

Biddle Sawyer Limited

| | | | | | | |
|--|----|----|----|----|----------|----------|
| 9,60,000 Equity Shares of Rs. 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 period

13 DEFERRED TAX ASSETS (NET)

Deferred tax assets and liabilities are attributable to the following items:

Assets

| | | |
|---|----------|----------|
| Provision for employee benefits | 41,03.35 | 30,53.08 |
|---|----------|----------|

| | | | | | | | | |
|---------------------------------------|----|----|----|----|----|----|----------|----------|
| Costs of voluntary retirement schemes | .. | .. | .. | .. | .. | .. | 12,25.25 | 21,53.41 |
|---------------------------------------|----|----|----|----|----|----|----------|----------|

| | | | | | | |
|---|----|----|----|----|---------|---------|
| Provision for doubtful debts, loans and advances .. | .. | .. | .. | .. | 5,17.12 | 4,81.44 |
|---|----|----|----|----|---------|---------|

| | | |
|--|----------|----------|
| Interest on Income-tax refund not accounted but considered as taxable under the Income-tax Act, 1961 | 22.02.06 | 22.02.06 |
|--|----------|----------|

| | | |
|---|----------|----------|
| Expenses allowable for tax purposes when paid | 12,55.28 | 17,99.60 |
|---|----------|----------|

| | | |
|----------|----------|----------|
| TOTAL .. | 93,03.06 | 96,89.59 |
|----------|----------|----------|

Liabilities

| | | | | | | |
|--|----|----|----|----|----------|---------|
| Depreciation (including tangible assets held for sale) | .. | .. | .. | .. | 10,11.63 | 4,78.94 |
|--|----|----|----|----|----------|---------|

| | | |
|----------|----------|---------|
| TOTAL .. | 10,11.63 | 4,78.94 |
|----------|----------|---------|

| | | |
|----------|----------|----------|
| TOTAL .. | 82,91.43 | 92,10.65 |
|----------|----------|----------|

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

14 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

| | As at 31st March, 2015 | As at 31st December, 2013 |
|--|------------------------|---------------------------|
| Capital advances | 64,22.76 | 17,80.74 |
| Less : Allowance for doubtful loans and advances | (3,87.93) 60,34.83 | (2,67.13) 15,13.61 |
| Security Deposits | 14,11.79 | 11,92.01 |
| Other loans and advances (Refer Note 52) | | |
| Advance income-tax (net) (Refer Note 51(b)) | 166,92.55 | 159,72.01 |
| Balance with Government Authorities | 11,83.17 | 10,72.78 |
| Sundry Deposits | 30,56.55 | 29,37.81 |
| Loans and advances recoverable in cash or in kind * | 4,52.14 | 5,99.17 |
| TOTAL .. | 288,31.03 | 232,87.39 |

* includes outstanding loans receivable from related parties

15 OTHER NON-CURRENT ASSETS

| | | |
|--|-----------------|-----------------|
| Remittances in transit [Refer Note 24(iii)] | 5.92 | 5.92 |
| Margin money / Deposit against bank guarantee | 2,92.21 | 2,43.56 |
| 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 .. | 14,04.03 | 13,55.38 |

16 CURRENT INVESTMENTS

(CURRENT PORTION OF LONG TERM INVESTMENTS VALUED AT COST UNLESS OTHERWISE STATED)

IN DEBENTURES OR BONDS

Quoted

LIC Housing Finance Limited

Nil, (Previous year - 100, 9.35% Non-Convertible Debentures, 2014 of Rs. 10,00,000 each)

TOTAL ..

Aggregate of Quoted Investments - At Book value ..

- At Market value..

There are no investments purchased and sold / redeemed during the period.

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

| | | | | | | | | | | Rupees in lakhs | |
|--|----|----|----|----|----|----|----|----|----|---------------------------|------------------------------|
| | | | | | | | | | | As at 31st March, 2015 | As at 31st December, 2013 |
| 17 INVENTORIES | | | | | | | | | | | |
| Stores and spares | .. | .. | .. | .. | .. | .. | .. | .. | .. | 2,59.31 | 2,85.74 |
| Raw and packing materials (includes in-transit Rs. 3,05.27 lakhs; Previous year - Rs. 3,30.96 lakhs) | .. | .. | .. | .. | .. | .. | .. | .. | .. | 95,93.12 | 70,59.52 |
| Work-in-progress | .. | .. | .. | .. | .. | .. | .. | .. | .. | 31,23.41 | 32,33.86 |
| Traded goods (includes in-transit Rs. 12,01.55 lakhs; Previous year - Rs. 14,59.10 lakhs).. | | | | | | | | | | 135,73.98 | 147,09.26 |
| Finished goods | .. | .. | .. | .. | .. | .. | .. | .. | .. | 103,35.77 | 89,51.35 |
| TOTAL | | | | | | | | | | 368,85.59 | 342,39.73 |
| 18 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 | .. | .. | .. | .. | .. | .. | .. | .. | .. | 9,32.19 | 10,98.65 |
| Others | .. | .. | .. | .. | .. | .. | .. | .. | .. | 90,99.60 | 85,40.67 |
| Considered doubtful | | | | | | | | | | | |
| Outstanding for a period exceeding six months from the date they are due for payment | .. | .. | .. | .. | .. | .. | .. | .. | .. | 11,27.27 | 10,22.32 |
| Others | .. | .. | .. | .. | .. | .. | .. | .. | .. | — | — |
| Less : Provision for doubtful debts | .. | .. | .. | .. | .. | .. | .. | .. | .. | (11,27.27) | (10,22.32) |
| TOTAL | | | | | | | | | | 100,31.79 | 96,39.32 |
| 19 CASH AND BANK BALANCES | | | | | | | | | | | |
| Cash and cash equivalents | | | | | | | | | | | |
| Cash on hand | .. | .. | .. | .. | .. | .. | .. | .. | .. | 0.76 | 1.67 |
| Balances with banks | | | | | | | | | | | |
| Current account | .. | .. | .. | .. | .. | .. | .. | .. | .. | 54,30.83 | 69,32.07 |
| Term deposit with original maturity period of less than three months | .. | .. | | | | | | | | 60,02.00 | 23,54.00 |
| Other bank balances | | | | | | | | | | | |
| Term deposit with original maturity period of more than three months but less than twelve months | .. | .. | .. | .. | .. | .. | .. | .. | .. | 1545,75.00 | 1618,00.00 |
| Term deposit with original maturity period of more than twelve months but maturing within next twelve months | .. | .. | .. | .. | .. | .. | .. | .. | .. | 217,00.00 | 296,75.00 |
| Unpaid dividend accounts | .. | .. | .. | .. | .. | .. | .. | .. | .. | 20,26.22 | 18,88.91 |
| Margin money / Deposit against bank guarantee | .. | .. | .. | .. | .. | .. | .. | .. | .. | 66.94 | 61.96 |
| TOTAL | | | | | | | | | | 1898,01.75 | 2027,13.61 |

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

20 SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

| | As at 31st March, 2015 | As at 31st December, 2013 |
|---|---------------------------|------------------------------|
| Balance with Government Authorities.. .. . | 14,80.44 | 9,09.87 |
| Current account balances with group companies | 26,13.73 | 19,16.45 |
| Prepaid Expenses | 10,13.16 | 1,74.98 |
| Advances recoverable in cash or in kind * | 68,66.99 | 39,90.07 |
| TOTAL | 119,74.32 | 69,91.37 |

* includes outstanding loans receivable from related parties

21 OTHER CURRENT ASSETS

| | | |
|--|-----------------|-----------------|
| Interest accrued on investments / deposits | 65,48.26 | 55,27.66 |
| Tangible assets including capital work-in-progress held for sale (at book value/cost or estimated net realisable value / salvage value whichever is lower) | 12,59.85 | 46.06 |
| Others | 16.80 | 15.23 |
| TOTAL | 78,24.91 | 55,88.95 |

22 CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent Liabilities not provided for:

| | | |
|---|-----------|-----------|
| (i) Cheques discounted with banks | 3,74.00 | 1,56.84 |
| (ii) In respect of claims made against the Company not acknowledged as debts by the Company | | |
| - Sales tax matters | 34,39.35 | 34,16.65 |
| - Excise matters | 5,93.30 | 5,93.30 |
| - Service tax matters | 1,29.20 | 1,29.20 |
| - Labour matters | 69,31.23 | 62,81.49 |
| - Other legal matters | 22,01.55 | 22,01.55 |
| which net of current tax amount to | 87,75.79 | 83,31.91 |
| (iii) Income-tax matters in respect of which appeals are pending | | |
| - Tax on matters in dispute | 177,46.83 | 199,70.77 |

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 | 87,40.19 | 53,72.63 |
| (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.

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

- 23** The demand of Rs. 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 Rs. 18,68 lakhs in earlier years and a further provision of Rs. 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 Rs. 63,60 lakhs, which together with the amount of Rs. 8,19 lakhs previously deposited with the Government, aggregates to the demand of Rs. 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 Rs. 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 Rs. 247,44 lakhs. Without prejudice to the position that interest is not payable, the Company has recognized a provision of Rs. 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 Rs. 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 27th August, 2015.

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 Rs. 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 Rs. 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 Rs. 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 - Rs. 0.31 lakhs and in Tanzania - Rs. 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) Rs. 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 Rs. 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 Rs. 96.81 lakhs, and interest thereon amounting to Rs. 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 15 months ended 31st March, 2015 — continued

| | | Rupees in lakhs | |
|---|---|---------------------------|------------------------------|
| | | As at 31st March, 2015 | As at 31st December, 2013 |
| 26 | 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 | 8.38 | 4.77 |
| | | <u>8.38</u> | <u>4.77</u> |
| (b) (i) | The delayed payments of principal amount paid beyond the appointed date during the entire accounting period.. .. . | 1,83.91 | 95.27 |
| (ii) | Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 | — | — |
| (c) (i) | Normal Interest accrued during the period 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 period | 3.61 | 1.58 |
| (ii) | Total Interest accrued during the period and remaining unpaid | 3.61 | 1.58 |
| (e) | Included in (d) above is Nil being interest on amounts outstanding as at the beginning of the accounting period | | |
| (f) | Further interest remaining due and payable for earlier years.. .. . | 4.77 | 3.19 |
| 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. | | | |
| 27 | Tangible fixed Assets include the following investments representing ownership of residential flats: | | |
| | 5 partly paid 'A' equity shares of Rs. 1,20,000 each, Rs. 1,18,000 each paid-up and 1 partly paid 'B' equity share of Rs. 90,000, Rs. 88,500 paid-up in Hill Properties Limited | 7.22 | 7.22 |
| | 10 shares of Rs. 50 each fully paid-up in Prathamesh Co-operative Housing Society Limited. | 2.00 | 2.00 |
| | 10 shares of Rs. 50 each fully paid-up in Montreal Olympic Premises Co-operative Housing Society Limited. | 48.13 | 48.13 |
| | 5 shares of Rs. 50 each fully paid-up in Poonam Co-operative Housing Society Limited. | 23.62 | 23.62 |
| | 10 shares of Rs. 100 each fully paid-up in Anita Co-operative Housing Society Limited. | 33.31 | 33.31 |
| | 20 shares of Rs. 50 each fully paid-up in Cooprage Woodhouse Co-operative Housing Society Limited. | 45.59 | 45.59 |
| | 5 shares of Rs. 50 each fully paid-up in Sea-Face Park Co-operative Housing Society Limited. | 67.00 | 67.00 |
| | 20 shares of Rs. 50 each fully paid-up in Red Rose Co-operative Housing Society Limited. | 19.32 | 19.32 |
| | 1 share of Rs. 100 fully paid-up in The Imperial Condominium | 21,52.80 | — |

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

28 PROPOSED DIVIDEND

The dividend on Equity Shares of Rs. 10 each is as follows:

| | | |
|-----------------------------------|-----------|-----------|
| Amount of dividend | 529,39.38 | 423,51.50 |
| Dividend per Equity Share | 62.50 | 50.00 |

29 REVENUE FROM OPERATIONS

| | | |
|---------------------------------|-------------------|-------------------|
| Sale of products | 3358,54.49 | 2593,39.32 |
| Excise duty | (105,13.51) | (73,22.08) |
| Sale of products (net) | 3253,40.98 | 2520,17.24 |
| Other operating revenue | 34,16.82 | 25,97.50 |
| TOTAL .. | 3287,57.80 | 2546,14.74 |

(a) DETAILS OF SALE OF PRODUCTS

| | | |
|---|-------------------|-------------------|
| Tablets and Capsules | 1445,16.69 | 1108,67.02 |
| Solids including Powders and Ointments | 836,83.57 | 623,85.44 |
| Liquids - Orals, Topicals and Parenterals | 459,67.43 | 333,95.74 |
| Vaccines | 440,33.79 | 361,90.61 |
| Others | 176,53.01 | 165,00.51 |
| | 3358,54.49 | 2593,39.32 |

(b) OTHER OPERATING REVENUE

| | | |
|---|-----------------|-----------------|
| Service income | | |
| Clinical research and data management | 52,02.72 | 43,66.02 |
| Other services | 19,58.57 | 12,07.04 |
| Direct expenses relating to the above | (58,39.14) | (45,01.07) |
| | 13,22.15 | 10,71.99 |
| Export related benefits (net) | 10.84 | 22.20 |
| Consignment sales commission | 1,35.12 | 1,33.33 |
| Manufacturing charges recovery | 7,94.25 | 4,00.92 |
| Others | 11,54.46 | 9,69.06 |
| | 34,16.82 | 25,97.50 |

30 OTHER INCOME

Interest income (Gross):

| | | |
|---|------------------|------------------|
| On deposits with banks | 186,85.39 | 155,81.93 |
| On loans | 34.39 | 27.48 |
| On tax refunds | 8,99.23 | 15,29.43 |
| On investments - Government securities and other than trade - long term [net of premium write-off of Rs. 0.24 lakhs (Previous year - Rs. 0.31 lakhs)] | 83.53 | 1,70.94 |
| Others | 17.91 | 38.42 |
| | 197,20.45 | 173,48.20 |

Less : Interest expense:

| | | |
|---------------------------|----------------|----------------|
| Security deposits | (31.50) | (33.01) |
| Others | (15.40) | (0.08) |
| | (46.90) | (33.09) |

| | | |
|---|------------------|------------------|
| | 196,73.55 | 173,15.11 |
| Dividend from subsidiary company | — | 25,00.00 |
| Profit on sale / redemption of investments | — | 9.10 |
| Rent received | 92.63 | 65.41 |
| Profit on sale / disposal of fixed assets (net) | 58.00 | 1,64.92 |
| Provision written back as no longer required | 42.99 | 42.32 |
| TOTAL .. | 198,67.17 | 200,96.86 |

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

| | | | | | | | Rupees in lakhs | | | | |
|----|---|----|----|----|----|-------|-------------------------------------|-----------|--|------------|--|
| | | | | | | | 15 months ended 31st March, 2015 | | 12 months ended 31st December, 2013 | | |
| 31 | COST OF MATERIALS CONSUMED | | | | | | | | | | |
| | Betamethasone-17 Valerate IP | .. | .. | .. | .. | | 75,99.50 | | 66,56.24 | | |
| | Other raw materials consumed * | .. | .. | .. | .. | | 468,02.93 | | 329,05.14 | | |
| | Packing materials consumed * | .. | .. | .. | .. | | 182,71.03 | | 142,95.36 | | |
| | | | | | | TOTAL | 726,73.46 | | 538,56.74 | | |
| | 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 | .. | .. | .. | .. | .. | 84.60 | 614,82.67 | 85.52 | 460,59.83 | |
| | Imported by the company (including duty and other charges) | | | | | | 15.40 | 111,90.79 | 14.48 | 77,96.91 | |
| | | | | | | | 100.00 | 726,73.46 | 100.00 | 538,56.74 | |
| 32 | PURCHASE OF TRADED GOODS | | | | | | | | | | |
| | Purchase of traded goods | .. | .. | .. | .. | | 779,89.39 | | 670,00.11 | | |
| | | | | | | TOTAL | 779,89.39 | | 670,00.11 | | |
| 33 | CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS | | | | | | | | | | |
| | Opening stock | | | | | | | | | | |
| | Work-in-progress | .. | .. | .. | .. | .. | 32,33.86 | | 33,32.75 | | |
| | Finished goods | .. | .. | .. | .. | .. | 89,51.35 | | 63,58.99 | | |
| | Traded goods | .. | .. | .. | .. | .. | 147,09.26 | | 121,28.02 | | |
| | | | | | | | 268,94.47 | | 218,19.76 | | |
| | Less: Closing 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 | (1,38.69) | 268,94.47 | (50,74.71) | |
| | | | | | | TOTAL | | (1,38.69) | | (50,74.71) | |
| 34 | EMPLOYEE BENEFITS EXPENSES | | | | | | | | | | |
| | Salaries, wages and bonus | .. | .. | .. | .. | | 442,85.30 | | 326,10.74 | | |
| | Contributions to : Provident and pension funds | .. | .. | | | | 24,54.81 | | 16,35.09 | | |
| | Gratuity funds | .. | .. | .. | .. | | 7,96.08 | | 5,02.21 | | |
| | Staff welfare | .. | .. | .. | .. | .. | 17,66.04 | | 14,56.81 | | |
| | | | | | | TOTAL | 493,02.23 | | 362,04.85 | | |

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

35 OPERATING AND OTHER EXPENSES

| | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
|---|-------------------------------------|--|
| Sales promotion | 138,39.34 | 120,18.32 |
| Stock point commission | 16,63.81 | 11,67.46 |
| Freight (net) | 67,28.37 | 54,41.59 |
| Travelling | 79,32.24 | 58,05.22 |
| Manufacturing charges | 96,63.71 | 65,52.85 |
| Repairs - Buildings | 3,97.94 | 3,29.93 |
| - Plant and Machinery | 17,40.03 | 9,60.90 |
| - Others | 15.05 | 11.74 |
| Consumption of stores and spares | 6,58.01 | 4,15.94 |
| Power, fuel and water | 31,16.79 | 23,85.43 |
| Rent | 22,91.34 | 15,40.40 |
| Rates and taxes | 33,93.75 | 22,63.27 |
| Printing, postage and telephones | 15,18.93 | 12,96.36 |
| Sales training, briefing and conference | 17,46.06 | 19,43.92 |
| Excise duty | 29.78 | 8,19.99 |
| Insurance | 7,15.78 | 4,42.51 |
| Remuneration to auditors: | | |
| Statutory audit fees | 48.75 | 48.75 |
| In other capacity in respect of: | | |
| Tax audit fees | 6.00 | 6.00 |
| Audit of tax accounts | 20.00 | 20.00 |
| Other services | 30.75 | 45.25 |
| Reimbursement of expenses | 6.47 | 3.44 |
| Cost audit fees.. .. . | 9.11 | 2.75 |
| Date-expired stocks | 45,39.56 | 34,18.43 |
| Commission to non whole-time Directors | 58.75 | 46.31 |
| Directors' sitting fees | 19.80 | 14.70 |
| Miscellaneous | 99,88.68 | 65,60.02 |
| Reimbursement of expenses (net) (Refer note 39) | 18,73.24 | 13,59.49 |
| Expenses relating to service income [Refer note 29 (b)] | (58,39.14) | (45,01.07) |
| TOTAL | 662,12.90 | 504,19.90 |

36 The Company has appointed Mr. Andrew Aristidou as Executive Director for the period December 1, 2014 to June 30, 2017 at the Board Meeting held on November 6, 2014. Shareholders of the Company have approved his appointment and remuneration vide postal ballot dated March 26, 2015. The Company has filed the application with the Central Government for approval of his appointment and payment of remuneration on April 30, 2015. Approval of the Central Government is awaited.

37 The recurring expenditure on research and development charged off to revenue amounts to Rs. 2,19.35 lakhs (Previous year - Rs. 2,62.86 lakhs).

38 Miscellaneous expenses in Note 35 include loss on foreign currency transactions (net) Rs. 1,64.38 lakhs (Previous year - Rs. 9,33.91 lakhs)

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

39 "Reimbursement of expenses (net)" in Note 35 are amounts recovered from GlaxoSmithKline Asia Private Limited Rs. 1,64.65 lakhs (Previous year - Rs. 3,46.92 lakhs), from subsidiary company Rs. 3,03.15 lakhs (Previous year - Rs. 2,94.13 lakhs), from Stiefel India Private Limited Rs. 24.97 lakhs (Previous year - Rs. 18.43 lakhs), from GlaxoSmithKline Pte Limited Rs. 30.96 lakhs (Previous year - Rs. 58.96 lakhs), from GlaxoSmithKline Services Unlimited Rs. 2,19.75 lakhs (Previous year - 92.03 lakhs), GlaxoSmithKline Research and Development Rs. 1,05.74 lakhs (Previous year - NIL), GlaxoSmithKline Brasil Ltda Rs. 46.98 Lakhs (Previous year - Rs. 9.18 Lakhs) and paid to GlaxoSmithKline Consumer Healthcare Limited Rs. 27,69.44 lakhs (Previous year - Rs. 21,79.14 lakhs) towards the value of costs apportioned, in accordance with the agreements on allocation of expenses with the companies.

| | | Rupees in lakhs | |
|--|---|-------------------------------------|--|
| | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
| 40 | Exceptional items: | | |
| Expenses on rationalisation initiatives mainly relating to a manufacturing site | | | |
| – Voluntary retirement scheme | .. .. . | — | (4.50) |
| – Others | .. .. . | — | (2,13.81) |
| Provisions for pricing matters written back | .. .. . | — | 5,63.23 |
| Profit on sale of property | .. .. . | — | 21,17.81 |
| Write down due to rationalisation of capital assets including capital work-in-progress for one of the dosage forms at a manufacturing facility.. | | (30,37.42) | — |
| Actuarial gain/(loss) on employee benefits | .. .. . | (21,50.72) | 1,52.73 |
| | | <u>(51,88.14)</u> | <u>26,15.46</u> |
| 41 | C.I.F. value of imports in respect of: | | |
| Raw and packing materials | .. .. . | 116,14.49 | 95,75.43 |
| Traded goods | .. .. . | 301,39.10 | 204,55.85 |
| Components and spare parts for Machinery | .. .. . | 69.86 | — |
| Capital goods | .. .. . | 15,12.91 | 15,59.66 |
| | | <u>433,36.36</u> | <u>315,90.94</u> |
| | | <u>for 2013</u> | <u>for 2012</u> |
| 42 | Dividend remitted in foreign currency: | | |
| On 3,04,85,250 equity shares to Glaxo Group Limited, U.K. | .. .. . | 152,42.62 | 152,42.62 |
| On 2,06,09,774 equity shares to GlaxoSmithKline Pte Limited, Singapore | .. .. . | 103,04.89 | — |
| On 58,80,000 equity shares to Eskaylab Limited, U.K. | .. .. . | 29,40.00 | 29,40.00 |
| On 33,60,000 equity shares to Burroughs Wellcome International Limited, U.K. | .. .. . | 16,80.00 | 16,80.00 |
| On 31,92,238 equity shares to Castleton Investment Limited, Mauritius | .. .. . | 15,96.12 | 15,96.12 |
| 43 | Expenditure in foreign currency on account of: | | |
| – Travelling | .. .. . | 2,39.59 | 95.33 |
| – Royalty | .. .. . | 32.83 | 8.98 |
| – Others | .. .. . | 14,36.86 | 6,50.17 |
| | | <u>17,09.28</u> | <u>7,54.48</u> |
| 44 | Earnings in foreign exchange on account of: | | |
| F.O.B. value of exports including through merchant exporters | .. .. . | 6,31.18 | 9,46.88 |
| Recovery of expenses | .. .. . | 13.10 | 36.86 |
| Clinical research and data management | .. .. . | 52,02.72 | 43,66.02 |
| Others | .. .. . | 11,45.64 | 9,05.01 |
| | | <u>69,92.64</u> | <u>62,54.77</u> |

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

45 Employee Benefits:

The company obtained actuarial reports as required by the Accounting Standard 15, Employee Benefits (revised 2005) [‘the revised AS 15’], notified under sub-section (3C) of Section 211 of the Companies Act, 1956 based on which disclosures have been made in the financial statements for the fifteen months ended 31st March, 2015.

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.

| | | Rupees in lakhs | Previous year Rupees in lakhs |
|---|--|--------------------|-------------------------------------|
| 2 | Charge to the Statement of Profit and Loss based on contributions: | | |
| | Superannuation | 6,46.41 | 4,88.18 |
| | Employees’ pension scheme | 6,22.53 | 3,12.68 |
| 3 | The liability for leave encashment and compensated absences as at period end is Rs. 43,01.90 lakhs (Previous year - Rs. 33,37.71 lakhs) #. | | |
| 4 | Disclosures for defined benefit plans as on 31st March, 2015: | | |

| | Rupees in lakhs | | | Previous year 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 plan) |
| (i) <u>Change in Defined Benefit Obligation</u> | | | | | | |
| Opening defined benefit obligation | 52,63.32 | 32,76.52 | 276,81.92 | 45,89.25 | 36,52.80 | 251,67.92 |
| Current service cost | 4,54.31 | 45.46 | 11,84.63 | 3,36.05 | 45.01 | 8,44.41 |
| Interest cost | 6,14.20 | 3,59.61 | 32,04.73 | 3,96.00 | 2,91.86 | 20,96.11 |
| Actuarial loss/(gain) | 11,25.57 | 3,77.81 | 8,43.36 | 3,17.43 | (4,52.18) | (11,43.63) |
| Contributions by employee .. | — | — | 32,43.09 | — | — | 22,92.08 |
| Liabilities assumed on acquisition/ (settled on divestiture) | (8.06) | — | (6,64.67) | (8.11) | — | (59.14) |
| Benefits paid | (7,19.69) | (3,96.06) | (16,94.19) | (3,67.30) | (2,60.97) | (15,15.82) |
| Closing defined benefit obligation | 67,29.65 | 36,63.34 | 337,98.87 | 52,63.32 | 32,76.52 | 276,81.92 |
| (ii) <u>Change in Fair Value of Assets</u> | | | | | | |
| Opening fair value of plan assets | 28,12.66 | | 276,81.92 | 28,68.72 | | 251,67.92 |
| Expected return on plan assets.. | 2,72.43 | | 34,14.49 | 2,29.84 | | 25,16.42 |
| Actuarial gain/(loss) | (43.00) | | 6,33.60 | 81.40 | | (15,63.95) |
| Contributions by employer | 2,00.00 | | 11,84.63 | — | | 8,44.41 |
| Contributions by employee.. .. | — | | 32,43.09 | — | | 22,92.08 |
| Assets Acquired on acquisition/ (settled on divestiture) | — | | (6,64.67) | — | | (59.14) |
| Benefits paid | (7,19.69) | | (16,94.19) | (3,67.30) | | (15,15.82) |
| Closing fair value of plan assets .. | 25,22.40 | | 337,98.87 | 28,12.66 | | 276,81.92 |

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

| | Rupees in lakhs | | | Previous year 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 plan) |
| (iii) <u>Amount recognised in the Balance Sheet</u> | | | | | | |
| Present value of obligations as at period end | 67,29.65 | 36,63.34 | 337,98.87 | 52,63.32 | 32,76.52 | 276,81.92 |
| Fair value of plan assets as at period end | 25,22.40 | | 337,98.87 | 28,12.66 | | 276,81.92 |
| Net (asset) / liability recognised as at period end # | 42,07.25 | 36,63.34 | — | 24,50.66 | 32,76.52 | — |
| (iv) <u>Expenses recognised in the Statement of Profit and Loss</u> | | | | | | |
| Current service cost | 4,54.31 | 45.46 | 11,84.63 | 3,36.05 | 45.01 | 8,44.41 |
| Interest on defined benefit obligation | 6,14.20 | 3,59.61 | 32,04.73 | 3,96.00 | 2,91.86 | 20,96.11 |
| Expected return on plan assets | (2,72.43) | | (34,14.49) | (2,29.84) | | (25,16.42) |
| Net actuarial loss/(gain) recognised in the current period | 11,68.57 | 3,77.81 | 2,09.76 | 2,36.03 | (4,52.18) | 4,20.31 |
| Total expense | 19,64.65 | 7,82.88 | 11,84.63 | 7,38.24 | (1,15.31) | 8,44.41 |
| (v) <u>Asset information</u> | | | | | | |
| Government of India Securities | 42% | | 38% | 40% | | 34% |
| Corporate Bonds | 27% | | 37% | 27% | | 38% |
| Special Deposit Scheme | 28% | | 16% | 25% | | 20% |
| Others | 3% | | 8% | 8% | | 8% |
| (vi) <u>Principal actuarial assumptions used</u> | | | | | | |
| Discount rate (p.a.) | 7.90% | 7.90% | 7.90% | 9.15% | 9.15% | 9.15% |
| Expected rate of return on plan assets (p.a.) | 8.00% | | 8.17% - 8.48% | 7.50% | | 8.55% - 9.44% |
| 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 | | 43.75 | | | 39.94 | |
| Effect on defined benefit obligation | | 4,27.90 | | | 3,49.38 | |
| <u>1% decrease</u> | | | | | | |
| Effect on the aggregate of service cost and interest cost | | (34.60) | | | (32.08) | |
| Effect on defined benefit obligation | | (3,44.17) | | | (2,84.83) | |
| (viii) Expected employer's contribution for the next period | 7,00.00 | 1,99.61 | 12,67.55 | 7,00.00 | 2,01.85 | 9,03.52 |

excludes impact of actualisation of gratuity Rs. 22.01 lakhs, leave encashment and compensated absences Rs. 6.62 lakhs in the previous year

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

| (ix) Net asset/liability recognised in the Balance Sheet (including experience adjustment impact) | 15 Months March 2015 | 2013 | 2012 | 2011 | 2010 |
|--|-------------------------|-----------|-----------|----------|----------|
| <u>Gratuity</u> | | | | | |
| Defined benefit obligation | 67,29.65 | 52,63.32 | 45,89.25 | 47,30.42 | 46,72.26 |
| Plan assets | 25,22.40 | 28,12.66 | 28,68.72 | 31,41.46 | 32,27.37 |
| Deficit/(Surplus) | 42,07.25 | 24,50.66 | 17,20.53 | 15,88.96 | 14,44.89 |
| Experience adjustments on plan liabilities .. | 3,39.31 | 3,82.18 | 2,59.55 | 1,87.34 | 1,58.29 |
| Experience adjustments on plan assets .. | (43.00) | 81.40 | (1,78.15) | 49.91 | 1,75.62 |
| <u>Post retirement medical and other benefits</u> | | | | | |
| Defined benefit obligation | 36,63.34 | 32,76.52 | 36,52.80 | 29,86.89 | 28,06.34 |
| Plan assets | — | — | — | — | — |
| Deficit/(Surplus) | 36,63.34 | 32,76.52 | 36,52.80 | 29,86.89 | 28,06.34 |
| Experience adjustments on plan liabilities .. | (1,14.49) | (1,08.91) | 5,02.91 | 2,72.60 | 5,20.13 |
| Experience adjustments on plan assets .. | — | — | — | — | — |

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

47 Related Party disclosures

Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures", notified under sub-section (3C) of Section 211 of the Companies Act, 1956 are given below:

1 Relationships (during the period):

(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 period

(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 period:

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.

Laboratoire GlaxoSmithKline S.A.S., France

GlaxoSmithKline Export Limited, U.K.

GlaxoSmithKline Research & Development Ltd

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 Pharmaceuticals, U.S.A.

US GMS Financial Services, U.S.A.

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

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

| | |
|--|---|
| Mr. A. Aristidou (w.e.f 1st December, 2014) | Mr. P.V. Nayak |
| Ms. A. Bansal (w.e.f 19th February, 2013) | Mr. R. Bartaria |
| Mr. A.N. Roy | Mr. R.C. Sequeira |
| Mr. C.T. Renganathan (up to 31st December, 2014) | Mr. R.R. Bajaj |
| Mr. D.S. Parekh | Mr. R. Krishnaswamy |
| Mr. D. Sundaram | Mr. S. Harford * |
| Dr. H.B. Joshipura | Dr. S. Joglekar (up to 21st February, 2014) |
| Mr. H. Buch | Mr. S. Khanna |
| Mr. K. Hazari | Mr. S. Dheri |
| Mr. M.B. Kapadia (up to 30th November, 2014) | Mr. S. Venkatesh (w.e.f 25th June, 2014) |
| Mr. N. Kaviratne | Ms. V. Desai (w.e.f 11th February, 2014) |
| Mr. P. Bhide | Mr. V. Thyagarajan |

* no transactions during the period

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 | |
|--|----|----|----|----|----|----|--------------------------|-----------|
| | | | | | | | January 14 - March 15 | 2013 |
| Glaxo Group Limited, U.K. | .. | .. | .. | .. | .. | .. | 152,42.62 | 152,42.62 |
| GlaxoSmithKline Pte Limited, Singapore | .. | .. | .. | .. | .. | .. | 103,04.89 | — |
| Eskaylab Limited, U.K. | .. | .. | .. | .. | .. | .. | 29,40.00 | 29,40.00 |
| Burroughs Wellcome International Limited, U.K. | .. | .. | .. | .. | .. | .. | 16,80.00 | 16,80.00 |
| Castleton Investment Limited, Mauritius | .. | .. | .. | .. | .. | .. | 15,96.12 | 15,96.12 |

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

| | | | | | | | Rupees in lakhs | | | |
|----|--|----|----|----|----|----|-----------------------------------|-----------|---|------------|
| | | | | | | | Subsidiary of the company (ii) | | Other companies in the GSK Group (iii) | |
| | | | | | | | January 14 - March 15 | 2013 | January 14 - March 15 | 2013 |
| 1 | Purchase of materials/traded goods | .. | .. | .. | .. | .. | — | — | 542,80.41 | 436,34.10 |
| 2 | Sale of materials/sale of products | .. | .. | .. | .. | .. | — | — | 3,82.35 | 4,79.63 |
| 3 | Expenses recharged to other companies | .. | .. | .. | .. | .. | 2,90.85 | 2,63.56 | 21,77.00 | 16,57.31 |
| 4 | Expenses recharged by other companies | .. | .. | .. | .. | .. | — | — | 59,82.25 | 28,00.34 |
| 5 | Manufacturing charges recovered | .. | .. | .. | .. | .. | 1,45.16 | 98.29 | 6,49.09 | 3,02.63 |
| 6 | Consignment sales commission received | .. | .. | .. | .. | .. | 67.26 | 63.61 | 21.22 | 30.95 |
| 7 | Clinical research and data management recoveries | .. | .. | .. | .. | .. | — | — | 52,02.72 | 43,66.02 |
| 8 | Central Value Added Tax credits availed on behalf of a related party (net) | .. | .. | .. | .. | .. | — | — | 4,61.79 | 3,39.62 |
| 9 | Employee benefits transferred to a related party | .. | .. | .. | .. | .. | — | — | 16.83 | 14.83 |
| 10 | Dividend received | .. | .. | .. | .. | .. | — | 25,00.00 | — | — |
| 11 | Outstanding (payables)/receivables at the period end (net) # | .. | .. | .. | .. | .. | (1,50.60) | (2,14.38) | (66,63.46) | (89,05.81) |

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

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

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

| | | | | | | Rupees in lakhs | |
|-----|--|----|----|----|----|--------------------------|------------|
| | | | | | | January 14 - March 15 | 2013 |
| (a) | Purchase of materials/traded goods | | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | .. | 152,68.08 | 178,75.66 |
| | GlaxoSmithKline Biologicals S.A., Belgium | .. | .. | .. | .. | 122,90.70 | 71,50.54 |
| | GlaxoSmithKline Export Limited, U.K. | .. | .. | .. | .. | 244,48.19 | 172,48.31 |
| (b) | Sale of materials/sale of products | | | | | | |
| | GlaxoSmithKline Trading Services Limited, Ireland | .. | .. | .. | .. | 3,82.35 | 4,79.63 |
| (c) | Expenses recharged to other companies | | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | .. | 6,15.72 | 7,33.87 |
| | GlaxoSmithKline Consumer Healthcare Limited, India | .. | .. | .. | .. | 3,90.66 | — |
| | GlaxoSmithKline Services Unlimited, U.K. | .. | .. | .. | .. | 2,89.40 | 3,47.35 |
| | GlaxoSmithKline Trading Services Limited, Ireland | .. | .. | .. | .. | 6,76.64 | 5,37.00 |
| (d) | Expenses recharged by other companies | | | | | | |
| | GlaxoSmithKline Consumer Healthcare Limited, India | .. | .. | .. | .. | 29,97.00 | 23,61.99 |
| | Glaxo Operations UK Limited, U.K. | .. | .. | .. | .. | 18,89.69 | 3.12 |
| | GlaxoSmithKline Services Unlimited, U.K. | .. | .. | .. | .. | 6,36.55 | 2,06.81 |
| (e) | Manufacturing charges recovered | | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | .. | 6,49.09 | 3,02.63 |
| (f) | Consignment sales commission received | | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | .. | 21.22 | 30.95 |
| (g) | Clinical research and data management recoveries | | | | | | |
| | GlaxoSmithKline Biologicals S.A., Belgium | .. | .. | .. | .. | 31,84.22 | 22,54.07 |
| | GlaxoSmithKline Services Unlimited, U.K. | .. | .. | .. | .. | 16,65.31 | 21,11.95 |
| (h) | Central Value Added Tax credits availed on behalf of a related party (net) | | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | .. | 461.79 | 3,39.62 |
| (i) | Employee benefits transferred to a related party | | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | .. | 16.83 | 14.83 |
| (j) | Outstanding (payables)/receivables at the period end (net) | | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | .. | (18,66.63) | (42,65.64) |
| | GlaxoSmithKline Consumer Healthcare Limited, India | .. | .. | .. | .. | 19,63.87 | 15,74.56 |
| | GlaxoSmithKline Biologicals S.A., Belgium | .. | .. | .. | .. | 1,03.49 | (24,76.08) |
| | GlaxoSmithKline Export Limited, U.K. | .. | .. | .. | .. | (54,22.00) | (40,46.21) |
| | GlaxoSmithKline Trading Services Limited, Ireland | .. | .. | .. | .. | 92.79 | 88.05 |
| | GlaxoSmithKline Services Unlimited, U.K. | .. | .. | .. | .. | 39.71 | 2,66.53 |
| | Glaxo Operations UK Limited, U.K. | .. | .. | .. | .. | (18,41.15) | — |

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

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

| | | | | | | Rupees in lakhs | |
|---|---|----|----|----|----|--------------------------|----------|
| | | | | | | January 14 - March 15 | 2013 |
| 1 | Remuneration/commission/sitting fees | .. | .. | .. | .. | 21,06.75 | 14,84.26 |
| 2 | Payments under the long-term incentive plan | .. | .. | .. | .. | 6,16.81 | 1,10.29 |
| 3 | Interest income on loans given | .. | .. | .. | .. | 0.68 | 0.75 |
| 4 | Outstanding loans receivable | .. | .. | .. | .. | 16.13 | 23.59 |

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

| | | | | | | Rupees in lakhs | |
|-----|---|----|----|----|----|--------------------------|---------|
| | | | | | | January 14 - March 15 | 2013 |
| (a) | Remuneration/commission/sitting fees | | | | | | |
| | Dr. H.B. Joshipura | .. | .. | .. | .. | 4,94.83 | 4,00.13 |
| | Mr. M.B. Kapadia | .. | .. | .. | .. | 3,63.02 | 2,34.33 |
| (b) | Payments under the long-term incentive plan | | | | | | |
| | Dr. H.B. Joshipura | .. | .. | .. | .. | 1,20.41 | 33.35 |
| | Mr. M.B. Kapadia | .. | .. | .. | .. | 2,11.12 | 23.18 |
| | Mr. R.C. Sequeira | .. | .. | .. | .. | 32.52 | 11.04 |
| (c) | Interest income on loans given | | | | | | |
| | Mr. H. Buch | .. | .. | .. | .. | 0.28 | 0.23 |
| | Mr. R. Bartaria | .. | .. | .. | .. | 0.04 | 0.18 |
| | Mr. S. Dheri | .. | .. | .. | .. | 0.34 | 0.27 |
| (d) | Outstanding loans receivable | | | | | | |
| | Mr. H. Buch | .. | .. | .. | .. | 7.29 | 7.47 |
| | Mr. R. Bartaria | .. | .. | .. | .. | — | 5.98 |
| | Mr. S. Dheri | .. | .. | .. | .. | 8.84 | 9.00 |

48 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 | UAE Dirham | Australian Dollar | South African Rand | Chinese Yuan | Hong Kong Dollar | Thailand Baht |
| Receivables | 3.82 (1.42) | 30,00.33 (9,64.84) | 5,88.67 (11,59.09) | 2.29 (2.56) | 0.88 (0.20) | — (0.38) | 0.11 — | — — | 0.01 (0.01) | 0.15 — | 0.21 — |
| Payables | 29,48.85 (16,20.16) | 51,91.64 (61,32.22) | 3,17.70 (2,08.00) | — — | — — | — — | 98.14 — | 6.13 — | — — | — — | — — |

(Figures in brackets pertain to the year 2013)

49 Disclosures as required by Accounting Standard 19, "Leases", notified under sub-section (3C) of Section 211 of the Companies Act, 1956, are 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 35.

Notes to the Financial Statements for the 15 months ended 31st March, 2015 — continued

50 Earnings per share

| | | | | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
|--|----|----|----|-----------------|-------------------------------------|--|
| Net Profit | | | | Rupees in lakhs | 471,64.58 | 501,88.24 |
| Weighted average number of shares .. | .. | .. | .. | Nos. | 8,47,03,017 | 8,47,03,017 |
| Earnings per share (Basic and Diluted) | .. | .. | .. | Rs. | 55.68 | 59.25 |
| Face value per share | .. | .. | .. | Rs. | 10 | 10 |

- 51** (a) Provision for tax is net of advance tax and tax deducted at source amounting to Rs. 251,92.00 lakhs (Previous year - Rs. Nil).
- (b) Advance income-tax (net) represents payments in excess of provisions of Rs. 2980,21.26 lakhs (Previous year - Rs. 2980,21.26 lakhs) and includes a net tax refund with interest of Rs. 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 Rs. 29,96.83 lakhs (Previous year - Rs. 29,96.83 lakhs).
- 53** During the period, a complaint filed against the company and others by Bio Med (P) Ltd is pending determination before the Competition Commission of India (CCI).
- 54** 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) GSK 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 transaction would be profit neutral for the Company.
- GSK Plc and Novartis AG have obtained the approval from Competition Commission of India. The Company has filed application with Foreign Investment Promotion Board (FIPB). The closing of the asset sales between the companies is subject to the receipt of all applicable legal and regulatory approvals, consent, permissions and sanctions as may be necessary from concerned authorities.
- 54** The accounting year of the company has been changed from January - December to April - March with effect from the current year. Consequently, the current year's financial statements are for the 15 months from 1st January, 2014 to 31st March, 2015. The previous year figures relate to the 12 months ended 31st December, 2013.
- In view of the above, the current year's figures are not comparable with those of the previous year. Previous year'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

Priyanshu Gundana
Partner
Membership No. 109553

Mumbai, 18th May, 2015

For and on behalf of the Board

| | |
|--------------------|------------------------------------|
| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Statement pursuant to Section 212 of the Companies Act, 1956

| Name of the subsidiary company | Financial year ending of the subsidiary | Number of equity shares held | Extent of holding | For the financial year of the subsidiary | | For the previous financial years since it became a subsidiary | |
|--------------------------------|---|--------------------------------|-------------------|---|---|---|---|
| | | | | Profits/(losses) so far as it concerns the members of the holding company and not dealt with in the holding company's accounts. | Profits/(losses) so far as it concerns the members of the holding company and dealt with in the holding company's accounts. | Profits/(losses) so far as it concerns the members of the holding company and not dealt with in the holding company's accounts. | Profits/(losses) so far as it concerns the members of the holding company and dealt with in the holding company's accounts. |
| Biddle Sawyer Limited | 31.03.2015 | 9,60,000 shares of Rs. 10 each | 100% | Rs. lakhs 4,76.51 | Rs. lakhs — | Rs. lakhs 132,41.82 | Rs. lakhs — |

For and on behalf of the Board

| | |
|--------------------|------------------------------------|
| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Biddle Sawyer Limited

Directors' Report to the Members

The Directors have pleasure in submitting their Report for the fifteen months period ended 31st March 2015. The Accounting year of the Company has been changed from January-December to April-March in line with the provisions of the Companies Act, 2013, which prescribe a uniform financial year. Accordingly, current year's Annual Accounts and Report of the Company are for a period of fifteen months from 1st January 2014 to 31st March 2015. These figures, therefore, are not comparable with those of the previous year ended 31st December 2013.

Financial Results

| | Fifteen months period ended 31 st March 2015 | Year ended 31 st December 2013 |
|---------------------------------|---|---|
| | Rs. in lakhs | Rs. in lakhs |
| Revenue from Operations | 19,06.31 | 18,16.42 |
| Profit before tax | 7,05.84 | 7,13.03 |
| Provision for Tax | 2,29.85 | 2,34.83 |
| Deferred Tax charge/(credit) | (0.52) | (0.24) |
| Net profit after tax | 4,76.51 | 4,78.44 |
| Opening surplus brought forward | 9,10.85 | 33,85.81 |
| Closing surplus carried forward | 13,87.36 | 9,10.85 |

Dividend

The Directors do not recommend any Dividend for the fifteen months period ended 31st March 2015.

Operations

The Net Sales for the fifteen months period ended 31st March 2015 was Rs. 1906.31 Lakhs. The Profit before Tax was Rs. 7.06 crores.

Directors

Mr. Raju Krishnaswamy retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

Directors' Responsibility Statement

Your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 at the end of the fifteen months period ended 31st March 2015 and of the profit of the Company for that period;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis.

Information Pursuant to Section 217 of the Companies Act, 1956

There are no employees covered within the purview of the provisions of Sub-Section (2A) of Section 217 of the Companies Act, 1956, as amended by Companies (Particulars of Employees) Rules, 1975.

Additional information on Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed.

Appointment of Auditors

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

Appreciation

The Directors place on record their appreciation of the co-operation received from the Company's suppliers and trade associates during the year.

Disclaimer

The Ministry of Corporate Affairs vide its Circular No. 8/2014 dated 4th April 2014 clarified that the financial statements and the documents required to be attached thereto, the Auditor's and Boards' Report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956 schedules and rules made thereunder. Accordingly, whilst the financial statements and the Auditor's Report as aforesaid are prepared as per the requirements of the Companies Act, 1956.

For and on behalf of the Board

Mumbai,
Dated: 18th May, 2015

Dr. H. B. Joshipura
Chairman

Annexure to Directors' Report

A. CONSERVATION OF ENERGY:

- Energy Conservation Measures taken : Nil
- Additional proposal or activities, if any : Nil
- Impact of measures taken : Nil
- Total energy consumption and energy Conservation per unit of production : As per form A annexed hereto.

B. TECHNOLOGY ABSORPTION:

- Efforts made in technology absorption : As per Form B annexed hereto.

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO CONSUMPTION OF ENERGY

| I. Power and Fuel Consumption: | Fifteen months period ended 31 st March 2015 | Year ended 31 st December 2013 |
|--|---|---|
| 1. Electricity: | | |
| (a) Purchased | Nil | Nil |
| Units Kwh | | |
| Total Amount Rs. | | |
| Rate/Unit Rs. | | |
| (b) Own Generation | Nil | Nil |
| 2. Coal | Nil | Nil |
| 3. Furnace Oil & LSHS | Nil | Nil |
| 4. Others | Nil | Nil |
| II. Consumption per Unit of Production Standard: | | |
| Electricity (Units): | | |
| There is no specific standard as the consumption per unit depends on product mix of formulations (capsules, liquids, tablets etc.) | | |

FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO TECHNOLOGY ABSORPTION

- Specific Areas in which R&D is carried out by the Company : Nil
- Benefits derived as a result of the above R&D : Nil
- Future plan of action : Nil
- Expenditure on R&D

31st March 2015
Rs. in lakhs

- Capital Nil
- Recurring Nil
- Total Nil
- Total R&D expenditure as percentage of total turnover Nil

Technology absorption, adaption and innovation

- Efforts in brief made towards technology absorption, adaption and innovation:
Adaptive development of products and processes with the objective of cost reduction.
- Benefits derived as a result of above efforts:
Product improvement and cost reduction which are reflected in the quality and stability of products.
- In case of imported technology (imported during the last 5 years)
 - Technology Imported – NA
 - Year of Import – NA
 - Has technology been fully absorbed – NA
 - If not fully absorbed, areas where this has not taken place, reasons therefor, and future plan of action – NA

C. FOREIGN EXCHANGE EARNING AND OUTGO

- Activities relating to exports : Initiative taken to explore the exports markets.
- Total Foreign Exchange earned and used:

31st March 2015
Rs. in lakhs

- Foreign Exchange earned Nil
- Foreign Exchange outgo – CIF Value of imports 5,90.29
- Travelling & Subscription Nil

Auditors' Report

To Members of BIDDLE SAWYER LIMITED

- (1) We have audited the attached Balance Sheet of BIDDLE SAWYER LIMITED as at 31st March, 2015, and also the Profit and Loss Account of the Company for the Fifteen Months period ended on that date, annexed thereto both of which, we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibilities are to express opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, of India (the Act) and on the basis of such checks as we considered appropriate and according to the confirmation and explanation given to us, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in paragraph 3, we report that:
 - (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, in so far as appears from our examination of the books of the Company.
 - (c) The Balance Sheet and Profit and Loss Account and cash flow statement referred to in this report are in agreement with the books of accounts.
 - (d) In our opinion, the Balance sheet and the Profit & Loss Account and cash flow statement, complies with the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (e) On the basis of our review of the confirmation received from the Companies in which the Directors of the Company serve as Director and the information and explanations given to us, none of the Directors of the Company prima facie are disqualified from being appointed as Directors under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) Subject to the above, in our opinion, and to the best of our information and according to explanations given to us, the said accounts give the information required by Companies Act, 1956, in the manner so required and gives a true and fair view:
 - (i) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2015,
 - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the fifteen months period ended on that date.

A n d

 - (iii) in the case of the Cash Flow Statement, of the cash flow for the fifteen months period ended on that date.

For CORNELIUS & DAVAR
Chartered Accountants

RUSTOM D. DAVAR
(Proprietor)
Membership No.: F. 10620

Place: Mumbai
Date: 18th May, 2015

Annexure to the Auditors' Report

(Referred to in paragraph (3) of our report of even date)

- (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 and no material discrepancies have been noticed on such verification.
- (c) In our opinion, the Company has not disposed of a substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory.
- (iii) The Company has not taken or granted any loans, secured or unsecured from/to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination of the books of account and according to the information and explanations given to us, we have not come across nor have we been informed of any instance of major weaknesses in the aforesaid internal controls.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act during the year that need to be entered in the register maintained under that Section. Accordingly, clause (v)(b) of paragraph 4 of the Order is not applicable to the Company for the current year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public.
- (vii) The Company has internal audit system commensurate with size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company, pursuant to the Rules made by the Central Government of India for the maintenance of cost records, under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been generally been maintained and are under preparation. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) (a) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor Education and Protection Fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid dues were outstanding as at 31st March, 2015, for a period of more than six months from the date of becoming payable.

(b) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, there are no dues of income tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. The particulars of dues of sales tax as at 31st March, 2015 which have not been deposited on account of a dispute, is as follows:

| Name of the statute | Nature of dues | Amount (Rs in '000) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------------|----------------|---------------------|------------------------------------|------------------------------------|
| West Bengal, VAT Act 2003 | Sales Tax | 19.96 | Assessment Year 2009-2010 | Joint. Commissioner |

(x) The Company does not have any accumulated losses as at 31st March, 2015. The Company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.

(xi) According to the books of accounts and records of the Company, there has been no default in repayment of dues to any financial institution or bank during the year. The Company has not issued any debentures.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

(xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

(xvi) According to the information and explanations given to us, the company has not taken any term loans. Therefore, the provisions of clause 4(xvi), of Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, during the period covered by our audit report, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the Company has not issued any debentures.

(xx) During the period covered by our audit report, the Company has not raised any money by public issues.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For CORNELIUS & DAVAR
Chartered Accountants

RUSTOM D. DAVAR
(Proprietor)
Membership No.: F. 10620

Place: Mumbai
Date: 18th May, 2015

Biddle Sawyer Limited

Balance Sheet as at 31st March, 2015

| | Note No | As at 31st March, 2015 Rs. '000 | As at 31st December, 2013 Rs. '000 |
|--------------------------------------|---------|------------------------------------|---------------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| Share Capital | 2 | 96,00 | 96,00 |
| Reserves and Surplus | 3 | 23,96,28 | 19,19,77 |
| (2) Non-Current Liabilities | | | |
| Other Long-term liabilities | 4 | 1,35 | 1,35 |
| Long-term provisions | 5 | 1,25,33 | 1,25,33 |
| (3) Current Liabilities | | | |
| Trade payables | 6 | 2,15,28 | 7,62,06 |
| Other current liabilities | 7 | 4,09 | 5,39 |
| Short-term provisions | 8 | — | 31,32 |
| Total | | 28,38,33 | 29,41,22 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| Fixed assets | 9 | 2,08 | 2,08 |
| Deferred tax assets (net).. .. . | 10 | 18,80 | 18,28 |
| Long-term loans and advances.. .. . | 11 | 4,85,58 | 4,86,00 |
| Other non-current assets.. .. . | 12 | 1,45 | — |
| (2) Current assets | | | |
| Inventories | 13 | 6,72,68 | 4,57,27 |
| Trade receivables | 14 | 1,50,60 | 2,14,38 |
| Cash and bank balances.. .. . | 15 | 12,58,89 | 14,44,84 |
| Short-term loans and advances.. .. . | 16 | 2,42,85 | 3,02,70 |
| Other current assets | 17 | 5,40 | 15,67 |
| Total | | 28,38,33 | 29,41,22 |

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**
Chartered Accountants

Dr. Hasit B. Josphura
Chairman
DIN: 274288

Andrew A. Aristidou
Director
DIN: 7034424

RUSTOM D. DAVAR
(Proprietor)
Membership No. F. 10620
Place : Mumbai
Date : 18th May, 2015

Profit and Loss Statement for the 15 months ended 31st March, 2015

| | Note No | 15 Months Ended 31st March, 2015 Rs. '000 | Year Ended 31st December, 2013 Rs. '000 |
|---|---------|--|--|
| Revenue from operations (Gross).. .. . | 21 | 20,07,79 | 19,06,25 |
| Less: Excise duty | | 1,01,48 | 89,83 |
| Revenue from operations (Net) | | 19,06,31 | 18,16,42 |
| Other Income | 22 | 1,27,18 | 1,14,13 |
| Total Revenue | | 20,33,49 | 19,30,55 |
| Expenses: | | | |
| Cost of materials consumed | 23 | 7,50,27 | 5,11,90 |
| Purchase of Stock-in-Trade.. .. . | 31 | 1,34 | 1,16,35 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 24 | (2,30,96) | (35,24) |
| Other expenses | 25 | 8,07,00 | 6,24,51 |
| Total Expenses | | 13,27,65 | 12,17,52 |
| Profit before tax | | 7,05,84 | 7,13,03 |
| Tax expense: | | | |
| Current tax | | 2,29,85 | 2,34,83 |
| Deferred tax | | (52) | (24) |
| Profit for the period.. .. . | | 4,76,51 | 4,78,44 |
| Earnings per share (basic and diluted) (Rs.) | 26 | 49.64 | 49.84 |
| Face value of shares – Rs. 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**
Chartered Accountants

Dr. Hasit B. Josphura
Chairman
DIN: 274288

Andrew A. Aristidou
Director
DIN: 7034424

RUSTOM D. DAVAR
(Proprietor)
Membership No. F. 10620
Place : Mumbai
Date : 18th May, 2015

Cash Flow Statement for the 15 months ended 31st March, 2015

| | 15 Months Ended 31st March, 2015 Rs. '000 | Year Ended 31st December, 2013 Rs. '000 |
|---|--|--|
| a. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 7,05,84 | 7,13,03 |
| Adjustments for: | | |
| Interest income | (1,27,18) | (98,50) |
| Operating profit before working capital changes | 5,78,66 | 6,14,53 |
| Adjustments for: | | |
| Inventories.. .. . | (2,15,41) | (1,47,05) |
| Trade receivables.. .. . | 63,78 | (55,33) |
| Long-term loans and advances.. .. . | — | (8) |
| Short-term loans and advances.. .. . | 59,85 | (63,69) |
| Trade payables | (5,46,78) | 5,43,87 |
| Other current liabilities | (1,30) | (46) |
| Cash generated from operations | (61,20) | 891,79 |
| Direct taxes paid (net of refunds) | (2,60,75) | (2,03,51) |
| Net cash from operating activities | A (3,21,95) | 6,88,28 |
| b. CASH FLOW FROM INVESTING ACTIVITIES | | |
| (Purchase)/sale of bank deposits with maturity period more than 12 months.. .. . | (1,45) | 7,01,00 |
| Interest received | 1,37,45 | 1,61,58 |
| Net cash from/(used in) investing activities | B 1,36,00 | 8,62,58 |
| c. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid | — | (25,00,00) |
| Tax on Dividend | — | (4,05,56) |
| Net cash used in financing activities | C — | (29,05,56) |
| Net increase/(decrease) in cash and cash equivalents | (A+B) (1,85,95) | (13,54,70) |
| Cash and cash equivalents as at 1st January, 2014 (opening balance) | 14,44,84 | 27,99,54 |
| Cash and cash equivalents as at 31st March, 2015 (closing balance) | 12,58,89 | 14,44,84 |
| Net increase/(decrease) in cash and cash equivalents | (1,85,95) | (13,54,70) |
| NOTES: | | |
| 1. Cash and cash equivalents include: | | |
| Cash and bank balances | 12,58,89 | 14,44,84 |
| Total cash and cash equivalents | 12,58,89 | 14,44,84 |
| 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**
Chartered Accountants

Dr. Hasit B. Josphura
Chairman
DIN: 274288

Andrew A. Aristidou
Director
DIN: 7034424

RUSTOM D. DAVAR
(Proprietor)
Membership No. F. 10620
Place : Mumbai
Date : 18th May, 2015

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 convention on accrual basis. Pursuant to circular 15/2013 dated September 13, 2013 read with circular 08/2014 dated April 4, 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) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

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 Revised Schedule VI to the Companies Act, 1956. 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- 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.

The Company provides for depreciation on a straight line method. The depreciation rates used by the Company are equal to or higher than the principal rates specified in Schedule XIV to the Companies Act, 1956 and where higher are as follows:

| | S. L. M. Rates % |
|---|------------------|
| Buildings | 3.50 |
| Plant and Machinery (excluding Gas Installations) | 10.00 |
| Furniture and Fittings | 10.00 |
| Vehicles and Mainframe Computers | 25.00 |
| Personal Computers and Laptops | 33.33 |

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 31st March, 2015 Rs. '000 | As at 31st December, 2013 Rs. '000 |
|---|---------------------------------------|--|
| Authorised | | |
| 1,500,000 (Previous year: 1,500,000) Equity Shares of Rs. 10 each | 1,50,00 | 1,50,00 |
| Issued, Subscribed & Paid-Up | | |
| 960,000 (Previous year: 960,000) Equity Shares of Rs. 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 Rs. 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 | Rs. '000 |
| Balance at the beginning of the year | 960,000 | 96,00 |
| Issued during the year | — | — |
| Balance at the end of the year | 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 Rs 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 | Rs. '000 |
| GlaxoSmithKline Pharmaceuticals Limited, the Holding Company | 960,000 (100%) | 96,00 (100%) |

3 RESERVES AND SURPLUS

| | As at 31st March, 2015 Rs. '000 | As at 31st December, 2013 Rs. '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 | 10,06,01 | 9,58,17 |
| Transfer from Profit and Loss Account | — | 47,84 |
| Balance as at the end of the year | 10,06,01 | 10,06,01 |
| Profit & Loss Account | | |
| Balance as at the beginning of the year | 9,10,85 | 33,85,81 |
| Profit for the year | 4,76,51 | 4,78,44 |
| Less : Appropriations | | |
| Interim Dividend | — | (25,00,00) |
| Tax on Dividend | — | (4,05,56) |
| Transfer to General Reserve | — | (47,84) |
| Balance as at the end of the year | 13,87,36 | 9,10,85 |
| Total | 23,96,28 | 19,19,77 |

Biddle Sawyer Limited

| | As at 31st March, 2015 Rs. '000 | As at 31st December, 2013 Rs. '000 |
|---|--|---|
| 4 OTHER LONG TERM LIABILITIES | | |
| Security Deposit | 63 | 63 |
| Others | 72 | 72 |
| Total | 1,35 | 1,35 |
| 5 LONG TERM PROVISIONS | | |
| Drugs Prices Equalisation Account (Refer note 19) | 71,24 | 71,24 |
| Provision for pricing of formulation | 54,09 | 54,09 |
| Total | 1,25,33 | 1,25,33 |
| 6 TRADE PAYABLES | | |
| Micro and Small enterprises | 4,95 | 3,67 |
| Other Sundry Creditors | 2,10,33 | 7,58,39 |
| Total | 2,15,28 | 7,62,06 |
| <p>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</p> <p>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.</p> | | |
| 7 OTHER CURRENT LIABILITIES | | |
| Statutory dues | 4,09 | 5,39 |
| Total | 4,09 | 5,39 |
| 8 SHORT TERM PROVISIONS | | |
| Provision for interim equity dividend | — | — |
| Provision for tax on distributed profit | — | — |
| Provision for Income Tax | — | 31,32 |
| Total | — | 31,32 |

| | As at 31st March, 2015 Rs. '000 | As at 31st December, 2013 Rs. '000 |
|--|--|---|
| 10 DEFERRED TAX ASSET (Net) | | |
| Deferred Tax Asset | | |
| Provision for pricing of formulation | 18,15 | 18,15 |
| Expenses allowable for tax purposes when paid .. | 65 | 13 |
| Total | 18,80 | 18,28 |
| 11 LONG-TERM LOANS AND ADVANCES | | |
| Balance with Government Authorities | 34,97 | 34,97 |
| Advance Income Tax | 4,10,30 | 4,10,72 |
| Unsecured, considered good | | |
| Advances recoverable in cash or kind | 26,68 | 26,68 |
| Sundry Deposits | 13,63 | 13,63 |
| Total | 4,85,58 | 4,86,00 |
| 12 OTHER NON-CURRENT ASSETS | | |
| Deposits with banks of maturity period more than 12 months | 1,45 | — |
| Total | 1,45 | — |
| 13 INVENTORIES | | |
| Raw materials | 2,35,21 | 2,45,59 |
| Packing materials | 48,05 | 53,22 |
| Work-in-progress.. .. . | 51,07 | 3,13 |
| Finished goods | 3,38,03 | 92,27 |
| Stock-in-trade | 32 | 63,06 |
| Total | 6,72,68 | 4,57,27 |
| 14 TRADE RECEIVABLES | | |
| Less than six months, Unsecured, considered good | 150,60 | 214,38 |
| Total | 150,60 | 214,38 |

9 TANGIBLE FIXED ASSETS

Rs. '000

| Sr. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------|----------------------|---------------------|-----------|------------|---------------------|---------------------|-----------------|------------|---------------------|---------------------|---------------------|
| | | As at 01/01/2014 | Additions | Deductions | As at 31/03/2015 | As at 01/01/2014 | for the year | Deductions | As at 31/03/2015 | As at 31/03/2015 | As at 31/12/2013 |
| 1. | Land | 2,08 | — | — | 2,08 | — | — | — | — | 2,08 | 2,08 |
| 2. | Factory Building | 16,98 | — | — | 16,98 | 16,98 | — | — | 16,98 | — | — |
| 3. | Plant & Machinery | 1,10,32 | — | — | 1,10,32 | 1,10,32 | — | — | 1,10,32 | — | — |
| 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 | 1,99,32 | — | — | 1,99,32 | 1,97,24 | — | — | 1,97,24 | 2,08 | 2,08 |
| | Previous Year | 1,99,32 | — | — | 1,99,32 | 1,97,24 | — | — | 1,97,24 | 2,08 | |

| | As at 31st March, 2015 Rs. '000 | As at 31st December, 2013 Rs. '000 |
|---|--|---|
| 15 CASH AND BANK BALANCES | | |
| Bank balances | | |
| In current accounts | 58,89 | 1,43,39 |
| Other bank balances | | |
| Long term deposits with maturity period more than 3 months but less than 12 months | 12,00,00 | 13,01,45 |
| Total | 12,58,89 | 14,44,84 |
| 16 SHORT-TERM LOANS AND ADVANCES | | |
| Unsecured, considered good | | |
| Advances to suppliers | 2,42,77 | 3,02,62 |
| Balance with customs and excise | 8 | 8 |
| Total | 2,42,85 | 3,02,70 |
| 17 OTHER CURRENT ASSETS | | |
| Unsecured, considered good | | |
| Interest accrued on Bank Deposits/Investments .. | 5,40 | 15,67 |
| Total | 5,40 | 15,67 |
| 18 CONTINGENT LIABILITIES | | |
| Claims against the Company not acknowledged as debts | 14,25,85 | 12,92,67 |
| Sales-tax matters | 19,96 | — |
| Guarantee given by the Company to the Customs Authorities | 2,00,00 | 2,00,00 |
| 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 |
| 19 DRUGS PRICES EQUALISATION ACCOUNT | | |
| <p>The Company received a letter dated 20th/24th August, 1998 from the Central Government demanding an amount of Rs. 4,40,79,918 comprising Rs. 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 Rs. 2,98,05,808 upto 31st July, 1998. The Company had been legally advised that the demand of Rs. 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 Rs. 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> | | |
| 20 INTERIM DIVIDEND | | |
| <p>The interim dividend for the year is as follows:</p> | | |
| On Equity Shares of Rs. 10 each | | |
| Amount of dividend | — | 25,00,00 |
| Dividend per Equity Share | — | 2,60 |

| | 15 Months Ended 31st March, 2015 Rs. '000 | Year Ended 31st December, 2013 Rs. '000 |
|---|--|---|
| 21 REVENUE FROM OPERATIONS (NET) | | |
| Sale of Products | | |
| Finished Goods | 19,56,24 | 15,77,51 |
| Stock-in-Trade | 51,55 | 3,28,74 |
| Other Operating Revenue | — | — |
| Revenue from operations (gross) | 20,07,79 | 19,06,25 |
| Less : Excise Duty.. .. . | 1,01,48 | 89,83 |
| Total | 19,06,31 | 18,16,42 |
| 22 OTHER INCOME | | |
| Interest Income | 1,27,18 | 98,50 |
| Miscellaneous Income | — | 15,63 |
| Total | 1,27,18 | 1,14,13 |
| 23 COST OF MATERIAL CONSUMED | | |
| Raw materials consumed (Refer note 29) | 6,73,54 | 4,56,19 |
| Packing materials consumed | 76,73 | 55,71 |
| Total | 7,50,27 | 5,11,90 |
| (Cost of materials consumed is based on derived values) | | |
| 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Opening inventories | | |
| Finished Goods | 92,27 | 78,76 |
| Work-in-Progress | 3,13 | 5,19 |
| Stock-in-Trade | 63,06 | 39,27 |
| Closing inventories | | |
| Finished Goods.. .. . | (3,38,03) | (92,27) |
| Work-in-Progress | (51,07) | (3,13) |
| Stock-in-Trade | (32) | (63,06) |
| Total | (2,30,96) | (35,24) |
| 25 OTHER EXPENSES | | |
| Selling & Distribution Expenses | 3,62,05 | 3,65,31 |
| Manufacturing Charges | 2,07,27 | 1,02,36 |
| Repairs – Building.. .. . | 9 | 1,52 |
| Rent | 4,71 | 5,99 |
| Rates and Taxes | 17,27 | 49,49 |
| Excise Duty | 39,04 | (27,09) |
| Remuneration of auditors : | | |
| Statutory audit fees | 3,09 | 2,47 |
| Tax audit fees | 84 | 67 |
| Other services | 47 | 52 |
| Reimbursement of expenses.. .. . | 88 | 60 |
| Cost audit fees.. .. . | 25 | 17 |
| Reimbursement of expenses to GlaxoSmithKline Pharmaceuticals Limited.. .. . | 98,69 | 81,82 |
| Exchange loss (net) | 9,64 | — |
| Miscellaneous Expenses | 62,71 | 40,68 |
| Total | 8,07,00 | 6,24,51 |

| | 15 Months Ended 31st March, 2015 Rs. '000 | Year Ended 31st December, 2013 Rs. '000 |
|---|--|--|
| 26 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 (Rs. '000) | 4,76,51 | 4,78,44 |
| Weighted average number of shares (Nos.) .. | 96,00,00 | 96,00,00 |
| Earnings per share (Basic and Diluted) - Rs. .. | 49.64 | 49.84 |
| Face value per share - Rs. | 10 | 10 |
| 27 CIF VALUE OF IMPORTS | | |
| Raw and packing materials | 5,90,29 | 4,79,11 |
| Total | 5,90,29 | 4,79,11 |
| 28 VALUE AND PERCENTAGE OF IMPORTED / INDIGENOUS MATERIALS CONSUMED | | |
| | % | % |
| Raw and packing materials | | |
| Imported 89 | 6,71,19 | 85 4,34,74 |
| Indigenous 11 | 79,08 | 15 77,16 |
| Total | 7,50,27 | 5,11,90 |
| 29 RAW AND PACKING MATERIALS CONSUMED | | |
| Alpha D3 | 5,49,41 | 3,71,69 |
| Others | 1,24,13 | 84,50 |
| Packing Material | 76,73 | 55,71 |
| Total | 7,50,27 | 5,11,90 |
| 30 SALES OF TRADED GOODS | | |
| Tablets | 51,55 | 3,28,74 |
| Total | 51,55 | 3,28,74 |
| 31 PURCHASE OF TRADED GOODS | | |
| Tablets | 1,34 | 1,16,35 |
| Total | 1,34 | 1,16,35 |
| 32 SEGMENT REPORTING | | |
| The Company has only one segment namely pharmaceuticals; hence no separate disclosure of segment-wise information has been made. | | |

33 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.

| | Rs. '000 | |
|---|---|---|
| | Holding Company | |
| | 15 Months Period Ended 31st March, 2015 | Year Ended 31st December, 2013 |
| 1. Payment of manufacturing charges .. | 145,16 | 98,29 |
| 2. Payment of common costs | 110,89 | 91,93 |
| 3. Payment of CSA commission | 75,57 | 71,47 |
| 4. Payment of marketing commission .. | 2,15,91 | 2,04,21 |
| 5. Dividend payable | — | 25,00,00 |
| 6. Outstanding payable/(receivable) by the Company (net)* | (1,50,60) | (2,14,38) |
| * Transactions with the above parties are accounted in the respective current accounts. | | |

34 UNHEDGED FOREIGN CURRENCY EXPOSURE

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

| | As at 31st March, 2015 | | As at 31st December, 2013 | |
|--------------------------------------|---------------------------|-------|------------------------------|-------|
| Currency Exchange | USD | Euro | USD | Euro |
| Net unhedged exposure in currency .. | (216,18) | 40,39 | (424,57) | 45,46 |

35 CHANGE IN FINANCIAL YEAR

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

The previous year figures relate to the 12 months ended 31st December, 2013. In view of the above, the current year's figures are not comparable with those of the previous year.

As per our report of even date attached

For CORNELIUS & DAVAR
Chartered Accountants

Dr. Hasit B. Joshipura
Chairman
DIN: 274288

For and on behalf of the Board

Andrew A. Aristidou
Director
DIN: 7034424

RUSTOM D. DAVAR
(Proprietor)
Membership No. F. 10620
Place : Mumbai
Date : 18th May, 2015

Independent Auditors' Report

To the Board of Directors of GlaxoSmithKline Pharmaceuticals Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of GlaxoSmithKline Pharmaceuticals Limited ("the Company") and its subsidiary; hereinafter referred to as the "Group" (refer Note 1A to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss for the 15 months period from January 1, 2014 to March 31, 2015 (the "period") and consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards 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.
4. 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
7. Based on our audit and on consideration of reports of other auditor on separate financial statements as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2015;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the period ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

Other Matter

8. We did not audit the financial statements of subsidiary included in the consolidated financial statements, which constitute total assets of Rs 2,687.73 lakhs and net assets of Rs 2,341.68 lakhs as at March 31, 2015, total revenue of Rs. 2,033.49 lakhs, net profit of Rs 689.51 lakhs and net cash outflows amounting to Rs 37.33 lakhs for the period then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditor.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/ S -20012
Chartered Accountants

Place : Mumbai
Date : May 18, 2015

Priyanshu Gundana
Partner
Membership Number : 109553

Consolidated Balance Sheet as at 31st March, 2015

| | | | | | | | | Rupees in lakhs | |
|-------------------------------|----|----|----|----|----|----|----|---------------------------|------------------------------|
| | | | | | | | | As at 31st March, 2015 | As at 31st December, 2013 |
| EQUITY AND LIABILITIES | | | | | | | | | |
| SHAREHOLDERS' FUNDS | | | | | | | | | |
| Share Capital | .. | .. | .. | .. | .. | .. | 2 | 84,70.30 | 84,70.30 |
| Reserves and Surplus | .. | .. | .. | .. | .. | .. | 3 | 1744,27.51 | 1905,03.20 |
| NON-CURRENT LIABILITIES | | | | | | | | | |
| Long-term borrowings | .. | .. | .. | .. | .. | .. | 4 | 2,62.60 | 3,60.50 |
| Other long-term liabilities | .. | .. | .. | .. | .. | .. | 5 | 5,30.21 | 4,98.07 |
| Long-term provisions | .. | .. | .. | .. | .. | .. | 6 | 272,21.20 | 242,29.37 |
| CURRENT LIABILITIES | | | | | | | | | |
| Trade payables | .. | .. | .. | .. | .. | .. | 7 | 308,03.89 | 285,63.28 |
| Other current liabilities | .. | .. | .. | .. | .. | .. | 8 | 130,09.02 | 84,13.08 |
| Short-term provisions | .. | .. | .. | .. | .. | .. | 9 | 668,41.92 | 519,14.55 |
| TOTAL | | | | | | | | 3215,66.65 | 3129,52.35 |
| ASSETS | | | | | | | | | |
| NON-CURRENT ASSETS | | | | | | | | | |
| Fixed assets | | | | | | | | | |
| Tangible assets | .. | .. | .. | .. | .. | .. | 11 | 123,08.04 | 100,09.26 |
| Intangible assets | .. | .. | .. | .. | .. | .. | 12 | — | — |
| Capital work-in-progress | .. | .. | .. | .. | .. | .. | | 115,22.44 | 61,86.01 |
| Non-current investments | .. | .. | .. | .. | .. | .. | 13 | 5.67 | 5.67 |
| Deferred tax assets (net) | .. | .. | .. | .. | .. | .. | 14 | 83,10.23 | 92,28.93 |
| Long-term loans and advances | .. | .. | .. | .. | .. | .. | 15 | 293,16.61 | 237,73.39 |
| Other non-current assets | .. | .. | .. | .. | .. | .. | 16 | 14,05.48 | 13,55.38 |
| CURRENT ASSETS | | | | | | | | | |
| Current investments | .. | .. | .. | .. | .. | .. | 17 | — | 10,00.25 |
| Inventories | .. | .. | .. | .. | .. | .. | 18 | 375,58.27 | 346,97.00 |
| Trade receivables | .. | .. | .. | .. | .. | .. | 19 | 100,31.79 | 96,39.32 |
| Cash and bank balances | .. | .. | .. | .. | .. | .. | 20 | 1910,60.64 | 2041,58.45 |
| Short-term loans and advances | .. | .. | .. | .. | .. | .. | 21 | 122,17.17 | 72,94.07 |
| Other current assets | .. | .. | .. | .. | .. | .. | 22 | 78,30.31 | 56,04.62 |
| TOTAL | | | | | | | | 3215,66.65 | 3129,52.35 |

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

Priyanshu Gundana
Partner
Membership No. 109553

Mumbai, 18th May, 2015

For and on behalf of the Board

| | |
|--------------------|------------------------------------|
| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Consolidated Statement of Profit and Loss for the 15 months ended 31st March, 2015

| | | | | | | | | Rupees in lakhs | |
|---|----|----|----|----|----|----|----------|----------------------------------|-------------------------------------|
| | | | | | | | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
| | | | | | | | Note No. | | |
| Sale of products | .. | .. | .. | .. | .. | .. | .. | 3378,62.28 | 2612,45.57 |
| Excise duty | .. | .. | .. | .. | .. | .. | .. | (106,14.99) | (74,11.91) |
| Sale of products (net) | .. | .. | .. | .. | .. | .. | .. | 3272,47.29 | 2538,33.66 |
| Other operating revenue | .. | .. | .. | .. | .. | .. | .. | 32,04.40 | 24,35.61 |
| Revenue from operations | .. | .. | .. | .. | .. | .. | 30 | 3304,51.69 | 2562,69.27 |
| Other Income | .. | .. | .. | .. | .. | .. | 31 | 199,94.34 | 176,95.36 |
| TOTAL REVENUE | | | | | | | | 3504,46.03 | 2739,64.63 |
| Cost of materials consumed | .. | .. | .. | .. | .. | .. | 32 | 734,23.73 | 543,68.64 |
| Purchases of traded goods | .. | .. | .. | .. | .. | .. | 33 | 779,90.73 | 671,16.46 |
| Changes in inventories of finished goods, work-in-progress and traded goods | .. | .. | .. | .. | .. | .. | 34 | (3,69.65) | (51,09.95) |
| Employee benefits expense | .. | .. | .. | .. | .. | .. | 35 | 493,02.23 | 362,04.85 |
| Depreciation expense | .. | .. | .. | .. | .. | .. | 11 | 25,35.25 | 19,88.14 |
| Other expenses | .. | .. | .. | .. | .. | .. | 36 | 668,07.47 | 508,66.89 |
| TOTAL EXPENSES | | | | | | | | 2696,89.76 | 2054,35.03 |
| Profit before exceptional items and tax | .. | .. | .. | .. | .. | .. | .. | 807,56.27 | 685,29.60 |
| Exceptional Items | .. | .. | .. | .. | .. | .. | 41 | (51,88.14) | 26,15.46 |
| Profit before Tax | .. | .. | .. | .. | .. | .. | .. | 755,68.13 | 711,45.06 |
| Tax expense: | | | | | | | | | |
| Current tax | .. | .. | .. | .. | .. | .. | .. | 270,08.34 | 235,35.18 |
| Deferred tax.. | .. | .. | .. | .. | .. | .. | .. | 9,18.70 | (5,56.80) |
| Net Profit | .. | .. | .. | .. | .. | .. | .. | 476,41.09 | 481,66.68 |
| Earnings per equity share (basic and diluted) (Rs.) | | | | | | | | | |
| Face value Rs. 10 each | .. | .. | .. | .. | .. | .. | 47 | 56.24 | 56.87 |

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

Priyanshu Gundana
Partner
Membership No. 109553

Mumbai, 18th May, 2015

For and on behalf of the Board

| | |
|--------------------|------------------------------------|
| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Consolidated Cash Flow Statement for the 15 months ended 31st March, 2015

| | | | | | | Rupees in lakhs | |
|-----------|--|----|----|----|----|----------------------------------|-------------------------------------|
| | | | | | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
| a. | CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| | Profit before taxation and exceptional items | .. | .. | .. | .. | 807,56.27 | 685,29.60 |
| | <i>Adjustments for :</i> | | | | | | |
| | Provision written back as no longer required | .. | .. | .. | .. | (42.99) | (42.32) |
| | Profit on sale / disposal of tangible assets (net) .. | .. | .. | .. | .. | (58.00) | (1,64.92) |
| | Interest income | .. | .. | .. | .. | (198,47.62) | (174,46.77) |
| | Interest expense | .. | .. | .. | .. | 46.90 | 33.16 |
| | Depreciation | .. | .. | .. | .. | 25,35.25 | 19,88.14 |
| | Unrealised foreign currency (loss) / gains | .. | .. | .. | .. | — | (4.18) |
| | Operating profit before working capital changes .. | .. | .. | .. | .. | 633,89.81 | 528,92.71 |
| | <i>Adjustments for :</i> | | | | | | |
| | Inventories | .. | .. | .. | .. | (28,61.27) | (61,82.49) |
| | Trade Receivables | .. | .. | .. | .. | (3,92.47) | 19,50.48 |
| | Short-term loans and advances | .. | .. | .. | .. | (49,23.10) | (13,52.27) |
| | Other current assets | .. | .. | .. | .. | (1.57) | 8.66 |
| | Other non-current assets | .. | .. | .. | .. | (50.10) | 661.12 |
| | Long-term loans and advances | .. | .. | .. | .. | (3,01.88) | (13,35.44) |
| | Trade payables | .. | .. | .. | .. | 22,40.61 | 48,26.22 |
| | Provisions | .. | .. | .. | .. | 7,50.25 | 29,97.11 |
| | Other current liabilities | .. | .. | .. | .. | 18,17.57 | (4,28.84) |
| | Other long-term liabilities | .. | .. | .. | .. | 32.14 | — |
| | Cash generated from operations.. | .. | .. | .. | .. | 596,99.99 | 540,37.26 |
| | Direct taxes paid (net of refunds) | .. | .. | .. | .. | (252,42.74) | (244,08.84) |
| | Cash flow before exceptional items | .. | .. | .. | .. | 344,57.25 | 296,28.42 |
| | <i>Exceptional items:</i> | | | | | | |
| | Payments under Voluntary Retirement Scheme | .. | .. | .. | .. | (4,74.75) | (3,90.28) |
| | Non recurring expenses for rationalisation initiatives.. | .. | .. | .. | .. | (2,18.16) | (11,06.72) |
| | Net cash generated from operating activities .. | .. | .. | .. | .. | 337,64.34 | 281,31.42 |
| | | | | | | A | |
| b. | CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| | Purchase of tangible fixed assets | .. | .. | .. | .. | (163,12.28) | (58,22.17) |
| | Sale of tangible fixed assets | .. | .. | .. | .. | 73.24 | 6,50.90 |
| | Sale of property (Exceptional item) | .. | .. | .. | .. | — | 21,41.02 |
| | Expenses relating to sale of property (Exceptional item) | .. | .. | .. | .. | — | (23.21) |
| | Sale / redemption of current investments | .. | .. | .. | .. | 10,00.01 | 44,90.90 |
| | Investment in bank deposits (having original maturity more than 3 months) | .. | .. | .. | .. | (2774,48.55) | (2149,75.00) |
| | Redemption / Maturity of bank deposits (having original maturity more than 3 months) | .. | .. | .. | .. | 2927,50.00 | 2151,13.55 |
| | Interest received | .. | .. | .. | .. | 179,38.30 | 173,21.75 |
| | Net cash from investing activities .. | .. | .. | .. | .. | 180,00.72 | 188,97.74 |
| | | | | | | B | |

Consolidated Cash Flow Statement (Contd.)

Rupees in lakhs

| | | | | | | | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
|---|----|----|----|----|----|----|----------------|--|---|
| c. CASH FLOW FROM FINANCING ACTIVITIES | | | | | | | | | |
| Repayments of borrowings | .. | .. | .. | .. | .. | .. | .. | (1,02.69) | (45.09) |
| Interest paid | .. | .. | .. | .. | .. | .. | .. | (46.90) | (33.16) |
| Dividend paid | .. | .. | .. | .. | .. | .. | .. | (422,14.19) | (421,37.90) |
| Tax on distributed profit | .. | .. | .. | .. | .. | .. | .. | (71,97.64) | (71,97.64) |
| Net cash used in financing activities | .. | .. | .. | .. | .. | .. | C | (495,61.42) | (494,13.79) |
| Net increase/(decrease) in cash and cash equivalents | .. | .. | .. | .. | .. | .. | (A+B+C) | 22,03.64 | (23,84.63) |
| Cash and cash equivalents as at 1st January, 2014 (opening balance) | .. | .. | .. | .. | .. | .. | .. | 113,82.00 | 137,66.63 |
| Cash and cash equivalents as at 31st March, 2015 (closing balance) | .. | .. | .. | .. | .. | .. | .. | 135,85.64 | 113,82.00 |
| Net increase/(decrease) in cash and cash equivalents | .. | .. | .. | .. | .. | .. | .. | 22,03.64 | (23,84.63) |
| NOTES: | | | | | | | | | |
| 1. Cash and cash equivalents include: | | | | | | | | | |
| Cash on hand | .. | .. | .. | .. | .. | .. | .. | 0.76 | 1.67 |
| Term deposits with original maturity period of less than three months | | | | | | | | 60,02.00 | 23,54.00 |
| Balances with banks | .. | .. | .. | .. | .. | .. | .. | 55,56.66 | 71,37.42 |
| Unclaimed dividend accounts | .. | .. | .. | .. | .. | .. | .. | 20,26.22 | 18,88.91 |
| Total cash and cash equivalents | .. | .. | .. | .. | .. | .. | .. | 135,85.64 | 113,82.00 |
| 2. Other Bank balances include: | | | | | | | | | |
| Term deposits with original maturity period of more than three months | .. | | | | | | .. | 1774,75.00 | 1927,76.45 |
| 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 sub-section (3C) of Section 211 of the Companies Act, 1956. | | | | | | | | | |

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

Priyanshu Gundana
Partner
Membership No. 109553

Mumbai, 18th May, 2015

For and on behalf of the Board

| | |
|--------------------|------------------------------------|
| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015

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 31st March, 2015 | % voting power held as at 31st December, 2013 |
|-----------------------------|--------------------------|--|---|
| Biddle Sawyer Limited (BSL) | India | 100 | 100 |

1B STATEMENT OF ACCOUNTING POLICIES

(a) Basis for preparation of accounts

The consolidated financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India and the accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

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 the Revised Schedule VI to the Companies Act, 1956.

(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.

2 SHARE CAPITAL

AUTHORISED

| | | | | | | | |
|--|----|----|----|----|----|----------|----------|
| 9,00,00,000 equity shares of Rs. 10 each | .. | .. | .. | .. | .. | 90,00.00 | 90,00.00 |
|--|----|----|----|----|----|----------|----------|

ISSUED

| | | | | | | | |
|--|----|----|----|----|----|----------|----------|
| 8,47,07,710 equity shares of Rs. 10 each | .. | .. | .. | .. | .. | 84,70.77 | 84,70.77 |
|--|----|----|----|----|----|----------|----------|

SUBSCRIBED AND PAID-UP

| | | | | | | | |
|--|----|----|----|----|----|----------|----------|
| 8,47,03,017* equity shares of Rs. 10 each, fully paid up | .. | .. | .. | .. | .. | 84,70.30 | 84,70.30 |
|--|----|----|----|----|----|----------|----------|

| | | | | | | | |
|-------|----|----|----|----|----|----------|----------|
| TOTAL | .. | .. | .. | .. | .. | 84,70.30 | 84,70.30 |
|-------|----|----|----|----|----|----------|----------|

Rupees in lakhs

| As at 31st March, 2015 | As at 31st December, 2013 |
|------------------------|---------------------------|
|------------------------|---------------------------|

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

(a) Reconciliation of the number of shares :

| | | | | | | |
|--|----|----|------------|----------|------------|----------|
| Balance at the beginning of the period | .. | .. | 84,703,017 | 84,70.30 | 84,703,017 | 84,70.30 |
| Issued during the period | .. | .. | — | — | — | — |
| Balance at the end of the period | .. | .. | 84,703,017 | 84,70.30 | 84,703,017 | 84,70.30 |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

2 SHARE CAPITAL (Contd.)

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

The Company has one class of equity shares having a par value of Rs. 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 Rs. 10 each (representing 75.00% of total shareholding [previous year 50.67%]) .. | 63,527,262 | 63,52.73 | 42,917,488 | 42,91.75 |

- (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% | — | — |
| Eskaylab Limited, U.K. | 5,880,000 | 6.94% | 5,880,000 | 6.94% |
| Life Insurance Corporation of India | 4,749,658 | 5.61% | 4,822,848 | 5.69% |

3 RESERVES AND SURPLUS

| | | | | | | Rupees in lakhs | |
|---|----|----|----|----|-----|---------------------------|------------------------------|
| | | | | | | As at 31st March, 2015 | As at 31st December, 2013 |
| CAPITAL RESERVE | | | | | | | |
| Balance as at the beginning of the period | .. | .. | .. | .. | | 1,70.97 | 1,70.97 |
| Additions/Deductions | .. | .. | .. | .. | | — | — |
| Balance as at the end of the period | .. | .. | .. | .. | (a) | 1,70.97 | 1,70.97 |
| CAPITAL REDEMPTION RESERVE | | | | | | | |
| Balance as at the beginning of the period | .. | .. | .. | .. | | 2,62.00 | 2,62.00 |
| Additions/Deductions | .. | .. | .. | .. | | — | — |
| Balance as at the end of the period | .. | .. | .. | .. | (b) | 2,62.00 | 2,62.00 |
| GENERAL RESERVE | | | | | | | |
| Balance as at the beginning of the period | .. | .. | .. | .. | | 816,04.13 | 765,37.47 |
| Transfer from Surplus in Statement of Profit and Loss | .. | .. | .. | .. | | 47,16.46 | 50,66.66 |
| Balance as at the end of the period | .. | .. | .. | .. | | 863,20.59 | 816,04.13 |
| SURPLUS IN STATEMENT OF PROFIT AND LOSS | | | | | | | |
| Balance as at the beginning of the period | .. | .. | .. | .. | | 1084,66.10 | 1152,42.39 |
| Profit for the period | .. | .. | .. | .. | | 476,41.09 | 481,66.68 |
| Less : Appropriations | .. | .. | .. | .. | | | |
| Proposed Dividend | .. | .. | .. | .. | | (529,39.38) | (423,51.50) |
| Tax on dividend | .. | .. | .. | .. | | (107,77.40) | (75,24.81) |
| Transfer to General Reserve | .. | .. | .. | .. | | (47,16.46) | (50,66.66) |
| Balance as at the end of the period | .. | .. | .. | .. | | 876,73.95 | 1084,66.10 |
| TOTAL | | | | | | 1744,27.51 | 1905,03.20 |

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

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

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

4 LONG TERM BORROWINGS

Unsecured

| | | | | | | |
|--|----|----|----|----------|---------|---------|
| Interest free sales tax loan from SICOM Limited .. | .. | .. | .. | .. | 2,62.60 | 3,60.50 |
| | | | | TOTAL .. | 2,62.60 | 3,60.50 |

Terms of repayment

Interest free Sales Tax Loan from SICOM Limited as at 31st March, 2015 of Rs. 3,11.55 lakhs (previous year Rs. 4,14.24 lakhs) includes NIL (previous year Rs. 4.80 lakhs repayable in one installment) availed under the 1988 Sales Tax deferment Scheme, closing on 31st January, 2014 and Rs. 3,11.55 lakhs (previous year Rs. 4,09.44 lakhs) under the 1993 Sales Tax deferment Scheme repayable in twenty one instalments (previous year twenty seven instalments) closing on 30th April, 2021. The current maturity amount of Rs. 48.95 lakhs (previous year Rs. 53.74 lakhs) of the loan has been disclosed under Note 8 - Other Current Liabilities.

5 OTHER LONG TERM LIABILITIES

| | | | | | | |
|--------------------------------|----|----|----|----------|---------|---------|
| Security deposits received .. | .. | .. | .. | .. | 2,37.35 | 2,82.35 |
| Other long term liabilities .. | .. | .. | .. | .. | 2,92.86 | 2,15.72 |
| | | | | TOTAL .. | 5,30.21 | 4,98.07 |

6 LONG TERM PROVISIONS

| | | | | | | |
|---|----|----|----|----------|-----------|-----------|
| For Pricing matters (Refer Note 24 and 25) .. | .. | .. | .. | .. | 123,96.15 | 123,96.15 |
| For employee benefits .. | .. | .. | .. | .. | | |
| Gratuity .. | .. | .. | .. | .. | 42,07.25 | 24,50.66 |
| Leave encashment and compensated absences .. | .. | .. | .. | .. | 40,49.66 | 29,65.19 |
| Post retirement medical and other benefits .. | .. | .. | .. | .. | 34,63.73 | 30,74.67 |
| For long term incentive plan .. | .. | .. | .. | .. | 6,22.52 | 6,59.55 |
| For divestment / restructuring .. | .. | .. | .. | .. | 12,02.83 | 16,13.72 |
| For others .. | .. | .. | .. | .. | 12,79.06 | 10,69.43 |
| | | | | TOTAL .. | 272,21.20 | 242,29.37 |

7 TRADE PAYABLES

| | | | | | | |
|--------------------------------|----|----|----|----------|-----------|-----------|
| Micro and Small enterprises .. | .. | .. | .. | .. | 2,59.25 | 3,82.68 |
| Others .. | .. | .. | .. | .. | 305,44.64 | 281,80.60 |
| | | | | TOTAL .. | 308,03.89 | 285,63.28 |

8 OTHER CURRENT LIABILITIES

| | | | | | | |
|---|----|----|----|----------|-----------|----------|
| Current Maturity of Long Term Borrowings .. | .. | .. | .. | .. | | |
| Interest free sales tax loan from SICOM Limited (Refer Note 4) .. | .. | .. | .. | .. | 48.95 | 53.74 |
| Unpaid dividend* .. | .. | .. | .. | .. | 20,26.22 | 18,88.91 |
| Salaries, wages and bonus payable .. | .. | .. | .. | .. | 52,79.60 | 28,10.37 |
| Statutory dues including provident fund and tax deducted at source .. | .. | .. | .. | .. | 17,31.90 | 21,39.27 |
| Creditors for capital goods .. | .. | .. | .. | .. | 30,34.15 | 3,88.30 |
| Rationalisation relating to a manufacturing site .. | .. | .. | .. | .. | 1,32.84 | 6,07.59 |
| Other Payables .. | .. | .. | .. | .. | 7,55.36 | 5,24.90 |
| | | | | TOTAL .. | 130,09.02 | 84,13.08 |

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

9 SHORT TERM PROVISIONS

| | | | | | | |
|--|----|----|----|----------|-----------|-----------|
| For proposed equity dividend .. | .. | .. | .. | .. | 529,39.38 | 423,51.50 |
| For provision for taxation (net) (Refer Note 48(a)).. | .. | .. | .. | .. | 15,86.49 | 31.32 |
| For tax on distributed profit .. | .. | .. | .. | .. | 107,77.40 | 71,97.64 |
| For employee benefits .. | .. | .. | .. | .. | | |
| Gratuity .. | .. | .. | .. | .. | — | 22.01 |
| Leave encashment and compensated absences .. | .. | .. | .. | .. | 2,52.24 | 3,79.14 |
| Post retirement medical and other benefits .. | .. | .. | .. | .. | 1,99.61 | 2,01.85 |
| For long term incentive plan .. | .. | .. | .. | .. | 1,08.06 | 6,07.28 |
| For rationalisation relating to a manufacturing site.. | .. | .. | .. | .. | 1,35.43 | 3,52.96 |
| For others (including statutory levies) .. | .. | .. | .. | .. | 8,43.31 | 7,70.85 |
| | | | | TOTAL .. | 668,41.92 | 519,14.55 |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

10 MOVEMENT IN PROVISIONS

Rupees in lakhs

| | Rationalisation relating to a manufacturing site | Pricing matters | Long term Incentive Plan | Divestment / Restructuring | Others |
|---|--|-----------------|--------------------------|----------------------------|----------|
| 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 |
| January-December 2013 | | | | | |
| Opening Balance | 12,74.50 | 129,59.38 | 6,29.55 | 16,58.97 | 9,14.72 |
| Add : Provision during the year | — | — | 8,53.56 | — | 9,99.87 |
| Less : Amounts utilised/reversed during the year | 9,21.54 | 5,63.23 | 2,16.28 | 45.25 | 74.31 |
| Balance at the period end | 3,52.96 | 123,96.15 | 12,66.83 | 16,13.72 | 18,40.28 |

11 FIXED ASSETS

Rupees in lakhs

| | Gross block (at cost) | | | | Depreciation | | | | Net block | |
|------------------------|--------------------------------|---------------------------------|-----------------------------|--------------------------------|--|-----------------------------|-----------------------------|-----------------------------|--------------------------------|--|
| | As at 31st December 2013 | Additions/ Deductions (b) | As at 31st March 2015 | As at 31st December 2013 | On Deductions/ For the Adjustments Period | As at 31st March 2015 | As at 31st March 2015 | As at 31st March 2015 | As at 31st December 2013 | |
| TANGIBLE ASSETS | | | | | | | | | | |
| Freehold land | 4.08 | — | — | 4.08 | — | — | — | 4.08 | 4.08 | |
| Leasehold land | 44.27 | — | — | 44.27 | — | — | — | 44.27 | 44.27 | |
| Freehold buildings (a) | 10,81.25 | 22,45.26 | — | 33,26.51 | 7,04.31 | 1,24.78 | — | 8,29.09 | 24,97.42 | |
| Leasehold buildings | 37,85.68 | 7,60.20 | 1.69 | 45,44.19 | 19,99.96 | 1,53.97 | 1.24 | 21,52.69 | 23,91.50 | |
| Plant and equipment | 204,87.06 | 1,921.32 | 35,78.64 | 188,29.74 | 136,83.69 | 17,77.31 | 27,76.67 | 126,84.33 | 61,45.41 | |
| Furniture and fixtures | 29,96.11 | 1,40.04 | 17.54 | 31,18.61 | 24,67.60 | 1,59.17 | 17.91 | 26,08.86 | 5,09.75 | |
| Vehicles | 11,01.18 | 4,98.97 | 21.10 | 15,79.05 | 7,80.49 | 3,12.58 | 18.00 | 10,75.07 | 5,03.98 | |
| Office Equipment | 6,07.78 | 76.10 | 11.66 | 6,72.22 | 4,62.10 | 7.44 | 8.95 | 4,60.59 | 2,11.63 | |
| TOTAL | 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 | |
| Previous year | 274,02.95 | 34,03.52 | 6,99.06 | 301,07.41 | 184,60.66 | 19,88.14 | 3,50.65 | 200,98.15 | 100,09.26 | |

Note:

- (a) Freehold buildings include investments representing ownership of residential flats (Refer note 28).
- (b) Deductions include Tangible assets held for sale shown under 'Other Current Assets' (Refer note 22) : gross block Rs. 9,80.77 lakhs, accumulated depreciation Rs. 6,33.52 lakhs and net block Rs. 3,47.25 lakhs (Previous year shown under 'Other Non Current Assets' (Refer note 16) – gross block Rs. 4,47.82 lakhs, accumulated depreciation Rs. 1,50.20 lakhs and net block Rs. 2,97.62 lakhs).

12 INTANGIBLE ASSETS

Rupees in lakhs

| | Gross block (at cost) | | | | Depreciation | | | | Net block | |
|---------------|--------------------------|-----------|------------|-----------------------|--------------------------|--------------|---------------|-----------------------|-----------------------|--------------------------|
| | As at 31st December 2013 | Additions | Deductions | As at 31st March 2015 | As at 31st December 2013 | For the Year | On Deductions | As at 31st March 2015 | As at 31st March 2015 | As at 31st December 2013 |
| Goodwill (a) | 42,14.97 | — | — | 42,14.97 | 42,14.97 | — | — | 42,14.97 | — | — |
| TOTAL | 42,14.97 | — | — | 42,14.97 | 42,14.97 | — | — | 42,14.97 | — | — |
| Previous year | 42,14.97 | — | — | 42,14.97 | 42,14.97 | — | — | 42,14.97 | — | — |

Note:

- (a) Amortised over a period of ten years.

13 NON-CURRENT INVESTMENTS

(VALUED AT COST UNLESS OTHERWISE STATED)

TRADE

IN EQUITY INSTRUMENTS

Unquoted

| | | | | | | |
|--|----|----|----|----|------|------|
| Biotech Consortium India Limited | | | | | | |
| 50,000 Equity Shares of Rs. 10 each fully paid | .. | .. | .. | .. | 5.00 | 5.00 |
| Dinette Exclusive Club Private Limited | | | | | | |
| 500 Equity Shares of Rs. 100 each fully paid | .. | .. | .. | .. | 0.50 | 0.50 |

OTHER INVESTMENTS

Unquoted

| | | |
|--------------------------------------|------|------|
| National Savings Certificate | 0.17 | 0.17 |
| (Lodged with Government authorities) | | |

| | | | |
|-------|----|------|------|
| 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 period.

14 DEFERRED TAX ASSETS (NET)

Deferred tax assets and liabilities are attributable to the following items:

Assets

| | | |
|--|----------|----------|
| Provision for employee benefits | 41,03.35 | 30,53.08 |
| Costs of voluntary retirement schemes | 12,25.25 | 21,53.41 |
| Provision for doubtful debts, loans and advances | 5,17.12 | 4,81.44 |
| Provision for pricing matters | 18.15 | 18.15 |
| Interest on Income-tax refund not accounted but considered as taxable under the Income-tax Act, 1961 | 22,02.06 | 22,02.06 |
| Expenses allowable for tax purposes when paid | 12,55.93 | 17,99.73 |

| | | | |
|-------|----|----------|----------|
| TOTAL | .. | 93,21.86 | 97,07.87 |
|-------|----|----------|----------|

Liabilities

| | | | | | | |
|--|----|----|----|----|----------|---------|
| Depreciation (including tangible assets held for sale) | .. | .. | .. | .. | 10,11.63 | 4,78.94 |
|--|----|----|----|----|----------|---------|

| | | | |
|-------|----|----------|---------|
| TOTAL | .. | 10,11.63 | 4,78.94 |
|-------|----|----------|---------|

| | | | |
|-------|----|----------|----------|
| TOTAL | .. | 83,10.23 | 92,28.93 |
|-------|----|----------|----------|

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

15 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

| | As at 31st March, 2015 | As at 31st December, 2013 |
|---|------------------------|---------------------------|
| Capital advances | 64,22.76 | 17,80.74 |
| Less : Allowance for doubtful loans and advances .. | (3,87.93) 60,34.83 | (2,67.13) 15,13.61 |
| Security Deposits | 14,11.79 | 11,92.01 |
| Other loans and advances (Refer Note 49) | | |
| Advance income-tax (net) (Refer Note 48(b)) | 171,02.85 | 163,82.73 |
| Balance with Government Authorities | 12,18.14 | 11,07.75 |
| Sundry Deposits | 30,70.18 | 29,51.44 |
| Loans and advances recoverable in cash or in kind * | 4,78.82 | 6,25.85 |
| TOTAL .. | 293,16.61 | 237,73.39 |

* includes outstanding loans receivable from related parties

16 OTHER NON-CURRENT ASSETS

| | | |
|--|-----------------|-----------------|
| Remittances in transit [Refer Note 26(iii)] | 5.92 | 5.92 |
| Margin money / Deposit against bank guarantee | 2,92.21 | 2,43.56 |
| Deposits with banks of maturity period more than 12 months | 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 .. | 14,05.48 | 13,55.38 |

17 CURRENT INVESTMENTS

(CURRENT PORTION OF LONG TERM INVESTMENTS VALUED AT COST UNLESS OTHERWISE STATED)

IN DEBENTURES OR BONDS

Quoted

LIC Housing Finance Limited

| | | |
|--|---|----------|
| Nil, (Previous year : 100, 9.35% Non-Convertible Debentures, 2014 of Rs. 10,00,000 each) | — | 10,00.25 |
|--|---|----------|

| | | |
|-----------------|----------|-----------------|
| TOTAL .. | — | 10,00.25 |
|-----------------|----------|-----------------|

| | | |
|--|---|----------|
| Aggregate of Quoted Investments - At Book value .. | — | 10,00.25 |
|--|---|----------|

| | | |
|--------------------|---|----------|
| At Market value .. | — | 10,06.36 |
|--------------------|---|----------|

There are no investments purchased and sold / redeemed during the period.

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

| | | | | | | | | | | Rupees in lakhs | | |
|--|----|----|----|----|----|----|----|----|----|---------------------------|------------------------------|--|
| | | | | | | | | | | As at 31st March, 2015 | As at 31st December, 2013 | |
| 18 INVENTORIES | | | | | | | | | | | | |
| Stores and spares | .. | .. | .. | .. | .. | .. | .. | .. | .. | 2,59.31 | 2,85.74 | |
| Raw and packing materials (includes in-transit Rs. 3,05.27 lakhs; previous year : Rs. 3,30.96 lakhs) | .. | .. | .. | .. | .. | .. | .. | .. | .. | 98,76.38 | 73,58.33 | |
| Work-in-progress | .. | .. | .. | .. | .. | .. | .. | .. | .. | 31,74.48 | 32,36.99 | |
| Traded goods (includes in-transit Rs. 12,01.55 lakhs; previous year : Rs. 14,59.10 lakhs).. | | | | | | | | | | 135,74.30 | 147,72.32 | |
| Finished goods | .. | .. | .. | .. | .. | .. | .. | .. | .. | 106,73.80 | 90,43.62 | |
| TOTAL .. | | | | | | | | | | 375.58.27 | 346,97.00 | |
| 19 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 | .. | .. | .. | .. | .. | .. | .. | .. | .. | 9,32.19 | 10,98.65 | |
| Others | .. | .. | .. | .. | .. | .. | .. | .. | .. | 90,99.60 | 85,40.67 | |
| Considered doubtful | | | | | | | | | | | | |
| Outstanding for a period exceeding six months from the date they are due for payment | .. | .. | .. | .. | .. | .. | .. | .. | .. | 11,27.27 | 10,22.32 | |
| Others | .. | .. | .. | .. | .. | .. | .. | .. | .. | — | — | |
| Less : Provision for doubtful debts | .. | .. | .. | .. | .. | .. | .. | .. | .. | (11,27.27) | (10,22.32) | |
| TOTAL .. | | | | | | | | | | 100,31.79 | 96,39.32 | |
| 20 CASH AND BANK BALANCES | | | | | | | | | | | | |
| Cash and cash equivalents | | | | | | | | | | | | |
| Cash on hand | .. | .. | .. | .. | .. | .. | .. | .. | .. | 0.76 | 1.67 | |
| Balances with banks | | | | | | | | | | | | |
| Current account | .. | .. | .. | .. | .. | .. | .. | .. | .. | 54,89.72 | 70,75.46 | |
| Term deposit with original maturity period of less than three months | .. | .. | | | | | | | | 60,02.00 | 23,54.00 | |
| Other bank balances | | | | | | | | | | | | |
| Term deposit with original maturity period of more than three months but less than twelve months | .. | .. | .. | .. | .. | .. | .. | .. | .. | 1557,75.00 | 1631,01.45 | |
| Term deposit with original maturity period of more than twelve months but maturing within next twelve months | .. | .. | .. | .. | .. | .. | .. | .. | .. | 217,00.00 | 296,75.00 | |
| Unpaid dividend accounts | .. | .. | .. | .. | .. | .. | .. | .. | .. | 20,26.22 | 18,88.91 | |
| Margin money / Deposit against bank guarantee | .. | .. | .. | .. | .. | .. | .. | .. | .. | 66.94 | 61.96 | |
| TOTAL .. | | | | | | | | | | 1910,60.64 | 2041,58.45 | |
| 21 SHORT TERM LOANS AND ADVANCES | | | | | | | | | | | | |
| (Unsecured, considered good unless otherwise stated) | | | | | | | | | | | | |
| Balance with Government Authorities.. .. . | .. | .. | .. | .. | .. | .. | .. | .. | .. | 14,80.52 | 9,09.95 | |
| Current account balances with group companies | .. | .. | .. | .. | .. | .. | .. | .. | .. | 26,13.73 | 19,16.45 | |
| Prepaid Expenses | .. | .. | .. | .. | .. | .. | .. | .. | .. | 10,13.16 | 1,74.98 | |
| Advances recoverable in cash or in kind * | .. | .. | .. | .. | .. | .. | .. | .. | .. | 71,09.76 | 42,92.69 | |
| TOTAL .. | | | | | | | | | | 122,17.17 | 72,94.07 | |
| * includes outstanding loans receivable from related parties | | | | | | | | | | | | |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

| | | Rupees in lakhs | |
|---|-----------------|---------------------------|------------------------------|
| | | As at 31st March, 2015 | As at 31st December, 2013 |
| 22 OTHER CURRENT ASSETS | | | |
| Interest accrued on investments / deposits | | 65,53.66 | 55,43.33 |
| Tangible assets including capital work-in-progress held for sale (at book value/cost or estimated net realisable value / salvage value whichever is lower).. .. . | | 12,59.85 | 46.06 |
| Others | | 16.80 | 15.23 |
| | TOTAL .. | 78,30.31 | 56,04.62 |

23 CONTINGENT LIABILITIES AND COMMITMENTS

| | | | |
|--|--|-----------|-----------|
| A. Contingent Liabilities not provided for: | | | |
| (i) Cheques discounted with banks | | 3,74.00 | 1,56.84 |
| (ii) In respect of claims made against the Company not acknowledged as debts by the Company | | | |
| - Sales tax matters | | 34,59.31 | 34,16.65 |
| - Excise matters | | 5,93.30 | 5,93.30 |
| - Service tax matters | | 1,29.20 | 1,29.20 |
| - Labour matters | | 83,57.08 | 75,74.16 |
| - Other legal matters | | 22,01.55 | 22,01.55 |
| which net of current tax amount to - | | 97,30.16 | 91,85.20 |
| (iii) Income-tax matters in respect of which appeals are pending | | | |
| - Tax on matters in dispute | | 177,46.83 | 199,70.77 |
| (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: | | | |
| Future cash outflows in respect of (i) above are dependant on the return of cheques by banks. | | | |
| Future cash outflows in respect of (ii), (iii) and (v) 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 the BSL. | | | |
| B. Commitments | | | |
| (i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for | | 87,40.19 | 53,72.63 |
| (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. | | | |

24 The demand of Rs. 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 Rs. 18,68 lakhs in earlier years and a further provision of Rs. 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 Rs. 63,60 lakhs, which together with the amount of Rs. 8,19 lakhs previously deposited with the Government, aggregates to the demand of Rs. 71,79 lakhs made by the Government in November 1990. The Company filed a Review Petition with the Supreme Court which was rejected in March 2012.

In October 1996, the Government had claimed interest of Rs. 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 Rs. 247,44 lakhs. Without prejudice to the position that interest is not payable, the Company has recognized a provision of Rs. 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

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

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 Rs. 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 27th August, 2015.

25 Further, BSL received a letter dated 20th / 24th August, 1998 from the Central Government demanding an amount of Rs. 4,40.80 lakhs comprising Rs. 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 Rs. 2,98,05,808 upto 31st July, 1998. The Company had been legally advised that the demand of Rs. 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 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 Company depositing 50% of the principal amount. Accordingly, the Company has deposited an amount of Rs. 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 Court was not allowed and the Company's writ petition will now be heard by the Bombay High Court.

26 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 Rs. 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 Rs. 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 Rs. 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 - Rs. 0.31 lakhs and in Tanzania - Rs. 5.61 lakhs, the remittance of which is pending clearance of the authorities in those countries.

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

(i) Rs. 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 Rs. 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 Rs. 96.81 lakhs, and interest thereon amounting to Rs. 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.

28 Tangible fixed assets include the following investments representing ownership of residential flats:

5 partly paid 'A' equity shares of Rs. 1,20,000 each, Rs. 1,18,000 each paid-up and 1 partly paid 'B' equity share of Rs. 90,000, Rs. 88,500 paid-up in Hill Properties Limited.
10 shares of Rs. 50 each fully paid-up in Prathamesh Co-operative Housing Society Limited.
10 shares of Rs. 50 each fully paid-up in Montreal Olympic Premises Co-operative Housing Society Limited.
5 shares of Rs. 50 each fully paid-up in Poonam Co-operative Housing Society Limited.
10 shares of Rs. 100 each fully paid-up in Anita Co-operative Housing Society Limited.
20 shares of Rs. 50 each fully paid-up in Cooprage Woodhouse Co-operative Housing Society Limited.
5 shares of Rs. 50 each fully paid-up in Sea-Face Park Co-operative Housing Society Limited.
20 shares of Rs. 50 each fully paid-up in Red Rose Co-operative Housing Society Limited.
1 share of Rs. 100 fully paid-up in The Imperial Condominium...

| Rupees in lakhs | |
|---------------------------|------------------------------|
| As at 31st March, 2015 | As at 31st December, 2013 |
| 7.22 | 7.22 |
| 2.00 | 2.00 |
| 48.13 | 48.13 |
| 23.62 | 23.62 |
| 33.31 | 33.31 |
| 45.59 | 45.59 |
| 67.00 | 67.00 |
| 19.32 | 19.32 |
| 21,52.80 | — |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

| | | Rupees in lakhs | |
|---|-----------------------------------|-------------------------------------|--|
| | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
| 29 | PROPOSED DIVIDEND | | |
| The dividend on Equity Shares of Rs. 10 each is as follows: | | | |
| Amount of dividend | | 529,39.38 | 423,51.50 |
| Dividend per Equity Share | | 62.50 | 50.00 |
| 30 | REVENUE FROM OPERATIONS | | |
| Sale of products | | 3378,62.28 | 2612,45.57 |
| Excise duty | | (106,14.99) | (74,11.91) |
| Sale of products (net) | | 3272,47.29 | 2538,33.66 |
| Other operating revenue | | 32,04.40 | 24,35.61 |
| TOTAL | | 3304,51.69 | 2562,69.27 |
| (a) DETAILS OF SALE OF PRODUCTS | | | |
| Tablets and Capsules | | 1465,24.48 | 1127,73.27 |
| Solids including Powders and Ointments | | 836,83.57 | 623,85.44 |
| Liquids - Orals, Topicals and Parenterals | | 459,67.43 | 333,95.74 |
| Vaccines | | 440,33.79 | 361,90.61 |
| Others | | 176,53.01 | 165,00.51 |
| | | 3378,62.28 | 2612,45.57 |
| (b) OTHER OPERATING REVENUE | | | |
| Service income | | | |
| Clinical research and data management | | 52,02.72 | 43,66.02 |
| Other services | | 19,58.57 | 12,07.04 |
| Direct expenses relating to the above | | (58,39.14) | (45,01.07) |
| | | 13,22.15 | 10,71.99 |
| Export related benefits (net) | | 10.84 | 22.20 |
| Consignment sales commission | | 67.86 | 69.72 |
| Manufacturing charges recovery | | 6,49.09 | 3,02.63 |
| Others | | 11,54.46 | 9,69.07 |
| | | 32,04.40 | 24,35.61 |
| 31 | OTHER INCOME | | |
| Interest income (Gross): | | | |
| On deposits with banks | | 188,12.56 | 156,80.50 |
| On loans | | 34.39 | 27.48 |
| On tax refunds | | 8,99.23 | 15,29.43 |
| On investments - Government securities and other than trade - long term [net of premium write-off of Rs. 0.24 lakhs (Previous year - Rs. 0.31 lakhs)] | | 83.53 | 1,70.94 |
| Others | | 17.91 | 38.42 |
| | | 198,47.62 | 174,46.77 |
| Less : Interest expense: | | | |
| Security deposits | | (31.50) | (33.01) |
| Others | | (15.40) | (0.15) |
| | | (46.90) | (33.16) |
| | | 198,00.72 | 174,13.61 |
| Profit on sale / redemption of investments | | — | 9.10 |
| Rent received | | 92.63 | 65.41 |
| Profit on sale / disposal of fixed assets (net) | | 58.00 | 1,64.92 |
| Provision written back as no longer required | | 42.99 | 42.32 |
| TOTAL | | 199,94.34 | 176,95.36 |
| 32 | COST OF MATERIALS CONSUMED | | |
| Betamethasone-17 Valerate IP | | 75,99.50 | 66,56.24 |
| Other raw materials consumed * | | 474,76.47 | 333,61.33 |
| Packing materials consumed * | | 183,47.76 | 143,51.07 |
| TOTAL | | 734,23.73 | 543,68.64 |
| 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 | | 83.84 | 84.86 |
| Imported by the company (including duty and other charges) | | 16.16 | 15.14 |
| | | 100.00 | 100.00 |
| | | 615,61.75 | 461,36.99 |
| | | 118,61.98 | 82,31.65 |
| | | 734,23.73 | 543,68.64 |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

| | | | | | | | Rupees in lakhs | |
|---|-------|----|----|----|----|----|-------------------------------------|--|
| | | | | | | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
| 33 PURCHASE OF TRADED GOODS | | | | | | | | |
| Purchase of traded goods | .. | .. | .. | .. | .. | .. | 779,90.73 | 671,16.46 |
| | TOTAL | | | | | | 779,90.73 | 671,16.46 |
| 34 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS | | | | | | | | |
| Opening stock | .. | .. | .. | .. | .. | .. | | |
| Work-in-progress | .. | .. | .. | .. | .. | .. | 32,36.99 | 33,37.94 |
| Finished goods | .. | .. | .. | .. | .. | .. | 90,43.62 | 64,37.75 |
| Traded goods | .. | .. | .. | .. | .. | .. | 147,72.32 | 121,67.29 |
| | | | | | | | 270,52.93 | 219,42.98 |
| Less : Closing 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 |
| | TOTAL | | | | | | 274,22.58 | 270,52.93 |
| | | | | | | | (3,69.65) | (51,09.95) |
| | | | | | | | (3,69.65) | (51,09.95) |
| 35 EMPLOYEE BENEFITS EXPENSES | | | | | | | | |
| Salaries, wages and bonus | .. | .. | .. | .. | .. | .. | 442,85.30 | 326,10.74 |
| Contributions to : Provident and pension funds | .. | .. | .. | .. | .. | .. | 24,54.81 | 16,35.09 |
| Gratuity funds | .. | .. | .. | .. | .. | .. | 7,96.08 | 5,02.21 |
| Staff welfare | .. | .. | .. | .. | .. | .. | 17,66.04 | 14,56.81 |
| | TOTAL | | | | | | 493,02.23 | 362,04.85 |
| 36 OPERATING AND OTHER EXPENSES | | | | | | | | |
| Sales promotion | .. | .. | .. | .. | .. | .. | 138,38.58 | 120,13.90 |
| Stock point commission | .. | .. | .. | .. | .. | .. | 16,63.81 | 11,67.46 |
| Freight (net) | .. | .. | .. | .. | .. | .. | 67,28.37 | 54,42.03 |
| Travelling | .. | .. | .. | .. | .. | .. | 79,32.35 | 58,05.22 |
| Manufacturing charges | .. | .. | .. | .. | .. | .. | 97,25.82 | 65,56.92 |
| Repairs - Buildings | .. | .. | .. | .. | .. | .. | 3,98.03 | 3,31.45 |
| - Plant and Machinery | .. | .. | .. | .. | .. | .. | 17,40.03 | 9,60.90 |
| - Others | .. | .. | .. | .. | .. | .. | 15.05 | 11.74 |
| Consumption of stores and spares | .. | .. | .. | .. | .. | .. | 6,58.01 | 4,15.94 |
| Power, fuel and water | .. | .. | .. | .. | .. | .. | 31,16.79 | 23,85.43 |
| Rent | .. | .. | .. | .. | .. | .. | 22,96.05 | 15,46.39 |
| Rates and taxes | .. | .. | .. | .. | .. | .. | 34,11.02 | 23,12.76 |
| Printing, postage and telephones | .. | .. | .. | .. | .. | .. | 15,18.96 | 12,96.36 |
| Sales training, briefing and conference | .. | .. | .. | .. | .. | .. | 17,46.97 | 19,43.92 |
| Excise duty | .. | .. | .. | .. | .. | .. | 68.82 | 7,92.90 |
| Insurance | .. | .. | .. | .. | .. | .. | 7,15.93 | 4,42.63 |
| Remuneration to auditors : | | | | | | | | |
| Statutory audit fees | .. | .. | .. | .. | .. | .. | 48.75 | 48.75 |
| In other capacity in respect of : | | | | | | | | |
| Tax audit fees | .. | .. | .. | .. | .. | .. | 6.00 | 6.00 |
| Audit of tax accounts | .. | .. | .. | .. | .. | .. | 20.00 | 20.00 |
| Other services | .. | .. | .. | .. | .. | .. | 30.75 | 45.25 |
| Reimbursement of expenses | .. | .. | .. | .. | .. | .. | 6.47 | 3.44 |
| | | | | | | | 1,11.97 | 123.44 |
| Cost audit fees | .. | .. | .. | .. | .. | .. | 9.11 | 2.75 |
| Date-expired stocks | .. | .. | .. | .. | .. | .. | 46,25.71 | 35,07.00 |
| Commission to non whole-time Directors | .. | .. | .. | .. | .. | .. | 58.75 | 46.31 |
| Directors' sitting fees | .. | .. | .. | .. | .. | .. | 19.80 | 14.70 |
| Miscellaneous | .. | .. | .. | .. | .. | .. | 100,70.29 | 65,94.19 |
| Reimbursement of expenses (net) (Refer Note 40) | .. | .. | .. | .. | .. | .. | 21,76.39 | 16,53.62 |
| Expenses relating to service income [Refer Note 30 (b)] | .. | .. | .. | .. | .. | .. | (58,39.14) | (45,01.07) |
| | TOTAL | | | | | | 668,07.47 | 508,66.89 |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

- 37** The Company has appointed Mr. Andrew Aristidou as Executive Director for the period December 1, 2014 to June 30, 2017 at the Board Meeting held on November 6, 2014. Shareholders of the Company have approved his appointment and remuneration vide postal ballot dated March 26, 2015. The Company has filed the application with the Central Government for approval of his appointment and payment of remuneration on April 30, 2015. Approval of the Central Government is awaited.
- 38** The recurring expenditure on research and development charged off to revenue amounts to Rs. 2,19.35 lakhs (Previous year - Rs. 2,62.86 lakhs).
- 39** Miscellaneous expenses in Note 36 include loss on foreign currency transactions (net) Rs. 1,74.02 lakhs (Previous year - Rs. 9,18.29 lakhs)
- 40** "Reimbursement of expenses (net)" in Note 36 are amounts recovered from GlaxoSmithKline Asia Private Limited Rs. 1,64.65 lakhs (Previous year - Rs. 3,46.92 lakhs), from Stiefel India Private Limited Rs. 24.97 lakhs (Previous year - Rs. 18.43 lakhs), from GlaxoSmithKline Pte Limited Rs. 30.96 lakhs (Previous year - Rs. 58.96 lakhs), from GlaxoSmithKline Services Unlimited Rs. 2,19.75 lakhs (Previous year - Rs. 92.03 lakhs), GlaxoSmithKline Research and Development Rs. 1,05.74 lakhs (Previous year - NIL), GlaxoSmithKline Brasil Ltda Rs. 46.98 lakhs (Previous Year - Rs. 9.18 lakhs) and paid to GlaxoSmithKline Consumer Healthcare Limited Rs. 27,69.44 lakhs (Previous year - Rs. 21,79.14 lakhs) towards the value of costs apportioned, in accordance with the agreements on allocation of expenses with the companies.

41 Exceptional items:

Expenses on rationalisation initiatives mainly relating to a manufacturing site

| | Rupees in lakhs | |
|--|----------------------------------|-------------------------------------|
| | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
| – Voluntary retirement scheme | — | (4.50) |
| – Others | — | (2,13.81) |
| Provisions for pricing matters written back | — | 5,63.23 |
| Profit on sale of property | — | 21,17.81 |
| Write down due to rationalisation of capital assets including capital work-in-progress for one of the dosage forms at a manufacturing facility | (30,37.42) | — |
| Actuarial gain/(loss) on employee benefits | (21,50.72) | 1,52.73 |
| | <u>(51,88.14)</u> | <u>26,15.46</u> |

- 42** The disclosures as required by Accounting Standard 15, Employee benefits (revised 2005), notified under sub-section (3C) of Section 211 of the Companies Act, 1956 are set out in Note 45 to the 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.

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

44 Related Party disclosures

Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures", notified under sub-section (3C) of Section 211 of the Companies Act, 1956 are given below:

1 Relationships (during the period):

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

| | |
|--|--|
| Glaxo Group Limited, U.K. | Burroughs Wellcome International Limited, U.K. |
| GlaxoSmithKline Pte Limited, Singapore | Castleton Investment Limited, Mauritius |
| Eskaylab Limited, U.K. | |

Holding company / ultimate holding company of the above shareholders *

| | |
|-----------------------------------|--|
| GlaxoSmithKline plc, U.K. | Wellcome Limited, U.K. |
| GlaxoSmithKline Finance plc, U.K. | The Wellcome Foundation Limited, U.K. |
| Setfirst Ltd, U.K. | Wellcome Consumer Healthcare Limited, U.K. |
| SmithKline Beecham Limited, U.K. | |

* no transactions during the period

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

| | |
|--|--|
| GlaxoSmithKline Asia Private Limited, India | GlaxoSmithKline Philippines Inc. Philippines |
| GlaxoSmithKline Brasil Ltda, Brazil | GlaxoSmithKline Australia Pty Limited, Australia |
| GlaxoSmithKline Consumer Healthcare Limited, India | GlaxoSmithKline Trading Services Limited, Ireland |
| GlaxoSmithKline Biologicals S.A., Belgium | GlaxoSmithKline Limited, Hong Kong |
| GlaxoSmithKline Services Unlimited, U.K. | GlaxoSmithKline South Africa (Pty) Ltd, South Africa |
| Glaxo Operations UK Limited, U.K. | GlaxoSmithKline LLC, U.S.A. |
| Laboratoire GlaxoSmithKline S.A.S., France | Stiefel India Private Limited, India |
| GlaxoSmithKline Export Limited, U.K. | Glaxo Wellcome Ceylon Ltd., Sri Lanka |
| GlaxoSmithKline Research & Development Ltd. | US Pharmaceuticals, U.S.A. |
| GlaxoSmithKline Pte Limited, Singapore | US GMS Financial Services, U.S.A. |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

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

| | |
|--|---|
| Mr. A. Aristidou (w.e.f. 1st December, 2014) | Mr. P.V. Nayak |
| Ms. A. Bansal (w.e.f. 19th February, 2013) | Mr. R. Bartaria |
| Mr. A.N. Roy | Mr. R.C. Sequeira |
| Mr. C.T. Renganathan (up to 31st December, 2014) | Mr. R.R. Bajaj |
| Mr. D.S. Parekh | Mr. R. Krishnaswamy |
| Mr. D. Sundaram | Mr. S. Harford * |
| Dr. H.B. Joshipura | Dr. S. Joglekar (up to 21st February, 2014) |
| Mr. H. Buch | Mr. S. Khanna |
| Mr. K. Hazari | Mr. S. Dheri |
| Mr. M.B. Kapadia (up to 30th November, 2014) | Mr. S. Venkatesh (w.e.f. 25th June, 2014) |
| Mr. N. Kaviratne | Ms. V. Desai (w.e.f. 11th February, 2014) |
| Mr. P. Bhide | Mr. V. Thyagarajan |

* no transactions during the period

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 |
|--|------------------------------|-----------------|
| | January 2014 - March 2015 | 2013 |
| Glaxo Group Limited, U.K. | 152,42.62 | 152,42.62 |
| GlaxoSmithKline Pte. Limited, Singapore | 103,04.89 | — |
| Eskaylab Limited, U.K. | 29,40.00 | 29,40.00 |
| Burroughs Wellcome International Limited, U.K. | 16,80.00 | 16,80.00 |
| Castleton Investment Limited, Mauritius | 15,96.12 | 15,96.12 |

(ii) Details relating to parties referred to in item 1(ii) above:

| | | Rupees in lakhs |
|--|------------------------------|-----------------|
| | January 2014 - March 2015 | 2013 |
| 1 Purchase of materials/traded goods | 542,80.41 | 436,34.10 |
| 2 Sale of materials/sale of products | 3,82.35 | 4,79.63 |
| 3 Expenses recharged to other companies. | 21,77.00 | 16,57.31 |
| 4 Expenses recharged by other companies.. .. . | 59,82.25 | 28,00.34 |
| 5 Manufacturing charges recovered | 6,49.09 | 3,02.63 |
| 6 Consignment sales commission received | 21.22 | 30.95 |
| 7 Clinical research and data management recoveries.. .. . | 52,02.72 | 43,66.02 |
| 8 Central Value Added Tax credits availed on behalf of a related party (net) | 4,61.79 | 3,39.62 |
| 9 Employee benefits transferred to a related party | 16.83 | 14.83 |
| 10 Dividend received | — | — |
| 11 Outstanding (payables)/receivables at the period end (net) # | (66,63.46) | (89,05.81) |

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(ii) above:

| | | Rupees in lakhs |
|---|------------------------------|-----------------|
| | January 2014 - March 2015 | 2013 |
| (a) Purchase of materials/traded goods | | |
| GlaxoSmithKline Asia Private Limited, India | 152,68.08 | 178,75.66 |
| GlaxoSmithKline Biologicals S.A., Belgium | 122,90.70 | 71,50.54 |
| GlaxoSmithKline Export Limited, U.K. | 244,48.19 | 172,48.31 |
| (b) Sale of materials/sale of products | | |
| GlaxoSmithKline Trading Services Limited, Ireland.. .. . | 3,82.35 | 4,79.63 |
| (c) Expenses recharged to other companies | | |
| GlaxoSmithKline Asia Private Limited, India | 6,15.72 | 7,33.87 |
| GlaxoSmithKline Consumer Healthcare Limited, India.. .. . | 3,90.66 | — |
| GlaxoSmithKline Services Unlimited, U.K. | 2,89.40 | 3,47.35 |
| GlaxoSmithKline Trading Services Limited, Ireland.. .. . | 6,76.64 | 5,37.00 |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

Rupees in lakhs

| | | | | | January 2014 - March 2015 | 2013 |
|------|--|----|----|----|------------------------------|------------|
| (d) | Expenses recharged by other companies | | | | | |
| | GlaxoSmithKline Consumer Healthcare Limited, India | .. | .. | | 29,97.00 | 23,61.99 |
| | Glaxo Operations UK Limited, U.K. | .. | .. | .. | 18,89.69 | 3.12 |
| | GlaxoSmithKline Services Unlimited, U.K. | .. | .. | .. | 6,36.55 | 2,06.81 |
| (e) | Manufacturing charges recovered | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | 6,49.09 | 3,02.63 |
| (f) | Consignment sales commission received | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | 21.22 | 30.95 |
| (g) | Clinical research and data management recoveries | | | | | |
| | GlaxoSmithKline Biologicals S.A., Belgium | .. | .. | .. | 31,84.22 | 22,54.07 |
| | GlaxoSmithKline Services Unlimited, U.K. | .. | .. | .. | 16,65.31 | 21,11.95 |
| (h) | Central Value Added Tax credits availed on behalf of a related party (net) | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | 461.79 | 3,39.62 |
| (i) | Employee benefits transferred to a related party | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | 16.83 | 14.83 |
| (j) | Outstanding (payables)/receivables at the period end (net) | | | | | |
| | GlaxoSmithKline Asia Private Limited, India | .. | .. | .. | (18,66.63) | (42,65.64) |
| | GlaxoSmithKline Consumer Healthcare Limited, India | .. | .. | .. | 19,63.87 | 15,74.56 |
| | GlaxoSmithKline Biologicals S.A., Belgium | .. | .. | .. | 1,03.49 | (24,76.08) |
| | GlaxoSmithKline Export Limited, U.K. | .. | .. | .. | (54,22.00) | (40,46.21) |
| | GlaxoSmithKline Trading Services Limited, Ireland | .. | .. | .. | 92.79 | 88.05 |
| | GlaxoSmithKline Services Unlimited, U.K. | .. | .. | .. | 39.71 | 2,66.53 |
| | Glaxo Operations UK Limited, U.K. | .. | .. | .. | (18,41.15) | — |
| (iv) | Details relating to persons referred to in item 1(iii) above: | | | | | |

Rupees in lakhs

| | | | | | January 2014 - March 2015 | 2013 |
|-----|---|----|----|----|------------------------------|----------|
| 1 | Remuneration/commission/sitting fees.. | .. | .. | .. | 21,06.75 | 14,84.26 |
| 2 | Payments under the long-term incentive plan | .. | .. | .. | 6,16.81 | 1,10.29 |
| 3 | Interest income on loans given | .. | .. | .. | 0.68 | 0.75 |
| 4 | Outstanding loans receivable | .. | .. | .. | 16.13 | 23.59 |
| (v) | Disclosure in respect of material transactions with persons referred to in item 1(iii) above: | | | | | |

Rupees in lakhs

| | | | | | | January 14 - March 15 | 2013 |
|-----|---|----|----|----|----|--------------------------|---------|
| (a) | Remuneration/commission/sitting fees | | | | | | |
| | Dr. H.B. Joshipura | .. | .. | .. | .. | 4,94.83 | 4,00.13 |
| | Mr. M.B. Kapadia | .. | .. | .. | .. | 3,63.02 | 2,34.33 |
| (b) | Payments under the long-term incentive plan | | | | | | |
| | Dr. H.B. Joshipura | .. | .. | .. | .. | 1,20.41 | 33.35 |
| | Mr. M.B. Kapadia | .. | .. | .. | .. | 2,11.12 | 23.18 |
| | Mr. R.C. Sequeira | .. | .. | .. | .. | 32.52 | 11.04 |
| (c) | Interest income on loans given | | | | | | |
| | Mr. H. Buch | .. | .. | .. | .. | 0.28 | 0.23 |
| | Mr. R. Bartaria | .. | .. | .. | .. | 0.04 | 0.18 |
| | Mr. S. Dheri | .. | .. | .. | .. | 0.34 | 0.27 |
| (d) | Outstanding loans receivable | | | | | | |
| | Mr. H. Buch | .. | .. | .. | .. | 7.29 | 7.47 |
| | Mr. R. Bartaria | .. | .. | .. | .. | — | 5.98 |
| | Mr. S. Dheri | .. | .. | .. | .. | 8.84 | 9.00 |

Notes to the Consolidated Financial Statements for the 15 months ended 31st March, 2015 — continued

- 45** 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 | UAE Dirham | Australian Dollar | South African Rand | Chinese Yuan | Hongkong Dollar | Thailand Baht |
| Receivables | 3.82 (1.42) | 30,90.05 (10,50.74) | 6,33.15 (12,10.59) | 2.29 (2.56) | 0.88 (0.20) | — (0.38) | 0.11 — | — — | 0.01 (0.01) | 0.15 — | 0.21 — |
| Payables | 29,48.85 (16,20.16) | 54,97.54 (66,42.69) | 3,21.79 (2,14.04) | — — | — — | — — | 98.14 — | 6.13 — | — — | — — | — — |

(Figures in brackets pertain to the year 2013)

- 46** Disclosures as required by Accounting Standard 19, "Leases", notified under sub-section (3C) of Section 211 of the Companies Act, 1956, are 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 36.

- 47** Earnings per share

| | | | 15 months ended 31st March, 2015 | 12 months ended 31st December, 2013 |
|--|----|-----------------|-------------------------------------|--|
| Net Profit | | Rupees in lakhs | 476,41.09 | 481,66.68 |
| Weighted average number of shares | .. | Nos. | 8,47,03,017 | 8,47,03,017 |
| Earnings per share (Basic and Diluted).. | .. | Rs. | 56.24 | 56.87 |
| Face value per share | .. | Rs. | 10 | 10 |

- 48** (a) Provision for tax is net of advance tax and tax deducted at source amounting to Rs. 251,92.00 lakhs (Previous year - Rs. Nil).
(b) Advance income-tax (net) represents payments in excess of provisions of Rs. 2982,51.11 lakhs (Previous year - Rs. 3037,00.53 lakhs) and includes a net tax refund with interest of Rs. 110,35.00 lakhs which has been held as provision pending the final outcome of a litigation.

- 49** Other Loans and advances are net of allowances for doubtful loans and advances aggregating Rs. 29,96.83 lakhs (Previous year - Rs. 29,96.83 lakhs).

- 50** During the period, a complaint filed against the company and others by Bio Med (P) Ltd is pending determination before the Competition Commission of India (CCI).

- 51** 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) GSK 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 transaction would be profit neutral for the Company.

GSK Plc and Novartis AG have obtained the approval from Competition Commission of India. The Company has filed application with Foreign Investment Promotion Board (FIPB). The closing of the asset sales between the companies is subject to the receipt of all applicable legal and regulatory approvals, consent, permissions and sanctions as may be necessary from concerned authorities.

- 52** The accounting year of the company has been changed from January - December to April - March with effect from the current year. Consequently, the current year's financial statements are for the 15 months from 1st January, 2014 to 31st March, 2015. The previous year figures relate to the 12 months ended 31st December, 2013.
In view of the above, the current year's figures are not comparable with those of the previous year. Previous year'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

Priyanshu Gundana
Partner
Membership No. 109553

Mumbai, 18th May, 2015

For and on behalf of the Board

| | |
|--------------------|------------------------------------|
| Chairman | D. S. PAREKH DIN: 9078 |
| Managing Director | Dr. H. B. JOSHIPURA DIN: 274288 |
| Executive Director | A. A. ARISTIDOU DIN: 7034424 |
| Company Secretary | A. A. NADKARNI |

Mumbai, 18th May, 2015

Awards & Recognition

GSK places its values at the heart of everything it does and the various awards conferred validate the same. Some of them are:

- Ranked as one of India's Most Admired Companies by Fortune India magazine (third time in a row) – No. 19 across companies and No. 3 in the Drugs, Pharmaceuticals & Healthcare segment.
- Won the Bronze award in the category 'Disease Awareness Campaign' at the Big Bang Awards 2014. Organised by the Ad Club Bangalore, GSK won this award for the PR Campaign 'ACT – Against Congenital Hypothyroidism'.
- Won the 'Overall Excellence in Procurement' and 'Excellence in Use of Technology' awards at the 2nd Annual CPO Forum organised by Institute of Supply Management (ISM) in recognition of the work done in developing the Global eSourcing programme and the transformational programme in global procurement.



Innovation & Research

GSK is a science-led global healthcare company that makes innovative products to enable patients to do more, feel better and live longer. In line with its 'patient first' approach, GSK supports the commercial availability of new drugs that would benefit and improve the quality of life of Indian patients suffering from various diseases. Towards this end,

GSK has undertaken constructive steps, which will enable timely access to new and innovative therapeutic options to patients in India.

GSK continues to remain committed to Research and Development of medicines that will improve the quality of life of people around the world and truly make a difference to patients.

GSK conducted clinical studies in infectious diseases, oncology and respiratory diseases. The team has established robust clinical trial processes, with a focus on patient-centricity, in the fast-evolving Indian clinical research landscape. Quality continued to be a priority to strengthen the quality of data, the team meticulously reviewed quality checks, simplified systems and processes to ensure compliance to regulations. This helped generate accurate and meaningful data, and ensure that the rights, dignity and safety of patients taking part in our studies are protected.



Setting new benchmarks

At GSK, the underlying belief lies in creating an inclusive and engaging working environment that empowers employees to contribute and help us achieve our strategic business objectives. To ensure the same, there has been steady progress and focus on various initiatives in the areas of Talent Management, Rewards & Recognitions, Capability Building & Employee Engagement. This is validated by the fact that GSK has been recognised by Fortune India magazine amongst 'India's Most Admired Companies' consecutively for the third time in a row.

GSK is committed to being an employer of choice and believes in investing in developing our employees. In keeping with this approach, GSK continued to focus on identifying and investing in Talent to build a strong Leadership pipeline. Programmes such as 'GMAC – GSK Marketing Accreditation Program' were launched focusing on an 18 month development plan for high potential Sales Managers. GSK continues to invest in its 'Future Leaders' programme drawing on fresh talent from leading universities/business schools across the country.

During the year, GSK set a new benchmark for the pharma industry by moving away from incentive rewards linked to sales targets for its front line sales force and placed greater emphasis on 'patient focused selling'. This new framework encompasses three areas of capability - Scientific Knowledge, Business Acumen and Customer Engagement. It also encourages novel ways such as multi channel marketing to engage with HCPs.

GSK lays great emphasis on its Values (Transparency, Respect for People, Integrity and Patient Focus) and during the year undertook a Values Maturity Assessment to gauge how leaders and employees walk the talk when it comes to living the values. Based on the results, specific action plans are being put into place to improve the scores and further embed its values in the organisation.

GSK believes in providing opportunities to employees to volunteer in various community outreach programmes and contribute towards the betterment of society. Employees

are encouraged to participate in two community programmes – PULSE and Orange Day. PULSE provides select employees an opportunity to work full-time with an NGO on projects for three to six months while Orange Day allows them to volunteer at identified NGOs for a day. Both these programmes also foster cross functional and cross regional collaboration thereby providing individual development as well.

GSK believes in conducting its operations in a responsible manner to protect its employees, the environment and community in which it operates. Extensive work has been carried out in its Nashik site as well as amongst our sales force to train and create awareness on Employee Health and Safety. Training programmes such as 'Energy for Performance', 'Personal Resilience' and 'Safety Awareness' programmes for our sales force relating to safe two wheeler driving have also been organised to promote employee health and wellbeing.

At GSK, the focus is on enhancing the capability of our employees through regular coaching, Learning & Development platforms, which include classroom and online self learning modules. Extensive sales training programmes along with Leadership programmes such as 'First Line Leader' and 'Leading Delivery' continue to be a key focus with an aim to develop high potential employees to take on leadership roles in future.



Partnering the community

GSK India has a rich legacy of partnering with the communities in India. 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. The Company focuses on making life-changing, long-term difference in human health by addressing the healthcare burdens of accessibility, affordability and awareness. GSK works to fulfil this and other philanthropic efforts, through the Corporate Social Responsibility (CSR) programmes. During the year the CSR programmes touched the lives of over 2,00,000 people across 8 states of India.



The Company strives to make a difference around healthcare access by supporting health centres and mobile clinics in inaccessible tribal areas and urban slums. These health centres and mobile

clinics are equipped with qualified doctors and paramedics who deliver quality healthcare services to the underserved. In addition, health workers reach out to the community and raise awareness on communicable diseases, family planning and preventive healthcare measures. Female health workers visit expecting mothers and children below the age of five years to ensure proper nutritional intake, ante and post natal care and complete immunisation coverage.

GSK recognises that the health burden is invariably high for the differently abled and the vulnerable. The Company therefore has programmes that provide speech and hearing therapy for children with hearing impairment; physiotherapy, occupational therapy, counselling, and vocational training to the orthopaedically differently abled; vocational skills with stipend to supplement income for cancer survivors and palliative care for the terminally ill.

The aspect of affordability is addressed by providing support for infrastructure development and facility upgradation. GSK is building a centre in Mumbai to provide residential, nutritional, educational, recreational and transportation support for children affected with cancer and their parents during the entire period of treatment. The Company also makes product donations to not-for-profit organisations that provide healthcare consultation and medicines to the underserved. In 2014, the Company contributed towards the Jammu and Kashmir flood relief operations of National Disaster Management Authority by donating over 4,50,000 units of medicines, including anti-inflammatory, antibiotics, antihistaminics, vitamins and minerals.

The experience of working with the communities has highlighted the fact that lack of awareness is a major impediment for people seeking healthcare and adopting preventive measures. Hence, the



Company has, partnered with organisations to raise awareness in communities through special camps. Cancer screening and awareness camps, eye check-up camps, orthopaedic camps, dental camps and gynaecological camps are organized as part of this effort. The Company has built a strong network to refer cases identified through these camps for further treatment. Where specialised care is available at a distance, transport services are organised to reduce the cost burden of treatment. There are special programmes targeted at children to raise awareness regarding personal hygiene and sanitation. The Company aims at behavioural change in children to promote healthy practices, some of them as basic as washing hands and boiling water before drinking. Visual aids and interactive games are used to embed the learning.



The Company believes that employee involvement is essential to bring about a social change. Several platforms are provided to enable employees to actively engage to 'Be the Change'. The PULSE

programme gives employees the chance to contribute their expertise, develop their leadership skills and widen their horizons by working with a non-profit organisation, full-time, for a period of 3-6 months. Moreover, each employee spends a minimum of one day volunteering through our Orange Day initiative. During Orange Day, employees across locations spend time with the elderly at old age homes, with children at orphanages, with the youth, training them on work readiness and with the differently abled. Employees also come together to promote a culture of giving through the payroll contribution programme and through fund raising events for GSK's global partnership with Save the Children. Through the latter, globally, till date, employees have raised approximately INR 10 crores, which is being utilised to bring much-needed medicines and vaccines to some of the world's poorest children, to train thousands of healthcare workers, and to alleviate child malnutrition.



GlaxoSmithKline Pharmaceuticals Limited

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